

Volt's Mapping of Policies

Edition 9.0

Challenge 2 - Economic Renaissance

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I. Vision

The future of a united Europe relies on solving our current economic challenges. This includes the continuing impacts of the continuing crises since 2008 on European economies, high unemployment, in particular, youth unemployment; threats and opportunities arising from digitisation, and the precarious sustainability of Member States' budgets. Volt Europa's economic vision requires our societies to reduce inequalities between EU economies and to address future economic challenges with sound, data-driven approaches.

Volt will address these challenges by:

- Unleashing the potential of entrepreneurs and small and medium-sized enterprises (SMEs) to make them competitive and to show youth the potential of entrepreneurship.¹
- Reviving innovation in our economies and promoting the industries of the future.
- Actively shaping the future of work.
- Ensuring social protection. Volt stands for a European approach to social development with practical minimum standards for social protection, decent work and pay. Volt further seeks to enable a successful digital transformation that contributes to greater prosperity and better working conditions.
- Reducing imbalances. Volt envisions a European Union that extends its positive impact to the entire continent, not just its most productive areas. Along with strict monitoring of the use of funds, Volt believes it is time for broader, smarter, and more environmentally sustainable strategies aimed at reducing socio-economic disparities and creating opportunities for every citizen.
- Developing economically disadvantaged areas with a new, unified strategy working with social actors across the EU.
- Harmonising European corporate taxation to facilitate cross-border trade and curb aggressive tax planning, thus creating a stronger and fairer single market.
- Endowing the European Union to levy its own taxes to finance a larger budget independent of member state contributions: candidate taxes are a European corporate tax, a European VAT, and European emissions taxes.
- Mobilising Europe in a smart, safe, and sustainable way.
- Investing in the climate resilience of all those living in Europe.

¹ Europe's start-up ecosystem as a whole is still held back by several factors, among them talent (engineers are paid too little, and it takes too long for startups to hire them) and access to funding. See [Dispatches Europe, 2017 Global Startup Ecosystem Report: Europe still struggling to find funding and talent](#).

We support a new way of shaping European economies based on EU-wide cooperation to build an integrated, fair and sustainable economic system.

II. Develop and reform our economies

A. Unleash entrepreneurship and small businesses

- **Create a Digital One-Stop-Shop for business start-ups, automating and simplifying reporting, tax files, and all other government interactions.** Volt wants to cut red tape at EU level to ensure that doing business across borders is as easy as doing business in your Member State. This lets small- and medium-sized enterprises (SMEs) benefit from the size of the single market and supports growth.
 - Increase the range of services offered by “Points of Single Contact”² for businesses through digital platforms: simplify contact points with public administration in national governments by creating adequate platforms that are easy to use and provide solutions for businesses operating nationally and across borders.
 - Increase the diffusion of a One-Stop-Shop system to facilitate and control taxation reporting. Push for digitisation and automation of balance sheets and reporting systems, as well as all other government interactions.
 - Ensure that digital One-Stop-Shop contains a provision to support SMEs and entrepreneurs. This will include assistance in meeting government requirements, contacts with venture capitalists and start-up incubators, partnerships with private companies that can offer discounted services to SMEs, etc.

- **Encourage harmonisation of registration fees, times and processes for starting a business across Europe.** In all EU Member States, it must be possible to found a company for EUR 1 within three working days, with an additional cost of up to a maximum of EUR 1,000 (for licences etc.). All registration steps should be feasible online (see Digital One-Stop-Shop above), in accordance with best practices from, e.g., New Zealand, Australia, Singapore, Canada, Portugal, Denmark and Estonia.³ The legal status obtained (Limited Liability Company, or LLC) should ensure an appropriate credit rating, supporting entrepreneurs in obtaining higher ratings through capital build-up.

As a further step, Volt endorses the development of an EU procedure for setting up companies based in the EU. Especially for freelancers, there should

² European Commission, Point of Single Contact, available at https://ec.europa.eu/growth/single-market/services/services-directive/in-practice/contact_en

³ Such as New Zealand, Australia, Singapore, Canada, Portugal, Denmark and Estonia. See World Bank, Starting a business - Good Practices, available at <http://www.doingbusiness.org/data/exploretopics/starting-a-business/good-practices>

be a very simple legal form that can be completed online in a short period of time (e.g., 1 day). The procedure can be built on the legal model of Societas Europaea, mixed with components of the Estonian model of e-residency and company registration.⁴

- **Facilitate a completely bureaucracy- and paperless start-up of a small business** (for micro-enterprises in sectors not subject to licensing): Entrepreneurs should be able to start a small business by registering it according to the process mentioned above (cost of EUR 1, within three business days). A licence should not be necessary if the legal requirements are met, allowing small businesses such as, e.g., coffee shops or hairdressers' salons to open as soon as the owners are ready.
- **Implement a network of European incubators with advisory and intermediary functions.** This measure can build on the European Business and Innovation Centre Network⁵ and the start-up Europe Club.⁶
 - Incubators provide knowledge sharing for SMEs and start-ups operating nationally and across Europe (e.g., guides and assistance on regulations and procedures for starting businesses, taxes and social security information, and financial and legal advice). In addition, tax-privileged or tax-free advisory roles for startups should be created to foster the exchange of advice between start-ups and experienced professionals and companies. Businesses can receive incentives based on their level of participation.
 - Intermediation should be facilitated between existing SMEs and startups. This can be achieved by proposing a network, supervised and created by the European Commission, to help companies across the EU communicate with each other.⁷
- **Create a truly efficient European Open Data Platform.**⁸ Improve the usability of the data available on the EU Open Data Portal in such areas as mobility, smart cities, production and tourism to encourage data-driven business and foster pan-European business models. A single data protection policy and a single authority for data validation are needed to guarantee that data gathered is usable in different countries.⁹

⁴ E-residency, Start a company, available at <https://e-resident.gov.ee/start-a-company/>

⁵ EBN, home, available at <https://ebn.eu/>

⁶ European Commission, Startup Europe: EU funds and support, available at <https://digital-strategy.ec.europa.eu/en/policies/startup-europe>

⁷ One national example of this is Enterprise Ireland. See Enterprise Ireland, Our services, available at <https://www.enterprise-ireland.com/en/About-Us/Services/>

⁸ For more details see Volt Challenge: Citizen Empowerment - Foster vibrant, pluralistic and accessible public spheres to enable citizens to take informed political decisions

⁹ European Commission, Data protection, available at https://ec.europa.eu/info/law/law-topic/data-protection_en

- **Bridge structural funding gaps.** States should thoroughly assess the structural investment gaps in the growth process of economies and find innovative means to bridge these gaps by incentivising investors (e.g., co-investment funds, a financial toolkit for start-ups, centralised platforms for funding, bringing together investors and start-ups, European Investment Bank funding, etc.).
- **Give entrepreneurs a second chance.** Volt will encourage honest entrepreneurs who have gone bankrupt to start another business so that they can apply their previously acquired knowledge. A decisive distinction must be made between honest and dishonest bankruptcies, with special bankruptcy and discharge procedures for honest entrepreneurs (e.g., faster and less expensive bankruptcy procedures or a shorter duration of negative rating). On the other hand, the interests of creditors must be protected and the bankruptcy procedure must be simple and as fast as possible for investors, so that a company can fail more easily and quickly. The maximum duration of the insolvency should be 2 to 3 years, depending on the size of the company and on the assets that need to be sold (i.e., an efficient secondary market or not). In this way the loss given default¹⁰ decreases and thus the probability of receiving credit in the system increases.
- **Support stock option pools and other employee shares,** when a company is not publicly listed, through tax benefits, to encourage employee entrepreneurship and benefit from future returns (capital gains tax).

B. Funding support and sustainable finance

Support entrepreneurs by providing information and access to relevant sources of financing. This entails thorough analysis of the existing funding sources at different stages of business growth and enabling the private sector to fill the identified gaps (e.g., “valleys of death”) through relevant structures and incentives.

