EU Seeks Vast New Powers, Direct Taxes

The most drastic proposed change involves taxes. The European super state’s budget currently comes from member contributions. But if pro-integration activists in Brussels get their way, that could soon change — along with the nature of the Union itself.

The European Parliament voted 529 to 127 earlier this month to endorse a direct-tax proposal on all financial transactions, a plan introduced by a socialist from Greece. The scheme, being referred to as a “Tobin tax" after economist James Tobin who first proposed a similar plan for currency transactions, was originally supposed to serve as a global tax. But when the idea failed to catch on at the international level, EU bosses suggested unilateral implementation for Europe as a stepping stone to a global tax.

The EU Parliament estimated it could raise upwards of $250 billion per year with the tax by skimming about 0.05 percent off the top of every banking and financial transaction within the Union. One of the scheme’s proponents, the leader of a bloc of socialist and leftist Parliamentarians, told the body it was a good way to “send a signal” that the private sector was at least partly to blame for the economic crisis.

Though referred to as a “Parliament,” the EU body does not really act as a legislature in the traditionally understood sense. However, its approval of the tax is seen as an important step toward the goal of imposing direct taxation upon the people of Europe. Reuters reported that the Parliamentary vote would make it “hard” for the EU Commission — the true powerhouse in the Union — to “ignore” the issue.

But opponents in think tanks and even the body itself have been harshly critical of the proposal. "Imposing a tax of this nature without a global agreement would cause some of our financial services sector to relocate, losing the UK billions in tax revenues and costing untold jobs," said Vicky Ford, an EU Parliamentarian from the United Kingdom, which opposes the tax.

Editorials in England blasted the scheme as an attack on London's finance industry. And in an opinion piece published in a Swedish newspaper, the president of a free-market think tank and the chief of a taxpayer association also criticized the proposal, saying it would simply chase financial business from Europe to places like New York and Singapore. The piece noted that Sweden had already tried to implement a similar tax in 1984. That scheme failed.

But of course, that’s one of the main reasons EU heavyweights are still pushing to get the scheme approved at the global level. "We have to hold to account those who triggered these unfortunate events that have unfolded over the last few years, that is why I am very much in favor of a financial transaction tax," Euro-group boss Jean-Claude Juncker told a “progressive” conference on March 18 urging the

G-20 group of nations to back the plan. "We need to keep this on the agenda. If we don't get it on that [G-20] agenda, we have to see if we could get it through in Europe or euro zone. I feel that Europeans can sometimes show the way."

Another EU power grab receiving a lot of attention in recent days is the attempt to "harmonize" corporate tax policy across Europe. That scheme would create a single, Europe-wide system for calculating corporate taxes. EU bosses claim the plan would save businesses money. But the proposal is already under fire, especially from Ireland, a country with a comparatively low corporate tax rate.

Then there is what's dubbed the "silent revolution," even by proponents of the scheme — a collection of six major changes which, if approved, would dramatically alter the nature of the Union government itself. Among the most alarming elements of the proposal is the prospect of massive fines on countries that do now bow to EU dictates on government spending.

European nations would also be penalized for what Union bosses are calling "macroeconomic imbalances." The immensely broad term, without so much as a precise definition, would cover virtually every aspect of the economic system from wages and consumption to debt levels and allocation of resources.

European finance ministers approved the plan on March 15, an important step on the scheme's road to passage. The EU Parliament and national leaders still need to OK the scheme for it to become official. But the Union government has become notorious for foisting its will on Europe by any means, despite fierce opposition and voter rejection, so analysts expect the changes could be approved in some form in the not-too-distant future.

"What is going on is a silent revolution — a silent revolution in terms of stronger economic governance by small steps," socialist EU Commission President Jose Manuel Barroso was quoted as saying last year after the schemes first began to gain traction. "The member states have accepted — and I hope they understood it exactly — but they have accepted very important powers of the European institutions regarding surveillance, and a much stricter control of the public finances."

But the "silent revolution" plan consisting of the six laws is already coming under relentless attack by critics, too. "The Council's approach of decreeing economic outcomes assumes levels of government control over economic outcomes that does not even exist in China, [let] alone free-market European economies," director Sony Kapoor of the Brussels-based think-tank Re-Define told the *EU Observer*, noting that the proposals did not even address the root causes of the economic crisis.

Analysts at the free market-oriented Daily Bell also blasted the proposals, calling them "the single largest legislative power-grab in the history of humankind." Commenting on the lack of media coverage, the analysts said "the low-key nature of this extraordinary legislative coup is typical of the way the EU conspiracy has operated from the very beginning. The leaders of this enormous enterprise have never been honest either about its scope or ultimate ambition."

Taken together, these schemes would indeed represent another revolution in the way Europe is governed. The Union started out as a mere "free trade" pact. In keeping with the hidden agenda of its founders, however, the project has morphed — gradually, of course — into a full-blown government that already creates the vast majority of Europe's laws.

Judging from the way the EU succeeded in passing its so-called "Constitution," despite being rejected by voters several times — the scheme was simply repackaged as the "Lisbon Treaty" after being defeated, and even after voters rejected the "Treaty," it was still adopted anyway — the likelihood of the new proposed changes being adopted eventually appears high. What exactly the "silent revolution" will mean for the people of Europe remains to be seen. But according to critics, it won't be good.

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