



**EUROPE**

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*In Favour of a Social Europe,  
the Developing Countries,  
more Humane and  
Environment-Friendly Globalisation*

# ELECTRONIC VIVANT- EUROPE

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**Summary:**

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## 1. EDITORIAL

For VIVANT, the **basic income** is part of a European social policy **worthy of that name**.

**As for freeing labour of taxation to be replaced with a consumption tax**, some say “it’s an old idea” and add “in any case it wouldn’t work”. It is to reply to them that we have produced an article on the way of collecting consumption tax.

## 2. EUROPEAN SOCIAL POLICY FOR VIVANT

For many years Europe has followed a common agricultural policy by subsidising agriculture. Why not introduce a social policy of the same kind?

It already exists in the objectives of the UNION\* but the effective concrete political decisions to implement it are lagging behind.

A common minimum salary for the whole of Europe is inconceivable while salary levels vary from 1 to 10.

It is at the level of the regions that Europe has implemented social policy, by subsidising them. This was the case with Spain and Portugal, and it allowed those countries to attain the standard of living of the founder members.

These regional subsidies represent a third of the European budget.

For VIVANT, **the common denominator** of European social policy should be **a structural one. Today we have structural unemployment which is managed by each country separately.**

What VIVANT proposes is **to subsidise the individual through a European basic income**, the level of which would vary in accordance with the purchasing power of each country's minimum salary, and constitute an unconditional income for life.

This measure should be accompanied **by freeing labour of taxation and replacing** it with a tax on consumption of products, which for the most part are made by machine, so as to finance social security at the European level.

In this way each country remains in charge of its own social policy, but uses **a common method** to manage it .

Euro money is attributed to each country according **to its size**, and in the same way the European common social policy should leave each country the right to manage it. Social policy will thus take the shape of a common structure enabling stabilisation of citizens' purchasing power through an unconditional basic income.

Jean-Paul Brasseur  
(responsible for VIVANT-EUROPE)

### **\*European social policy**

Social policy objectives include creation of employment, improvement of living and working conditions, adequate social protection, social dialogue, development of human resources to allow a high and durable level of employment, and a fight against exclusion. (Community Charter of workers' basic rights, 1989)

**The Amsterdam Treaty** included among its community objectives "a high level of employment", without weakening competition.

In order to achieve this objective, Member States' competence in the matter should be complemented by a community competence to draw up a "coordinated strategy" for employment through the creation of an Employment Committee.

**The Maastricht Treaty** adopted a "Protocol on social policy" signed by the twelve Member States of that time and annexed to the European Union Treaty, which stated the wish of eleven Member States (all save the United Kingdom) to make significant advances in the matter. This Protocol allowed them, by means of an Agreement on social policy, "to have recourse to the institutions, procedures and mechanisms of the Treaty, for the purpose of drawing up among themselves the acts and decisions required for the implementation of the agreement referred to, and of implementing them where they are concerned."

The Amsterdam Treaty recalls the background provision that social policy is a competence shared between the Community and the Member States.

### **3. COLLECTION OF THE CONSUMPTION TAX PROPOSED BY VIVANT**

It is important for any type of taxation to set up a collection system that as far as possible **prevents fraud**. **A tax that is easily open to fraud is an unjust and ineffective tax**, and the simple administration put forward by VIVANT should help us to find simple and effective collection mechanisms.

**In VIVANT's scheme, emphasis is put on the taxation of products, and it is evident that black market practices constitute a way of avoiding tax.**

Where **products imported** from outside Europe are concerned, customs controls are crucial and they should be made **more effective**.

As for production inside the Union, **it should be monitored** in such a way that what reaches the market should **be known**.

**The traceability** (1) of means of production and finished products thus appears important, and examples already exist : control of excise duties on alcohol and tobacco; the traceability of food chains; control of the distribution of medicaments; collection of duties on energy; and, of course, the present VAT system.

By its nature, VAT is a tax that is recuperated, and thereby an occasion for fraud.

VIVANT's aim is to limit occasions for fraud and in particular the VAT circuses.

**VIVANT proposes two methods :**

#### **1. To limit companies' recuperation of consumption tax**

Goods the costs of which are variable as a function of production are recuperable when it comes to calculate consumption tax because they are not consumed as end products but used only for the production or manufacture of finished goods.

All inputs into production processes, such as raw materials or intermediate materials (fuel, packaging, vehicle and machine maintenance, etc.) are considered intermediate products and any VAT or consumption tax paid on them can be recuperated because they contribute directly to the process of manufacture or transformation.

On the other hand, consumption tax paid on the purchase of investments (finished products not necessarily contributing to manufacture or transformation), such as buildings, machines, computers, office furniture, heating, vehicles, telephonic and other equipment, is not recuperable.

#### **2. To limit the number of actors in the market who actually collect consumption tax :**

**either by collection at the factory gate**, as is suggested by Pierre Aunac, a French economist ("This is the whole point of a consumption tax conceived as a social VAT, paid directly by corporations to the social organisations, as social contributions now are.")

**or by collection at the wholesaler level.**

For example, the recuperation system should obviously apply to a wholesaler of heating equipment. But there is no point in applying it to those who install the heating systems. For control purposes, resources could thus be concentrated on the one wholesaler rather than spread between his 50 customers who instal his goods. In practice, then, the latter would not have to claim reimbursement of consumption tax.

The same would apply to small retailers such as bookshops, florists, cafés and restaurants.

Collection of consumption tax will thus be carried **out more economically and effectively**, at a limited number of points in the distribution chain, and may be combined with fiscal, health and environmental traceability at the European level.

<sup>(1)</sup> Personnel freed by the simplification of the social security system will be employed in other activities such as the education of future parents, permanent training of adults, helping those who wish to change job, diverse caring and personal services, correct tax levying, tracing of products in view of a consumption tax at the European level, social support services, and the redrafting of laws and regulations (in a permanent audit context) so that justice should be more effective. (Extract from VIVANT's Programme, p.12)

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