- **Promote venture capital (VC) investments.** Set tax incentives to make venture capital investment and participation in business angel networks such as the European Business Angel Network (EBAN) or business angel funds more appealing for investors.¹¹ Tax relief on capital gains or providing loss relief on a more favourable basis than the baseline tax system could support the reduction of risk of investment in young, growing, innovative businesses. Tax

¹⁰ Loss given default - A core metric used to evaluate the creditworthiness of a corporation
<https://www.investopedia.com/terms/l/lossgivendefault.asp>

¹¹ One national example of this is PIR in Italy. See Investment Europe, Italy’s PIR funds: Capitalising on new instruments, available at
<http://www.investmenteurope.net/regions/italy/italys-pir-funds-capitalising-on-new-instruments/>

incentives should be regularly monitored and evaluated in order to reform them or to create further incentives.¹²

- **Set up a European database with accredited angel investors, incubators, and VC funds.** Inclusion in the database should be decided by an independent European network of people capable of evaluating investors, incubators, and VC funds. The sources included in the database should also be monitored regularly to ensure that they comply with the requirements set for the inclusion in the database. This database can build on and expand the members' directory of EBAN.¹³
- **Find innovative means to bridge investment gaps, especially in early stages of start-ups, to incentivise** other actors (e.g., government guarantees, co-investment funds, financial tool-kit for start-ups, central funding platforms, bringing together investors and start-ups).
- **Support direct additional funding to develop SMEs** in strategic industries and harmonise SME development among countries, regions, and provinces.
- **Set tax incentives for SME owners** who reinvest surpluses in their business or create jobs within the first three years of business.
- **Scale up the European Investment Bank (EIB)** with a clear mandate to invest in areas where there are "valleys of death" for start-ups (e.g., ticket sizes of 50,000 to 1,000,000) or a lack of available funding in strategic industries.
- **Standardise the definition of impact investment** and enable institutional investment in impact investment.
- **Create incentives for institutional investors** to (co-)invest in socially beneficial projects (e.g., infrastructure projects with a long time horizon).

C. Profits-for-all mentality

Volt wants to incentivise and value social entrepreneurship. To do so, Volt will:

- **Create coherent and standardised legal forms for social entrepreneurs** and introduce **public certification**.

¹² European Commission, Effectiveness of tax incentives for venture capital and business angels to foster the investment of SMEs and startups, available at <https://op.europa.eu/de/publication-detail/-/publication/d4cd684a-6cf8-11e7-b2f2-01aa75ed71a1>

¹³ EBAN is the European Trade Association for Business Angels, Seed Funds and Early Stage Market Players, available at <http://www.eban.org/>

- **Relieve tax constraints on human resources for social businesses.**¹⁴
- **Develop incentive schemes** so that companies (including SMEs) adopt the best practices of other companies, especially regarding continuous learning/training.
- **Ensure that tax policies are in place that proactively address inequalities**, such as the introduction of a progressive inheritance tax to prevent the concentration of wealth.

D. Invest in the environmental resilience of all those living in Europe

Volt wants to close the financing gap between what is needed for all EU citizens to live in a resilient society and current expenditure and what funding is currently available. This includes:

- **Expanding the availability of public financing for government action on climate change at the EU level.**
- **Setting incentives for individuals and companies** to further invest in equitable adaptation (without exacerbating the inequality of outcomes between those who can and those who cannot invest in environmental outcomes).
- **Building technical capacity in government, the research community, and business on climate adaptation planning and monitoring.**
- **Supporting locally driven actions** across Europe to prepare for and respond to localised climatic impact.

E. Service mentality¹⁵

Public administrations will be incentivised to offer effective and easy-to-understand support to members of the private sector to ensure that processes are simple and regulations are easy to follow. To achieve this objective, Volt proposes to:

¹⁴ A social business is a non-dividend company that is created to address and solve a social problem. See Yunus, What is a social business, available at <https://www.yunusfb.com/about-us>

¹⁵ For more details see "Smart State", "Administrative effectiveness to reduce waste and improve service quality"

- **Dramatically reduce waiting times** by rewarding and evaluating offices according to time- and service-related measures (KPI).
- **Strengthen online services** and integrate data across the administration. A EU-wide uniform digital ID would speed-up this process and reduce friction.
- **Work towards completely paperless processes and harmonised Information and Communication Technology (ICT) standards** to allow efficient services.

III. Revive innovation in our economies and promote industries of the future

Innovation should be at the heart of the long-term strategies of both companies and governments. However, despite statements of intent and several good public sector initiatives, many European economies still struggle to create an environment that supports innovation.

A. Idea generation and supportive infrastructure

Incentivise idea- and knowledge generation in European economies to stimulate growth. To achieve this, Volt proposes the following steps:

- **Ease and improve the flow of information and knowledge** from academic institutions and their applied research to the private sector. Additionally, increase the application of research results (e.g., via research institutes, corporate research funds, and public-private research centres).¹⁶
- **Create and support joined research facilities** and innovation hubs, by, for example, concentrating administrative efforts on the roll-out of fibre optic networks, public and free WiFi, and public clouds with servers in each country. Affiliated institutes should also be established to foster collaboration between the academic and private sectors.
- **Support and fund pan-European research** in key areas.¹⁷ Volt supports EU policy in defining and funding key areas. We propose to synchronise research funding processes and allocation at national and European levels to democratise and align the selection of research areas to be supported.¹⁸
- **Facilitate and increase the attractiveness of obtaining an expert visa**, especially after university degrees within an EU Member State (e.g., after MINT master), to attract talent (e.g., the US model, where a student visa automatically gives the right to work for one year).

¹⁶ Einstein Centre for Digital Future, news, available at <https://www.digital-future.berlin>

¹⁷ European Commission, What is Horizon, available at <https://ec.europa.eu/programmes/horizon2020/en/what-horizon-2020>

¹⁸ For more information see “Smart State”, “Support Research”

- **Prioritise improvements to digital infrastructure and define standards for open data** to meet the future needs of the private sector and the public.

B. Supportive regulation

Push government interventions to guide, foster, and protect European innovation. Volt will do this by promoting the following measures:

- **Strengthen international enforcement of patent laws** by making them applicable to international competition and penalising any imports by companies that do not comply with these standards anywhere in the world. Initial consideration should be given to sector-specific differences.
- **Reform patent law** by increasing transparency and setting a deadline to specify patents, ensuring that unused patents do not block new inventions, while also ensuring profitability of innovation.
- **Set standards, regulations, and guidelines** for the development of transformational technologies, such as artificial intelligence (AI).
- **Unlock innovative and disruptive start-ups**, while still requiring these companies to comply with standards (e.g., contributions to the healthcare system, pension system, etc.).
- **Standardise contracts (where possible) across the EU** for different kinds of businesses and share best-practices (e.g., start-up ownership contracts).
- **Review the availability, necessity, and cost of notary services** and consider incentives for using online legal services, such as online certification of legal documents for online business registration or a simpler process for standardised contracts to reduce the burden on start-ups.

C. New markets and new energy

Support research and development (R&D) in growing markets with strategic relevance, e.g., green energy and Industry 4.0 initiatives. Volt will support growth in these markets by taking the following steps:

- **Ensure long term political strategies to create investment security for companies.**
- **Use the "public weight" (standards, fiscal incentives) to support energy efficiency in households and industry.**

- **Support an integrated strategy** for all EU Member States by moving toward a single energy market and EU-wide programmes to open up the renewable energy sector.¹⁹
- **Create "dedicated research and test innovation zones"**²⁰ for new technologies to allow regions to set up such zones for sandbox approaches with light regulation. These zones could be used by start-ups and tech companies in the area of autonomous driving, drones and similar spheres where AI has to be trained in a physical environment.²¹ To ensure that the zones will benefit whole Europe, the transferability of the application to other EU countries must be guaranteed.
- **Regulation of space and use of the space technologies**²²

In the digital age, space is of central, strategic importance for society and the economy. It is critical infrastructure and key to future technologies such as autonomous driving or Industry 4.0. Its applications can further contribute to the worldwide reduction of poverty and to increase social fairness. Given the networking requirements in a modern industrial and information society, its importance will continue to grow.

The EU has the most space agencies in the world and the European Space Agency (ESA), an intergovernmental entity where not all European Union Member States participate and where countries outside the EU also participate. Volt sees the need to further integrate European space institutions, to ensure stable and long-term financing, to enhance efficiency and collaboration, and to increase synergies. Many of the global issues, such as the militarization of space, space debris and traffic management, or human exploration of Mars and the Moon, fall within the scope of international space cooperation and international space law.

¹⁹ For more details, see "EU Reform, "EU neighbourhood policy"

²⁰ Innovation zones are very successful in emerging economies such as Shanghai, or Shenzhen

²¹ There are many "Ghost cities" in semi-urban Spain that would perfectly provide the space needed for these innovation zones without the danger of hurting actual people.

²² For more details see separate document: Volt Space Policy

IV. Foster a European Artificial Intelligence initiative

Artificial intelligence (AI) is transforming the economy, society, and social and political systems in Europe and globally. The societal impact of AI can be either very beneficial (e.g., safer roads, personalised healthcare, and efficient use of resources) or lead to unfavourable outcomes (e.g., technological unemployment, increasing inequality, or lethal autonomous weapons).

There is an urgent need for action, as technological development and practical applications are advancing at a rapid pace.

The debate has to be societal, not just technical. AI not only has a direct impact on business models, labour markets, and income distribution, but also raises fundamental ethical questions about human-machine interaction, the nature of work, citizens' privacy, and the distribution of benefits.

The development of AI requires a **European approach to achieve critical mass for global competition.** Only then can we ensure that AI technology builds on **human values** and, together, build a **social union** to mitigate undesirable effects of AI, such as involuntary unemployment, which will be felt in labour markets across Europe.

