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

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1. EDITORIAL

The informal European Summit scheduled for 27 October 2005 will attempt to define the « European social model ».

Mr BARROSO will propose, among other things, another taxation system and Mr BALLADUR will speak on “convergence of fiscal and social contributions”.

For its part, the FORUM will make proposals concerning communication and participative democracy.

2. COMMISSION TELLS MEMBER STATES TO DO A TAX RETHINK

Article by Anna McLaughlin in The EUROPEAN VOICE of 21 October 2005

EU GOVERNMENTS **should rethink their tax systems so as to boost economic competitiveness**, the European Commission is telling EU leaders ahead of an informal summit next Thursday (27 October).

The summit will debate how Europe can maintain its social standards in the face of globalisation.

The Commission warns that Europe's citizens will have **to work longer** and contribute more to their pensions if they are to preserve Europe's social model and avoid poverty.

But it says that governments must resist protectionism, basing job security **on developing skills rather** than defending industrial sectors.

In his contribution, which will be discussed by the College of commissioners today (20 October), Commission President José Manuel BARROSO says that globalisation could add an extra €2,500 income annually for each EU citizen.

But he warns that the challenges ahead "can only be tackled if economic performance and the European social model can – as in the past – be reconciled and made mutually supportive".

The Commission recommends that finance ministers shift **the burden of taxation from labour to taxes on consumption or pollution, in the expectation that this will help create jobs.**

It acknowledges that most aspects **of taxation policy and setting tax rates rest with national governments** but it adds that taxation "is a crucial element in the sustainability equation that the EU must address".

The Commission argues **that a "more co-ordinated approach at the EU level could significantly improve the performance of tax systems"**. An "insufficient level of co-ordination and mutual assistance leaves our tax systems more open **to double taxation, tax avoidance, evasion and fraud**", says the paper, which in turn leads to lower receipts and less revenue to be redistributed through social systems.

The Commission accuses the member states of increasing the effective taxation on labour since 1970, while taxes on capital and consumption have remained stable. **This heavier taxation has deterred job creation, the paper argues.**

"Despite the political consensus on the need to reduce the overall tax burden on labour, this has not yet led to significant reductions in recent years," it says.

Though it does not mention the flat tax system that has been adopted by some new member states, the paper does suggest "simpler, more uniform tax rules" for cross-border trading.

As it will be difficult to increase pension contribution rates, "longer working lives are the key" to sustainable pension systems, it says, adding that state pensions will have to be reduced.

But governments must also support citizens by resisting protectionist moves, the paper says.

"New approaches to 'security' should focus on giving people the skills they need to remain adaptable throughout their working life, rather than protecting particular jobs."

The Commission says that it will set up a "globalisation adjustment fund" to support those affected by the impact of globalisation.

The President of the Party of European Socialists (PES) Poul Nyrup RASMUSSEN **welcomed the initiative** but criticised a lack of sufficient focus on investment.

"It's the same old-fashioned thinking that reforms will bring growth," he said. "But if you force reform without concentrating on growth then people will not follow you. **We need an offensive investment policy in education and the labour markets in Europe.**"

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3. TAX SYSTEM AND EUROPEAN SOCIAL MODEL

Mr BALLADUR has made a case for “the Euro defense”, promoting a reinforcement of the “Eurogroup” in front of the European Central Bank (ECB) to “improve the coordination of the economical, financial and social policies”.

“In order to achieve this goal of converging the tax and social contributions” Mr BALLADUR mentioned the creation of a “**fiscal and social snake**” mirroring the “European money snake”.

(October 23 on “Europe1 big meetings” on TV5)

There are in Europe as many social systems as countries, i.e. 25.

In front of this reality, some pretend that no common social system is possible.

VIVANT-EUROPE promotes **the convergence of the tax systems based** on the removal of labour taxes in favour of consumption taxes in order to support the social security.

This common denominator in the organisation of the tax systems is similar to the “European snake” of Mr BALLADUR

A common method respecting diversity, isn't it a character of Europe?

Jean-Paul BRASSEUR
(responsible of VIVANT-EUROPE)

4. PROPOSALS OF THE FORUM ON THE TOPIC “TO COMMUNICATE EUROPE”

Communication and participatory democracy

Agenda 2006-2007

Scenarios¹ to rebuild the Union

In the current context of crisis, many NGO are ready to invest them with a great action to communicate Europe and to highlight the assets of the Union. But to communicate the assets cannot be dissociated from a great debate on the changes necessary to “**rebuild a common will to live together**”.

Without that - and whereas the current policies of the Union are prone to multiple criticisms and dissatisfaction grows in the population – many NGO could not join a policy of communication which would be reduced to propaganda. NGO would be likely to lose in their turn their credibility and confidence of the citizens, whereas a number of them believe that the responsibility for the current situation lies on the Union's political choices made and implemented without taking account of their criticisms.

The **FORUM** waits from the Commission, the Parliament and the Economic and Social Committee that a calendar 2006-2007 is established on the basis of the elements hereafter:

- The year 2006 must be devoted to **a whole set of debates** in the Union's Member countries, by Internet and in the media: radio, television and newspaper;
- From these debates' conclusions, one will have to release proposals, **registers of grievances and opinions as well as scenarios** reflecting the diversity of these opinions;
- In 2007 **one will have to organise**, on the one hand, the States General of the civil society and, on the other hand, follow-up meetings with the Parliament, the Commission and the Council,

- **It is necessary to define** the procedures and conditions for financing the debates in the Union so that they take a true European dimension (to envisage for example that these debates bring together nationals of several Union Member countries);
- It is necessary **to agree with** the members of the Committee of the Regions on the organisation of and ways of financing the meetings on their respective territories.

The **FORUM** requires in addition

- The establishment of a **TRIPARTITE DRAFTING COMMITTEE** (the European Institutions, the social partners and the civil society) to prepare for June 2006, a Green Book on “Participatory democracy and societal dialogue”,
- The establishment of a **TRIPARTITE 2006-2007 PILOT COMMITTEE** (the European Institutions, the social partners and the civil society) having for tasks:
 - o To define the mandate for the 2006 meetings,
 - o To prepare the States General and the meeting with the Union’s Institutions in 2007,
 - o To assign to local teams the responsibility of outlining scenarios, gathering opinions and proposals emanating from the 2006 meetings and writing the final version of the scenarios for the meeting of 2007.
- The creation of a **FORUM ON THE NEW FORMS OF COMPETITIVENESS**, by the European Economic and Social Committee.

1 The technique of the scenarios was already used by the Union just as it is of use in the companies and the sociological centres of studies. The scenarios make it possible to gather assumptions and proposals in coherent sets which make it possible to view the possible futures and to make choices.