Volt stands for a European AI initiative to:

- **Build an enforceable European legal and ethical framework.**
- **Build Europe's competence** in AI research and development and AI literacy.
- Prepare to address **negative socio-economic consequences.**

Member states' AI efforts should be aligned with this European approach according to the specific strengths of the countries.

A. Develop the ethical and legal foundation and boundaries for AI development

1. Develop and adopt AI ethics guidelines

Volt welcomes all EU efforts to develop such guidelines and binding standards, e.g., through the European AI Alliance. Volt believes that these guidelines **should reflect the following values:**

- Machines are instruments to enhance human welfare.
- A European guideline shall regulate **AI-generated content**, with a specific focus on preventing the manipulation of public opinion. Content generated by AI applications (e.g., articles, images, sound, and video) must be labelled transparently.
- Citizens clearly **own** their own data.
- **Fair taxation** of the digital economy contributes to fair distribution of AI benefits.

2. Develop a legal and regulatory framework

A legal and regulatory framework for AI development is needed to ensure that these core values are being applied in practice, including the following building blocks.

- **Establish a high-level government AI Coordination Office.** Volt recommends establishing a High-Level AI Coordination Office at the European Commission (EC) in the office of the President of the EC and a similar office in each Member State. These offices would need to have: i) the competence to guide AI development across different sectors, ii) the mandate to develop a coherent strategy, and iii) the legal authority to monitor that the emerging legal and regulatory framework is coherent and consistent with European values.
- **Develop a European Digital Bill of Rights** as an overarching legal framework and binding international legal instrument to govern the internet in Europe. This instrument should guarantee individual and social rights in Europe, including the **right to access** the internet, and **protection of fundamental rights** in the digital environment, such as privacy, data protection, freedom of expression, information and association online, and stakeholder-based internet governance. Principles of net neutrality and an open internet are at the core of an internet system that guarantees these rights. Volt will advocate for the EU to include digital rights and freedoms in its agreements with third countries.

- **Ensure effective implementation of the EU General Data Protection Regulation (GDPR).** Data protection authorities need to be adequately equipped to (i) to ensure consistent implementation across the EU so that companies do not migrate towards soft-protection havens; and (ii) to help small and medium-sized organisations comply with the complex rules so that this law does not inadvertently privilege large international companies.
- Implement regulation requiring **algorithms to be 'explainable' and comply with the criteria of trustworthy AI**²³ when used for high-risk applications or for decision making directly affecting citizens and consumers, in both the public and private sector. A new European AI Auditing Institution shall transform the Trustworthy AI recommendations of the high-level expert group on AI into European standards. It shall be mandated to set up a network of AI Certification Institutes authorised to certify the conformity of AI systems with these standards. The AI Auditing Institution will work closely with the proposed **Center for European Research on AI (CERAI, see below)**, which will provide AI monitoring frameworks and AI oversight bodies. Human auditing teams and appropriate AI tools will ensure that regulation is enforced. For high-risk applications, these tools will enable continuous monitoring.
- **Assure fair taxation in the digital economy.** Volt fully supports the EC proposal to levy a 3% tax on the turnover of large digital companies in the EU country where this turnover is being generated to avoid tax evasion by shifting their net profits to tax havens.
- **Develop a common EU position on banning autonomous weapons.** Start a debate on the risks of autonomous weapons that use AI and can, for example, make a decision to fire without any human intervention. Currently, EU countries have different positions on this issue and different strategies to address it.²⁴ Consider adoption of an international legally binding instrument prohibiting the development, production, and use of such weapons under the auspices of the UN.
- **Cybersecurity.** European and national institutions engaged in cybersecurity shall be supported by the proposed CERAI delivery streams against adversarial AI attacks and rogue AI.

²³ An Explainable AI or Transparent AI is an artificial intelligence (AI) whose actions and rationale can be easily understood by humans. It contrasts with "black box" AI whose inputs and outputs (and the relationships between them) are known, but whose internal structure or working is not well, or at all, understood and where even their designers cannot explain why the AI arrived at a specific decision. See Samek, Explainable Artificial Intelligence: Understanding, visualising and interpreting deep learning models, available at: <https://arxiv.org/pdf/1708.08296.pdf>

²⁴ Stepan Denk and Daan Kayser, Keeping Control: European Positions on Lethal Autonomous Weapon Systems, available at <https://www.paxforpeace.nl/publications/all-publications/keeping-control>

B. Build Europe's competence in artificial intelligence (AI) development

Volt supports a concerted European effort to build artificial intelligence (AI) competence, with the following key building blocks: i) research and innovation, ii) education and training of human resources, and iii) infrastructure. The following proposed actions will contribute to this effort.

- **Invest EU wide in AI research and development.** Volt welcomes the European Commission's announcement of an AI research and development initiative²⁵, including a budget target of EUR 20 billion per year by 2020 for supporting multi-national efforts. Research topics should include not only technical aspects but also societal challenges and changes, including in labour markets, and how these can be addressed, without hampering AI innovation and development.
- **Center for European Research on AI (CERAI).** The challenges of rapidly growing AI capabilities and market failures can not be met by the existing initiatives and organisations alone. Volt strongly recommends establishing a new international organisation fully committed to continuously delivering high-quality AI software and frameworks, where markets have no incentive to build these. An ideal research environment will attract the best AI experts who will push the boundaries of their disciplines. Funded by the EU and Member States, this organisation will promote security-related AI research at an unprecedented pace and support the Economic Renaissance in collaboration with the AI-on-demand platform. We aim to make CERAI a world-famous institute and leader in its field, similar to CERN.
- **Scale up education in digital skills** for all ages, starting in kindergarten. In a technology-driven society, education is key to fostering social inclusion, as well as awareness of the benefits and risks of technology use. In order to teach factual knowledge about AI, innovative didactic methods should be adopted, such as adaptive AI-based teaching and active learning. Centrally maintained repositories (e.g., by CERAI) make it possible to provide up-to-date exercises for learners. In addition to technical competences, such as coding, Volt advocates the training of behaviours and skills that lead to a healthy and sustainable lifestyle and that preserve mental health and social well-being in a digital environment.
- **Develop a European "AI-on-demand platform".** AI development requires major investments to boost the EU's technological and industrial capacities,

²⁵ European Commission, A European approach to artificial intelligence, available at <https://digital-strategy.ec.europa.eu/en/policies/european-approach-artificial-intelligence>

both in the private and public sectors. A high priority is to make AI available and accessible to all in order to spread its benefits widely. The platform will provide a **single access point for all users** to relevant **AI resources in the EU**, including knowledge, data repositories, computing power (cloud, high-performance computing), tools, and algorithms. It will offer services and provide support to potential users of the technology; analysing the business case behind AI in their specific environment and helping them to integrate AI solutions into their processes, products and services. To implement the platform, the EC plans to build on the existing network of more than 400 Digital Innovation Hubs.

- **Provide access to ‘Fast Internet’.** Enable high speed data transmission and ensure widespread access to the internet, also and especially outside urban centres. This can entail introducing minimum standards for speed, coverage, and interconnectivity at European level, regulated access to minimise discrimination against smaller users (‘net neutrality’), or public-private co-investment²⁶
- **Attract private investment for AI development.** Increase **European Investment Bank’s** support for AI investments from an initial level of EUR 500 million in 2018-2020 to at least EUR 1 billion/year after 2020, and rapidly launch the **pan-European Venture Capital Funds-of-Funds** programme – Venture EU, a EUR 2.1 billion fund to boost investment in innovative start-up and scale-up companies across Europe.

C. Prepare Society for artificial intelligence (AI) related structural changes

The advent of Artificial intelligence (AI) is a **cause of anxiety for many people. These concerns need to be taken seriously and addressed.** Otherwise, widespread anxiety may slow a necessary transformation and populists may use anxiety to spread divisiveness with false promises and simple solutions. This anxiety manifests itself in the labour market, in the form of a widespread fear of job losses and job quality depreciation, although predictions about the actual impact of AI vary widely.

Volt proposes a three-pronged approach: *secure – prepare – create.*

- **Secure livelihood in the case of job loss.** The prospect that AI-related technologies might reduce the overall demand for human labour and increase structural unemployment calls for a new concept of social protection de-linked from traditional employment. We propose EU-wide standards for policies on

²⁶ E.g.: Germany’s ‘Gigabit Investment Fund’ with an estimated EUR 12 billion, partly financed from broadband licences

Universal Basic Income (UBI) to avoid widespread extreme poverty due to job loss caused by automation through new technologies. This must include social security coverage for all forms of employment.²⁷

- **Prepare for a changing work environment.** Instead of waiting until jobs are lost, it is necessary to move **from an unemployment- to an employment insurance** with a focus on preventive programmes aimed at maintaining lifelong employability. This includes **setting up a programme for lifelong learning**. The programme would become an umbrella for Europe-wide initiatives to prepare European workers for the future of work. It would include subsidised training programmes on new tools and technologies, as well as career counselling. It would target workers already affected by technological change in their workplace or at risk of being affected in the near future. Priority would be given to people who do not have the economic means for education and training. Training activities should be accredited by recognised training and academic institutions, and participants would receive certifications recognised throughout Europe.

- **Shape the future of work. Initiate a public consultation process on ‘Work 4.0’** at European level to explore the shift in fundamental values related to work across Europe and support policy formulation at EU and Member State level. It can draw on practical experience from the German multi-stakeholder Work 4.0 process²⁸ and from the Danish flexicurity model, which combines generous public and social welfare benefits with flexible labour markets. Aside from Universal Basic Income (see above), a point that deserves particular attention is: **Develop a Working Time Choice Act²⁹ at the European level**, that gives workers more time-sovereignty and provides rules for negotiating working arrangements that balance workers’ and companies’ flexibility needs. Particular attention should be paid to the growing number of self-employed, start-ups, and crowd-workers, which are so far neither well represented politically nor organised collectively, and hence usually have less negotiation power.

²⁷ See [chapter V](#). for further details

²⁸ BMAS - German Ministry of Labour and Social Affairs, “Weissbuch Working 4.0”, available at https://www.bmas.de/SharedDocs/Downloads/EN/PDF-Publikationen/a883-white-paper.pdf?__blob=publicationFile&v=3

²⁹ DJB – Deutscher Juristinnenbund, Konzeption eines Wahlarbeitszeitgesetzes, available at https://www.djb.de/themen/wahlarbeitszeit/wazg-konzept/#_ftn9

V. Shape the future of work and tackle (youth) unemployment with innovative concepts

A. Future of work – new working schemes

Volt wants to introduce measures to curb unemployment and promote new models of work. We therefore need to increase the flexibility of our workforce to better meet changing demands in changing economies. At the same time, we need to develop adequate legal and social frameworks and protections for these new situations. New technological possibilities enable new ways of working. Policies have to harness this potential by providing adequate frameworks for decentralised and more flexible working models.

- **Flexibility and work-life balance:** Volt supports a Working Time Choice Act and will become the recognised political voice for the growing number of start-ups, self-employed, crowd and gig workers and working parents/guardians. Many people are leaving the traditional nine-to-five job routine and feel that autonomy is more empowering and satisfactory. Cross border cooperation in the economy requires flexible working hours and offers opportunities for people who want to work more autonomously and for those who have fewer chances to find a permanent job.³⁰ Furthermore, flexible working hours primarily improve the work-life balance for working parents.³¹ Any new policy to encourage and regulate work flexibility will have to balance at least three principles: (1) enabling more flexible, digital, mobile forms of working, while at the same time, (2) protecting workers' health, their continued employability, and their basic income at all life stages, and (3) increasing the international competitiveness of companies.

Flexible legal and tax-related solutions need to be found for citizens who are working in one EU Member State and residing in another or working in multiple Member States throughout the year. The current regime of double-taxation regimes is too rigid to reflect the reality of many EU citizens and can therefore act as a deterrent to free movement within the EU.

- **Pilot more flexible “more-people-working-less” models.** The sharp rise in productivity has led to an imbalance in the labour markets. A reduction in

³⁰ EPSC, 2016, The Future of Work - Skills and Resilience for a World of Change, available at <https://op.europa.eu/en/publication-detail/-/publication/5236ecf2-ac93-11e6-aab7-01aa75ed71a1>

³¹ OECD, 2016, Be Flexible!, available at <https://www.oecd.org/els/family/Be-Flexible-Backgrounder-Workplace-Flexibility.pdf>

individual working hours would absorb much of the resulting structural unemployment.³²

- **Introduce measures to empower both women and men with children to have a successful career.** Volt will introduce the following measures that will benefit all types of parents (single men, women, heterosexual and homosexual couples, etc.).
 - **Implement Family Working Time following parental leave** to allow both parents to return to work on a part-time basis, with the possible compensation of reduced income at certain stages of life (e.g., during early infancy, as foreseen in the German Parental Leave Act)³³, to better balance between parents' responsibilities for family, care, and income.³⁴ Family Working Time would follow parental leave and last up to three years. Both parents, for example, would work 80% of full-time, and the loss of wages would be compensated with a degressive rate based on income level and duration.³⁵
 - **Enable equal paid maternity and paternity leave** for a specific period of time, and additional time off that can be shared according to the parents' preferences. Both parents should be heavily incentivised to take time off from work. The duration of leave can be decided according to the countries' existing frameworks,³⁶ but equality must be a priority.
 - **Incentivise in-house childcare facilities and forms of work** that enable flexible adaptation to parents' needs.

- **Foster cooperatives** as they are proven to be more resilient during financial crises and allow for more economic democracy, citizen participation, greater corporate social responsibility and efficient delivery of goods and services. Volt supports cooperatives (e.g., European cooperative societies) as an inherently European form of company with high labour standards and profit- share.

³² Jean-Marie Perbost, Work more? Work less? What should be done so that we can all work and perform better?, p. 48, available at

https://gef.eu/wp-content/uploads/2017/01/Work_more_work_less.pdf

³³ BMFSFJ, Manuela Schwesig: Mütter und Väter wollen heute beides: Familie und Beruf, available at <https://www.bmfsfj.de/bmfsfj/aktuelles/reden-und-interviews/manuela-schwesig--muetter-und-vaeter-wollen-heute-beides--familie-und-beruf/75720?view=DEFAULT>

³⁴ OECD, 2016, Be Flexible! Background brief on how workplace flexibility can help European employees to balance work and family, available at <https://www.oecd.org/els/family/Be-Flexible-Backgrounder-Workplace-Flexibility.pdf>

³⁵ FES (Ed.), Müller, Neumann, Wrolich, Familienarbeitszeit, available at <http://library.fes.de/pdf-files/dialog/10335.pdf>

³⁶ See Belle, Paternity and parental leave policies across the European Union, available at https://www.rand.org/pubs/research_reports/RR1666.html

And Eurofound <https://www.eurofound.europa.eu/topic/work-life-balance>

- **Introduce temporary work reduction programmes** in crisis-stricken industries to protect workers by subsidising part of their salaries. These schemes are work-share programmes where a company can reduce the working hours of people (and their salaries) or even lay them off temporarily. Subsidies cover a certain percentage of the salary. There is a maximum period of time during which these programmes can be applied. If implemented successfully, they reduce the need to lay off employees during a crisis and rehire them afterwards. This is one of the key pillars to providing more flexibility to employers.
- **Pilot programmes to take advantage of decentralised digital work**, such as lending devices to low income and unemployed individuals, using existing online training platforms, or setting up internet-enabled libraries with trainers to teach people how to find jobs and earn a living remotely via the internet.
- **Design remote-working models especially for the elderly**, assuming that digital literacy will soon increase among older citizens as well.
- **Incentivise part-time schemes**, e.g., through subsidies or tax deductions, introduce relocation allowances and on-the-job training for the long-term unemployed. We advocate a telework policy like in the Netherlands, where employers cannot refuse an employee's request to work remotely unless they can clearly explain why their presence in the workplace is essential.
- **Assess and implement a best practice system for dual vocational education and training** across Europe.
- **Introduce a paid, voluntary, one-year "Civic fellowship"** that allows young people to assist the state in various tasks ranging from classic administrative jobs to military and social services. Combine this fellowship with geographical mobility programmes to encourage European exchange.

B. Preventive measures, targeted re-skilling and reintegration

According to Eurostat data, 3.722 million young people (under 25 years of age) were unemployed in 2017 in the EU28, a decrease of 380,000 as compared with October 2016. The lowest youth unemployment rates were observed in Germany (6.6%) and the Czech Republic (7.2%), while the highest were recorded in Greece (40.2% in August 2017), Spain (38.2%) and Italy (34.7%). Although these figures demonstrate progress, youth unemployment still remains high.

Despite attempts like the Youth Employment Initiative, Youth Guarantee, and the European Solidarity Corps to mitigate youth unemployment, young people starting their careers continue to face challenging structural problems. The longstanding

practice of offering unpaid internships, inadequate protection services for young workers, and inconsistencies between the job market and skills acquired during education persist. A better exchange of information between educational institutions, employers and labour offices is necessary in order to increase the interface between education and available employment.

Volt wants to prepare the future workforce and the currently unemployed to be competitive in the labour market. Special consideration should be given to avoiding unemployment through preventive measures. This could include reducing the number of pupils leaving school without any degree and responding to job shortages before they occur.

- **Establish a European educational programme.** The programme would become an umbrella for Europe-wide initiatives supported by a wide range of schools and institutions to prepare the European workforce for the future. It would include subsidised training programmes for new tools and technologies as well as career counselling.
It would be targeted to those who are already affected by technological change in their workplace or are at risk of being affected in the near future. Priority would be given to people who would otherwise not have economic means to retrain. Training activities should be accredited by recognised training and academic institutions. Trainees would then receive certifications recognised throughout the European Union.
- **Lifelong learning for employability.** Volt supports a strategy 'From an Unemployment to an Employment Insurance', a preventive scheme focused on maintaining employability. Volt advocates for the immediate adoption of 'Erasmus Pro', an European mobility programme for young people to fund 200,000 two-year apprenticeships each year with an estimated initial budget of EUR 5 billion per year.³⁷ Volt supports Individual Long-Term Accounts that promote lifelong learning, backed by a regular bonus for lifelong learning and retraining to remain employable in a fast-changing labour market. For people nearing retirement, retraining or early retirement must be considered, taking into account personal welfare and prosperity as well as budgetary constraints of the government (i.e., careful attention to the long-term sustainability of the pension system).
- **Retrain workers** in long-term shrinking sectors for promising industries, **promote lifelong learning** by using existing technologies and digital offerings such as massive open online courses (MOOCs). Subsidise on-the-job training and training programmes of companies that retrain people and hire a certain percentage of them.

³⁷ Notre Europe Jacques Delors Institute, Erasmus Pro: For a Million 'Young European Apprentices' by 2020, available at <http://www.institutdelors.eu/wp-content/uploads/2018/01/youthemployment-jdi-may15.pdf?pdf=ok>

- **Analyse Youth Employment Initiative (YEI) measures and data in a standardised, transparent, and coherent way and set up a database on best practices on reintegrating measures** that can be used by all Member States.³⁸ Additionally, ensure that unemployed young people finish the measures they are supposed to do.
- **Invest in training centres linked to the regions' artisanal excellence** (e.g., Naples shall create more training paths for tailors/dairy producers).
- **Support the development of young unemployed people's networks** by setting up subsidised mentoring programmes with experienced people from all sectors.
- **Use pilot matching algorithms based on data analytics** to predict and respond to future job shortages at a geographic and sectoral level. In this way, preventive measures can be tailored before job losses occur data from external sources, such as social media, could also be included.³⁹

C. Ease job seeking and create fluid job markets

Remove barriers that slow down or block the matching between job seekers and offers through the use of digital tools, platforms, data analytics, and targeted language training, to thereby foster better cooperation with the private sector.

- **Create a European Labour Platform to match the workforce with jobs across Europe.** Volt wants to expand on the EURESa European Labour Platform to address the different needs in Member States, assess an EU-wide supply and demand gap in skills and competences, and incentivise a balance. A single digital European job portal would reduce the skills mismatch. By taking into account real-time information on skill demand, it could improve policy-making and labour exchanges between Member States. By involving universities and research institutions, it could also help close the skill gap and promote transparency between academia, its graduates, and industry needs. The

³⁸ In Italy, the Ministry of Labour and Social Policy, the Chamber of Commerce, Industry, Handicrafts and Agriculture and Google developed a traineeship scheme called 'Growing Digital', which included online training sessions, laboratory sessions and paid traineeships (6 months). Companies could receive incentives of up to EUR 6,000 for the provision of internship places. 3,000 such traineeships were planned. See Google Europe Blog, Young and Digital: Google Signs the European Pact4Youth, available at <https://europe.googleblog.com/2015/11/young-and-digital-google-signs-european.html>; Crescere in Digitale, available at <http://www.crescereindigitale.it/>

³⁹ For more details see [Ease job seeking and create fluid job markets](#)

European job mobility portal EURES⁴⁰ and the Skills Panorama of Cedefop⁴¹ would constitute the building blocks of such an initiative (for jobs and internships).⁴² Combined with a “reintegration package” that includes (1) an intensive language course and (2) financial support for relocation, overall unemployment could be reduced by linking supply and demand.

- **Start the long-term unification process of labour markets by initiating negotiations on a pilot “European” labour contract**, a homogenous labour agreement which takes into account national specificities (e.g., quality of life, cost of living). Volt stands for a European approach to social development with practical minimum standards for social protection, decent work, and pay, enabling a successful digital transformation that contributes to both more prosperity and better working conditions in the EU. Volt envisions that universal social protection and an adequate income are central pillars of EU policy making.
- **Collaborate with private sector teams to learn about and implement innovative and efficient methods for training**, retraining, and allocating the unemployed.⁴³
- **Reward young people who invest in acquiring language skills**, which, combined with the willingness to change residence, can help to balance supply and demand in the labour market (see European Labour Platform above).
- **Encourage** cooperation between management and workers.
- **Harmonise qualifications** to reduce search costs for employers and allow job seekers to compete in markets other than their home market.
- **Reduce administrative burden for employees** when moving to another country (pension, income tax, health insurance, etc).

⁴⁰ European Commission, EURES, available at <https://ec.europa.eu/eures/public/en/homepage>

⁴¹ Cedefop, European Commission, Skills Panorama, available at <http://skillspanorama.cedefop.europa.eu/en>

⁴² Cf. Berger, T. & Frey, C.B., 2016, Digitalization, Jobs and Convergence in Europe: Strategies for closing the skills gap, available at https://www.oxfordmartin.ox.ac.uk/downloads/reports/SCALE_Digitalisation_Final.pdf

⁴³ Crescere in Digitale, Crescere in Digitale Riparter, available at <http://www.crescereindigitale.it/>

VI. Social policies

- **Guarantee a minimum income above poverty levels for full-time work.** Volt envisions universal social protection and an adequate income to become central pillars of EU policy. This requires a long-term perspective combined with short-term measures.
 - Volt advocates for strengthening existing **minimum wage** schemes across the EU, initially with the modest goal of converging on a minimum poverty threshold of 40% of the corresponding median income (“extreme poverty”). No person working full-time should be earning below this threshold. We further advocate **differentiating the level of minimum wages** by region (not by country), by loosening collective agreements.⁴⁴
 - The schemes should not only be linked to a traditional job search, but also to the possible **development of a new business or even an (unpaid) social activity**.
 - Volt endorses the principles proposed by the Social Platform for a European Directive on minimum income. This includes, non-exhaustively, a set of common methodologies for defining adequacy, common approaches to coverage, avoiding exceptions and back doors, and efforts to ensure implementation and common information requirements. Furthermore, it should follow the principles of proactive granting of benefits and enabling gender mainstreaming, gender impact assessment, and gender budgeting and be flexible in addressing the needs of specific groups (e.g., single parents, long-term unemployed, older people, young people, etc.).⁴⁵

- **Ensure minimum child benefits across Europe.** Volt aims at harmonising child benefits to minimum standards⁴⁶ across the EU. Universal child benefits significantly reduce child poverty. Efficient family policy measures such as the provision of adequate child benefits lead to better opportunities to secure work-life balance and to protect children from social exclusion.⁴⁷

⁴⁴ Living wage foundation, What is the real living wage, available at <https://www.livingwage.org.uk/what-real-living-wage>

⁴⁵ Cf. European Parliament 2017, Minimum Income Policies in EU Member States, p. 40., available at http://www.europarl.europa.eu/RegData/etudes/STUD/2017/595365/IPOL_STU%282017%29595365_EN.pdf

⁴⁶ Linked to national median income

⁴⁷ STĂNESCU, NEMȚANU, 2015, available at [Family Benefits In Member States Of The European Union: A Comparative Perspective](#); For more details see “Social Equality”, “Alleviate poverty”, “Overall issues linked to poverty, Social benefits and healthcare”

- **Venture into Unconditional Basic Income (UBI):** Volt supports large-scale experiments with unconditional basic income to provide a solid knowledge base on which to decide the merits of this novel approach to social protection. This is especially important as technology will advance to automate many current jobs, potentially leading to widespread unemployment. As the total wealth of society will continue to increase through these measures, unconditional basic income could become a relevant instrument to ensure social stability through the coming revolution of digitization.

- **Start-up capital.** Volt endorses the idea of a start-up capital for every young person in the EU. Such start-up capital can be seen as a social inheritance that enables a young person to develop their talents, choose a career, or start up a business, irrespective of their parents' social status and wealth. Everyone is eligible, but depending on their parents' income/wealth, it is either a grant (poor parents) or a soft loan⁴⁸ (wealthy parents) with a possible graduation in between. Eligible expenditures cover a wide range and definition of life and work-enhancing activities. Volt proposes large-scale experiments with unconditional start-up capital to learn how to best structure such a policy instrument.

- **Integrate the increasing number of on-demand workers** (gig economy) into the social system by providing a framework that allows for minimum standards and assures the accountability of employers.
 - **Extend social security coverage to self-employed (opt-in option).** The **inclusion of** self-employed individuals in the solidarity community of the statutory pension insurance system would grant them the same rights and obligations as all other insured persons. The statutory pension insurance obligation should apply primarily to younger people who take up self-employment after the obligation enters into force. There should also be more opportunities to reduce contributions during start up a new business and in periods with low income (e.g., by an EU fund supporting programme for entrepreneurs in early stages of their business). In addition, those who are already covered by an obligatory system or other p existing voluntary arrangements for retirement income should be entitled to receive an exemption from the obligation of coverage by the statutory pension insurance system. This applies, for example, to farmers, freelancers, and lawyers, who are covered by occupational pension schemes in many countries.

⁴⁸ A soft loan is a loan with no interest or a below-market rate of interest, See Investopedia, Soft Loan, available at <https://www.investopedia.com/terms/s/softloan.asp#ixzz5lWTw7Sqp>

- **Rethink the retirement age** and whether it is necessary to differentiate the retirement age by sectors (allowing people to work for longer in less physically demanding areas).
- **Part-time work models for the elderly**, which could help mitigate the pension funding problems that exist in some Member States. This could also assist in keeping more people in the labour market for longer.

VII. Develop economically disadvantaged areas and champion trade

Fight inequalities among European regions by enabling disadvantaged areas to recover and/or invest in their future. Continue to champion free, fair and sustainable trade around the world while improving the enforcement of EU-standards for all imported goods. In particular, we aim to ensure that non-EU partners fully comply with our standards. Instead of just maximising economic growth, modern societies should work to eliminate social inequalities and guarantee a decent quality of life for all. Governments should not be evaluated on their economic performance but on whether they succeed in strengthening cohesion among their citizens.

A. Develop economically disadvantaged areas

- **Create jobs by sponsoring smart and environmentally friendly structural investments in disadvantaged regions.** After years of attempts, blind transfers have proven inefficient and disadvantaged regions are often isolated from the more productive areas of Europe. Europe needs a serious and coordinated plan to create real and long-term value. Volt aims not only to create new jobs but also to reduce socio-economic disparities between regions and to promote autonomous and greener power production. This might be achieved through:
 - Extending the European high-speed railway.
 - Investing in local clean energy production sites or pollution-eating highways.⁴⁹
 - Improving accessibility and connectivity for rural regions to suburban and urban areas.

There is a wide range of options to achieve the much needed transformation of our society towards more sustainable and integrative models. Volt proposes to:

- Create a better coordinated joint strategy between EU institutions and Member States.⁵⁰

⁴⁹ Pollution-eating concrete is a paving material that actually eats pollution, which could soon become a crucial tool for improving air quality in urban areas. The new concrete is coated with titanium dioxide, which is a photocatalytic material, meaning it removes the nitrogen oxides and uses sunlight to convert them into harmless nitrate that is washed away by rain. See Ford, CNN, Could pollution-eating concrete clean up our urban jungles?, available at <http://edition.cnn.com/2010/TECH/innovation/08/06/concrete.pollution.solution/index.html>

⁵⁰ Instead of merely and randomly distributing EU funds to proposed projects, without any comprehensive and long-term strategy.

- Increase the share of the EU budget allocated to these projects. Some of the investments could also be financed through bond sales to the ECB. Based on the example of Obama’s American Recovery and Reinvestment Act (ARRA),⁵¹ we believe this will lead to the creation of hundreds of thousands of new jobs distributed in disadvantaged regions. Moreover, it will provide immediate opportunities for all Europeans who are currently excluded from the labour market.
- **Create EU-wide digital platforms to ensure accountability and transparency in the use of EU funds.** Huge infrastructural projects can carry the risk of wasting significant resources through corruption, embezzlement, and non-deployment.⁵² Volt will create a monitoring body to ensure transparency and that all funds deployed in past and new projects directly reach those in need and are not hoarded through criminality and incompetence (cf. Obama’s ARRA.)⁵³
- **Foster the transfer of knowledge and skills to increase productivity and reduce imbalances.** Volt proposes to fund pan-European research programmes and initiatives in order to include lagging regions in high-standard/advanced production methods. Access to and diffusion of knowledge pushes the process of technological convergence. Programmes (both research and concrete initiatives) should be focused on issues such as digital transformation for SMEs and micro-enterprises, the development of sustainable drive technology and the production of clean energy from renewable energy sources.
- **Reorientate cohesion and structural funds towards education and training in economically disadvantaged areas.** Too often, we have seen European funds being spent on unnecessarily large infrastructure projects that were not needed. For example, large motorways or airports have been funded in regions that do not have the economic activity needed to make the investment worthwhile. Furthermore, funds are sometimes spent in areas where no further infrastructure is needed because there are no other projects to invest in. Instead, these funds and efforts should be redirected to projects that are really needed, such as modernising poorly funded schools and universities, training the unemployed or low-skilled, and supporting young, innovative

⁵¹ In 2009, the American Recovery and Reinvestment Act (ARRA) of the Obama Administration unleashed public work projects worth 1 billion dollars, creating 20,000 jobs and rejuvenating federal infrastructures. See The balance, ARRA: Details, Pros and Cons, available at <https://www.thebalance.com/arra-details-3306299>

⁵² Italy’s *Grandi Opere* (“Great Public Works”) that the government launched in 2001; after 14 years, only 8.3% of projects were completed, 57% of initiatives were in “project-level status”, and costs rose by 40% because of corruption. See Il Sole 24 Ore, Così la corruzione «brucia» il reddito, available at http://www.ilsole24ore.com/art/commenti-e-idee/2016-01-28/cosi-corruzione-brucia-reddito-103931.shtml?uuid=ACVww1IC&refresh_ce=1

⁵³ Federal Register, Recovery Accountability and Transparency Board, available at <https://www.federalregister.gov/agencies/recovery-accountability-and-transparency-board>

entrepreneurs. Sometimes the most deprived areas have modern facilities but lack investment in education and human capital. If these regions are to catch up, there needs to be an intelligent balance of investment.

B. Champion Trade⁵⁴

- **Push for creating fair and sustainable free trade agreements with the world's major growth** (Asian powers, the US). At the same time, when negotiating free trade agreements, e.g., with Asian countries, emphasise civil rights and freedom and ensure that minimum EU quality standards are met (e.g., Chinese steel).⁵⁵
- **Ensure that all European citizens benefit from free trade agreements.** Trade has the potential to enrich society as a whole. However, some benefit from trade, while others are harmed by it. For this reason, when discussing new free trade agreements, we should include some mechanisms to distribute their potential benefits. These redistribution mechanisms, such as progressive taxation,⁵⁶ have to be taken into account when negotiating trade agreements if appropriate measures are applied.

⁵⁴ For more details see [Free, fair, and sustainable trade](#)

⁵⁵ For more details see [EU Reform, Foreign & Neighbourhood Policy Reform, EU relationships with the United Nations and other multilateral institutions, Relationship with other multilateral institutions](#)

⁵⁶ Ibid., Lyon, Redistributing the Gains From Trade Through Progressive Taxation, available at <https://www.nber.org/papers/w24784>

VIII. Fiscal policies

A. Taxation challenges and general principles

Volt is aware that this will be one of the fiercest battles for European integration. Therefore, this long-term process is intended to be implemented gradually, measure by measure.

Volt believes that common European taxation is necessary as an EU competence. Moreover, Volt thinks that the forms of taxation in all Member States should be highly aligned. Discretionary European taxes would ensure direct sources of funding for the EU and allow a better response to the challenges of globalisation. Moreover, this would assure solidarity between EU members while requiring more fiscal sustainability. Finally, it would ensure that non-European companies could not easily circumvent our national regulations. Our long-term goal is to have a European Union budget financed through taxes levied by the Union itself, not through member state contributions. We are proposing to triple the size of the European budget to around a trillion a year to replace national investment expenditure and provide cyclical stabilisation.

Volt wants to pursue several objectives in both individual and corporate taxation:

- **Reduce the complexity of tax returns** to increase transparency. Identify loopholes (e.g. within the deductions system).
- **Review the fiscal systems** to increase the fairness of tax burdens in society.
- **Rebalance tax burdens.**
- **Fight tax evasion** in the short term and build a long-term culture against tax evasion.
- **Use tax incentives** to ease entrepreneurship and support the establishment and growth of new businesses.

B. Concrete proposals about taxation

1. Individual taxation

- **Introduce a lower tax on dividends and on interest payments received from shares bonds issued by SMEs.**
- **Lift the tax ceiling** by allowing private investors to invest in SMEs and deducting this investment from the amount invested (e.g. in France, a household can invest up to EUR 10k and benefit from a tax redemption; this amount could be raised up to EUR 30k per household).
- **Reduce the number of deductions** in favour of lower tax rates and shrink the number of taxes to promote simplicity.
- **Aim to reduce the overall tax burden on low- and middle-income groups.**
- **The European Union needs to raise its own taxes.** The European Union shall be empowered to raise its own resources, not only through member state contributions, but also through levying its own taxes. Primary candidates for such European taxes are those connected to common externalities, such as emission taxes or financial transaction taxes. A European VAT could encompass these taxes, together with a base of consumption taxation. The proposed European corporate tax could be shared between the budget of the European Union and the member states. We aim for the EU to raise taxes to achieve a budget three times the magnitude of the MFF 2021-2027. This implies that we propose a yearly EU Budget of approximately 1 Trillion Euro.

2. Corporate taxation

In order to stop tax evasion and generate tax revenues at the European level that feed a European Budget, Volt proposes to introduce an EU Corporate Tax. The tax implementation will centre around three critical issues:

- **Introduce an EU-wide definition of how to calculate corporate taxes to reduce avoidance opportunities.** An EU-wide definition of what constitutes taxable profits or revenues needs to be introduced. Clear accounting rules that are equal across the Member States will determine how taxable income is calculated, which is needed in order to allow taxation where revenue and profits are generated. Companies active in one country and lacking agility due to limited financial and legal resources should not be subject to unfair competition with multinationals. Introducing a common corporate tax base at the EU level should be the first step, although a global deal is an ultimate goal. In particular, common definitions of what can be accounted for as Research & Development expenses, Debt and Equity financing, as well as Investments and Depreciation need to be established. Clear rules to link tax payments to the

origin of the income need to be created, as do geographical rules that allow for the nations to benefit from profits that are made within their jurisdiction.

- **Introduce a baseline corporate tax rate to fight tax havens.** Volt supports a baseline corporate tax rate across the Union and is to be levied by EU institutions; the Member States will be able to supplement this with a State-level rate.
- **Implement monitoring practices within large corporations.** A full-scale review of corporate tax systems across EU countries should be implemented to monitor practices within large corporations, in particular transnational corporations, that aim at reducing their tax burden through sophisticated legal structures with no real economic purpose. This effort is complementary to the OECD's BEPS initiative and aims at monitoring and countering new tax evasion practices.
- **Register beneficial owners of every company, organisation, and trust.**⁵⁷ Tax evasion comes at a dramatic cost for societies and therefore cannot be tolerated, especially when perpetrated by large and profitable corporations. A first step in fighting tax evasion is to force offshore/mailbox companies, organisations, and trusts to register their beneficial owners in a compulsory and public registry.
- **Make social charges deductible** within the first three years of profit.
- **Introduce a progressive tax system according to the size of the business** and relieve the tax pressure on start-ups. However, make sure that the tax brackets do not hamper growth incentives.
- **Develop methods for EU-wide tax harmonisation**, ultimately leading to European corporate taxes.⁵⁸
- **Introduce a band** for corporate tax rates in the EU to ensure the competitiveness of Europe as a whole and tax competition between the Member States.
- **Introduce tax cuts for start-ups** in all sectors beyond the current period (e.g. five years).

⁵⁷ For more details see Economic Renaissance, Fiscal policies, A European Corporate Tax.

⁵⁸ For more details see Economic Renaissance, Fiscal policies, A European Corporate Tax.

3. General taxation

- **Develop user-friendly digital platforms** for all (individuals and businesses) to calculate and pay their taxes. Additionally, innovative techniques should also be used to track and investigate tax evasion.
- **Reduce cash payments** to limit illegal transactions within the constraints of respecting citizens' privacy rights. This could be done on the one hand by tightening the legal consequences of tax evasion and the effectiveness of the fight against tax fraud, and on the other hand by making sure that merchants do not pay excessive commissions for card transactions.
- **Review the effectiveness of sanctions related to tax evasion**, both monetary and non-monetary.
- **Regularly inform the public** via EU institutions' websites about the extent of tax evasion, broken down by sector, and showing the impact on public services.
- **Work with regional administrations** and the highest level of the central government to define regional long-term development plans as well as short-term measures to stimulate the local economy.
- **Support the introduction of an EU-wide Financial Transaction Tax.** Tax derivative financial transactions at 0.05% and other transactions at 0.021 %. Exemptions have to be defined, e.g. for SME growth markets.⁵⁹

C. European corporate tax

The first step towards a European corporate tax would primarily affect larger EU companies (see below which characteristics would apply) and non-EU companies conducting business in the EU. We must ensure that non-EU companies generating revenues in the EU are taxed appropriately on their profits in relation to their European revenues. Since it is very easy for non-EU companies to transfer their profits out of the EU and thus pay very low taxes, We must find alternative instruments to assure a fairer competition scenario in Europe. This would also provide incentives for the EU Member States to compete on non-tax features to attract businesses.

- **Transfer to the EU the national tax authority of all EU companies** generating revenue exceeding EUR 50 million (each) in more than two EU countries.

⁵⁹ Legislative Train Schedule, Deeper and fairer internal market with a strengthened industrial base/taxation, Financial transaction tax, available at <http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-taxation/file-financial-transaction-tax>

- **Apply a uniform European minimum tax rate for the above-mentioned companies**, which should be set at 15%,⁶⁰ and then increased depending on the size, type of business and number of employees. Additional features may also be considered.
- **Transfer to the EU of national tax authority over non-European companies generating revenue in a European country.** Funds obtained from this taxation would be used to finance the EU budget.
- **Tax companies based outside the EU on their revenues and not on their profits if:**
 - they present an annual turnover of more than EUR 500 million⁶¹ and total taxable revenue of EUR 50 million generated in the EU;⁶²
 - their European flat tax rate is below 15%, and
 - other features may be considered.

Non-EU-based companies are companies whose headquarters (HQ) or the parent company is based outside of the EU.

Companies covered by these new "revenue taxation" rules can apply to be taxed on their profits. This can happen if:

- **These companies move their HQ to an EU Member State**, and in this case, they would be subject to European taxation as if they were EU businesses; or
- **They prove that the difference between their profit tax rate and their revenue tax rate** is not less than 5% for companies with a turnover of less than EUR 50 million in revenues and not less than 2.5% for companies with a turnover of more than 50 million.

If a company falls under the above EU rules but makes losses instead of profits (i.e. start-up phase, when launching a new product), it can use accounting mechanisms that permit it to carry forward the loss to future financial years.

Due to the extensive nature and length of the taxation topic, many technical mechanisms have not been taken into account, but this will happen during the legislative process.

⁶⁰ Susceptible to change, depending on more data research and indications from the EU Commission and independent research bodies.

⁶¹ Susceptible to change, depending on more data research and indications from the EU Commission and independent research bodies. Apply to all numbers within this subchapter.

⁶² Financial Times, Tech tax deepens EU-US trade rift, available at <https://www.ft.com/content/e9c37b1e-2932-11e8-b27e-cc62a39d57a0>

D. European Tax Authority (ETA)

If a corporate group operates in three or more European Member States, their taxes should be collected by a European Tax Authority (ETA). This would meet expectations of both companies and reduce the burden of data collection on national tax authorities.

Furthermore, the tax base should not be determined at an entity level but at group level in order to avoid profit shifting through transfer pricing mechanisms. Volt therefore supports the proposal for a council directive on a Common Corporate Tax Base⁶³ and on the Common Consolidated Corporate Tax Base^{64 65}.

Volt in general supports the action plan for fair and simple taxation, supporting the recovery strategy as of 15 July 2020.⁶⁶ However, our main priority is to alleviate burdens from national taxation authorities and assist in the fair recovery of taxes due by multinational companies.⁶⁷

By creating a European Tax Authority, Volt wants to limit bureaucracy and streamline information by expanding the current EUROFISC.⁶⁸ The current proposal by the Commission to share more company data with Member States⁶⁹, will certainly increase the burden on Member States to manage and process the data, while not guaranteeing fair taxation as the proposal assumes sufficient capacity to manage it.⁷⁰ Rather, the European Tax Authority should support and cooperate with national tax authorities to support Member States in combating against tax evasion while ensuring tax collection.

⁶³ COM(2016) 685 final

⁶⁴ COM(2016) 683 final

⁶⁵ European Commission, Common Consolidated Corporate Tax Base (CCCTB), available at https://ec.europa.eu/taxation_customs/business/company-tax/common-consolidated-corporate-tax-base-ccctb_en

⁶⁶ COM(2020) 312 final

⁶⁷ The Commission has proposed a Single Market Tax in order to raise funds, but at this stage, Volt believes that assisting national taxation agencies in their collection of taxes owed should be a priority in reducing tax evasion schemes. Commission says new Single Market tax would target below 0.2% of turnover, available at <https://www.euractiv.com/section/economy-jobs/news/commission-says-new-single-market-tax-would-target-below-0-2-of-turnover/>

⁶⁸ European Commission, VAT and Administrative Cooperation, available at https://ec.europa.eu/taxation_customs/business/tax-cooperation-control/administrative-cooperation/vat-administrative-cooperation_en

⁶⁹ European Commission, Package for fair and simple taxation, available at https://ec.europa.eu/taxation_customs/general-information-taxation/eu-tax-policy-strategy/package-fair-and-simple-taxation_en

⁷⁰ In Denmark, government upon government fires 5000 staff and is left with tax dodging scandals. Available at www.berlingske.dk/politik/historien-om-skandalen-skat-9-ministre-5.000-faerre-ansatte-og-danskernes

Elements that the European Tax Authority (ETA) would look into:

- Audits for companies with high turnover and low profits
- Liaise with Member States to coordinate relevant information.
- Serve as a resource for the media to ensure transparency and public dissemination.
- Provide administrative support in the management of EU-sanctioned state aid packages to reduce pressure on Member States and limit the risk of fraud.
- The ETA would also seek to cooperate with competent agencies beyond the EU borders in order to take joined action against tax evasion.
- The ETA must hold all tax-relevant data in up-to-date digital formats that are protected against manipulation and unauthorised inspection, but are still easily retrievable for tax collection purposes. Tax authorities from Member States can easily get information on tax-relevant transactions that have taken place outside their jurisdictions, as seen in circular trades, in order to obtain taxes that were not paid in the first place.

IX. Mobilise Europe in a smart and sustainable way

In Europe, air pollution continues to take a heavy toll on health, causing around 400,000 premature deaths annually.⁷¹ Road mobility also comes at a high price: in 2015, slightly over 26,000 people lost their lives in road accidents within the EU, whereas the total number of road deaths in 2015 is still more than 22 times higher than the total number of deaths in rail and air transport combined.⁷² Many European cities are polluted, noisy, and face massive congestion problems.⁷³

On the other hand, rural areas face the challenge of lacking transport connections. For many years now, freedom of movement has been fully recognised and applied throughout the European Union. However, apart from some security restrictions, travelling on our continent is still complex. Much remains to be done regarding pollution, and travellers' rights are not always optimal.

We follow the UN's definition of sustainable transport as "the provision of services and infrastructure for the mobility of people and goods - advancing economic and

⁷¹ UN Environment, The right to breath clean air, available at <https://www.unenvironment.org/news-and-stories/story/right-breathe-clean-air>

⁷² Eurostat, Road safety statistics at regional level, available at http://ec.europa.eu/eurostat/statistics-explained/index.php/Road_safety_statistics_at_regional_level

⁷³ Business Insider, The 15 European cities with the worst traffic, available at <http://www.businessinsider.de/europe-city-worst-traffic-2017-8?op=1>

social development for the benefit of present and future generations - in a manner that is safe, affordable, accessible, efficient, and resilient, while minimising carbon and other emissions and environmental impacts.”⁷⁴ We envision a smarter and more eco-friendly transportation system, both for people and goods, that is built on cutting-edge technology while increasing safety and leveraging concepts such as the sharing economy. Volt wants greener cities with reduced noise and as little pollution as possible, which will result in a higher quality of life for everyone.

- **Reduce pollution caused by transportation by promoting new ways of mobility and new modes of transport.** These encompass public hybrid buses,⁷⁵ bike cities like Copenhagen (a policy which led to a 30% reduction in private cars⁷⁶ by installing “bicycle snakes” and other appropriate infrastructure),⁷⁷ solar boats/cars/planes, electric vertical take-off and landing jets,⁷⁸ and Hyperloops between big city hubs. Smart infrastructure may include ideas as diverse as electrified roads⁷⁹ and roads made of solar panels that can directly charge electric vehicles driving on them, and sharing economy concepts. To enable the implementation of these transport and infrastructure concepts, we envision collaborations bringing together industry, research, and society in the development and testing of solutions for next-generation sustainable public and private transport.⁸⁰
- **Enable the safe development of autonomous driving.** This technology has the potential to substantially benefit social welfare by reducing road accidents, lowering vehicle energy consumption and optimising traffic flows. Additionally, it allows for an optimisation of traffic flow, reduction of logistics costs and can lead to a revitalisation of rural areas^{81 82 83}.

⁷⁴ United Nations, Mobilizing Sustainable Transport for Development, p. 7, available at <https://sustainabledevelopment.un.org/content/documents/2375Mobilizing%20Sustainable%20Transport.pdf>

⁷⁵ MAN Bus Germany, MAN Lion's City Hybrid, available at [MAN Lion's City | New Drives | MAN DE](https://www.mantrucks.com/en/vehicles/low-emission-vehicles/man-lion-city-hybrid)

⁷⁶ Visitcopenhagen, Copenhagen's bike culture, available at <https://www.visitcopenhagen.com/copenhagen/sightseeing/copenhagens-bike-culture>

⁷⁷ The Bicycle Snake, Visit Copenhagen, available at https://www.youtube.com/watch?v=R_vk4WtvsDE

⁷⁸ The Lilium Jet, The world's first electric vertical take-off and landing jet, available at <https://lilium.com/>

⁷⁹ eRoadArlanda, Electrified roads – a sustainable transport solution of the future, available at <https://eroadarlanda.com/>

⁸⁰ Best practise: ElectriCity in Gothenburg, Exciting cooperation for sustainable public transport, available at <https://www.electricitygoteborg.se/en>

⁸¹ cf Friedrich B. (2016) The Effect of Autonomous Vehicles on Traffic. In: Maurer M., Gerdes J., Lenz B., Winner H. (eds) Autonomous Driving. Springer, Berlin, Heidelberg. https://doi.org/10.1007/978-3-662-48847-8_16

⁸² cf Lenz B., Fraedrich E. (2016) New Mobility Concepts and Autonomous Driving: The Potential for Change. In: Maurer M., Gerdes J., Lenz B., Winner H. (eds) Autonomous Driving. Springer, Berlin, Heidelberg. https://doi.org/10.1007/978-3-662-48847-8_9

⁸³ cf Valentas Gružas, Saulius Baskutis, Valentinas Navickas, Minimizing the trade-off between sustainability and cost effective performance by using autonomous vehicles, Journal of Cleaner Production, Volume 184, 2018, Pages 709-717, ISSN 0959-6526,

Volt recognizes the two main challenges of autonomous vehicles (AV) technology as (1) technical development and (2) creating a stringent political framework at European level.

- We are in favour of sandbox experiments, also to promote the development of necessary technologies such as sensors, algorithms and cybersecurity technology.
 - We believe that a political framework for AV needs to be developed on an EU level, including minimum safety regulations and liability rules, as well as necessary minimum levels of performance (e.g., functional safety⁸⁴). We are in favour of promoting open source approaches for key software components of AVs (e.g., HD maps, decision algorithms, cyber security) to prevent the formation of natural monopolies and promote active competition in the marketplace⁸⁵.
- As a guiding principle, Volt believes that AV technology ought to be permitted when it is superior to average human drivers⁸⁶.
- **Optimal use of existing infrastructure** by assessing and mapping productivity levels in each region to create a European database which is available to all European citizens. Improve current infrastructure use through technologies and new pricing schemes.
- **Stimulate local economies by investing in infrastructure development projects to connect disadvantaged areas to more developed areas.** This includes urban clusters, incentivising high-speed rail projects to connect more remote areas to the rest of Europe. Many European areas do not have efficient infrastructures and/or travel costs are prohibitive (e.g., Sicily, two major airports, an old and inefficient highway, lack of a high-speed railway that the island needs, expensive flight tickets, etc.). Fairer prices can be achieved through more competition, but improving infrastructure in remote areas is a priority. Examples include extending the high-speed rail network to smaller provincial hubs, improving infrastructure to connect both cities to airports⁸⁷ and airports to airports, etc.

⁸⁴ cf ISO 21448

⁸⁵ Cf. Ghosh, Rishab Aiyer. "Economic impact of open source software on innovation and the competitiveness of the Information and Communication Technologies (ICT) sector in the EU." (2007).

⁸⁶ Anderson et. al, Autonomous Vehicle Technology - A Guide for Policymakers, available at https://www.rand.org/pubs/research_reports/RR443-2.html

⁸⁷ Malpensa Express, extended to Malpensa Terminal 2 since 2017, Corriera della Sera, Sempre più persone scelgono il treno per arrivare a Malpensa, available at http://milano.corriere.it/notizie/cronaca/17_ottobre_06/treno-malpensa-express-aeroporto-trenord-fc6fe5d6-aaa7-11e7-bf9b-eb2db464e457.shtml

- **Build a more integrated transportation system.** Foster multimodal transport to shift road transport to other modes such as inland waterway transport and rail. Make rail transport more competitive to road transport by subsidising investments in trans-shipment hubs by enabling longer freight trains and by reducing rail access charges.
- **Take advantage of low interest rate markets to launch infrastructure investments and improve mobility.** Volt recommends that Member States with healthy financial and economic surpluses take advantage of low interest rates whenever possible to launch extensive infrastructure/reform plans.
- **Assess, if possible, multiplier and welfare effects of public expenditure** on various infrastructure projects to achieve more productive infrastructure, such as free WiFi and critical connections between airports and cities.
- **Legally require all transport companies receiving any kind of public funding to submit their financial statements to the public authorities.** If transport companies receive incentives in specific cases (e.g., to finance unprofitable routes), we cannot allow companies receiving them to distribute their eventual profits (if they exceed a certain amount) to the shareholders. Furthermore, public authorities and citizens must always be able to audit the beneficiaries' financial statements to ensure that there is no fraud.
- **Reshape current infrastructure utilisation** with technology and new pricing schemes to make infrastructure more productive.
- **Climate proof all infrastructure investments** to limit economic losses from the impact of current and future climate change.