



CHRONICLE OF THREE YEARS OF STRUGGLE OF THE SOCIALIST DEPUTIES

UN BUDGET JUSTE POUR LES FRANÇAISES ET LES FRANÇAIS

PAR VALÉRIE RABAULT, LE 18.10.2018

JOËL AVIRAGNET, ERICKA BAREIGTS, MARIE NOËLLE BATTISTEL, GISELÉ BIÉMOURET,
CHRISTOPHE BOUILLON, JEAN LOUIS BRICOUT, LUC CARVOUNAS, ALAIN DAVID, LAURENCE
DUMONT, OLIVIER FAURE, GUILLAUME GAROT, DAVID HABIB, MARIETTA KARAMANLI,
JÉRÔME LAMBERT, GEORGE PAU LANGEVIN, CHRISTINE PIRES BEAUNE, DOMINIQUE POTIER,
JOAQUIM PUEYO, HERVÉ SAUZIGNAC, SYLVIE TOLMONT, CÉCILE UNTERMAIER, HÉLÈNE
VAINQUEUR CHRISTOPHE, BORIS VALLAUD, MICHÈLE VICTORY.

UN BUDGET JUSTE POUR LES FRANÇAISES ET LES FRANÇAIS

BUDGET
ALTERNATIF
2019

18 OCTOBRE 2018

PARLEMENTAIRES
SOCIALISTES





UN BUDGET JUSTE POUR LES FRANÇAISES ET LES FRANÇAIS

The socialist groups in the Senate and the National Assembly constitute the **third political force in Parliament**. Opposed to the economic and social policy deployed over the past year by the President of the Republic and his majority, they see themselves as an alternative to the government. It is in this logic that the alternative budget that we propose for 2019 is based.

This alternative budget is intended to demonstrate that a fairer and more effective economic, social and environmental policy is possible for French men and women.

This is the same approach that guided the Socialist and related MPs in the fall of 2017 to present a "counter-budget" for 2018. They were then the first group in the National Assembly to propose this. The Socialist group in the Senate was unable to participate in this process, as it was then being renewed due to the senatorial elections of September 2107.

This alternative budget is based on 3 main objectives:

- Supporting the purchasing power of the 14 million pensioners ;
- Accelerate the energy transformation of the French economy and strengthen its growth ;
- Responding to social emergencies and ensuring the cohesion of our country.

It respects a serious trajectory of public finances and does not strike the public deficit in relation to the evolution proposed by the Government. Exceptional revenues cover exceptional or capital expenditures, while permanent revenues cover recurring expenditures.

Socialist Deputies and Senators

SOMMAIRE

ONE YEAR OF PRESIDENCY MACRON	6
1. 2018 and 2019 budget measures increase inequality and reduce power of many households and almost all retirees	6
2. The rebound in economic growth that began in 2017 lost momentum in 2018, due to a lack of sufficient support	9
3. Investment is down for the construction of logements	11
4. An ecological emergency that has not translated into investment, despite the unprecedented increase in energy taxes fossils	11
OUR BUDGET PROPOSALS ALTERNATIF.....	14
1. Supporting the purchasing power of the retraités.....	14
2. Accelerating the energy transformation of the French economy and strengthening its croissance.....	17
3. Responding to social emergencies and ensuring the cohesion of our pays.....	19
FINANCING OUR BUDGET ALTERNATIF	28
1. Total revenue for the alternative budget of 2019	28
2. Balance budgétaire.....	29

UN AN DE PRÉSIDENCE MACRON

UN AN DE PRESIDENCE MACRON

1. Les mesures des budgets 2018 et 2019 accroissent les inégalités et réduisent le pouvoir d'achat de nombreux ménages et de la quasi-totalité des retraités

Last fall, the government presented a "purchasing power booklet" illustrating the theoretical gains in purchasing power for the French in anticipation of the adoption of the measures included in the 2018 budget bill.

The implementation of the measures of the 2018 budget has highlighted the imposture of this document. In fact, it is noted that the government has decided not to present a "purchasing power booklet" for the year 2019.

Several economic institutes have analyzed the impacts of the 2018 and 2019 measures on purchasing power. They all conclude that :

- With this government, the 20% of the French population who are less well off are losing purchasing power because of the measures adopted.

According to the OFCE, the lowest 5% of French people have even experienced a loss of purchasing power of 0.6% (i.e. -60 euros per year per household) in 2018, for 4 main reasons :

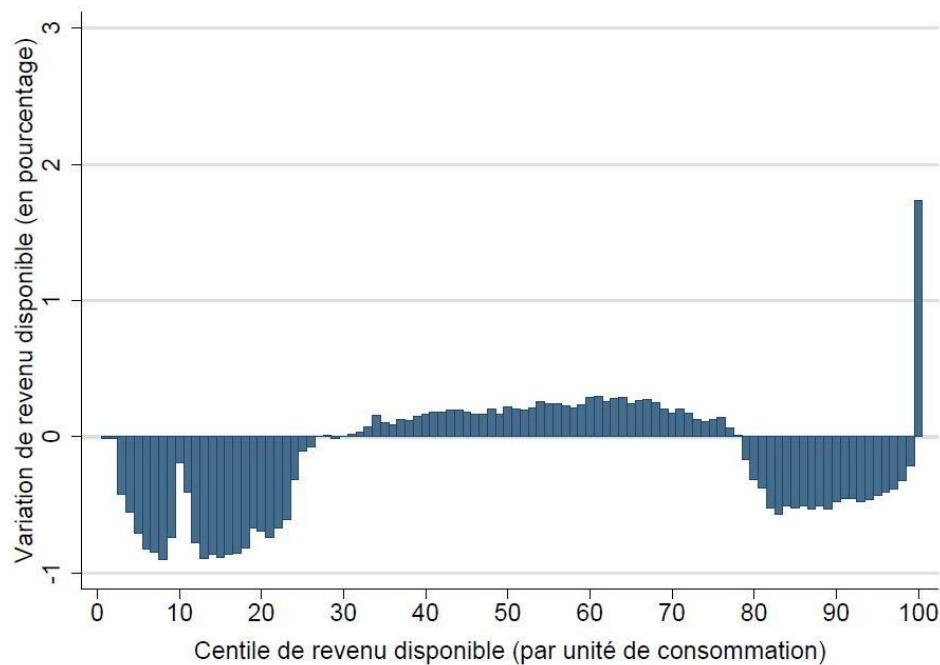
- the increase in ecological taxation,
- the increase in tobacco taxation,
- the decline in personalized housing assistance (APL)
- the failure to compensate for the increase in the standard rate of social security contribution
(CSG) for retirees.

- The richest 1% of the French see their power of purchase increase

According to the Institute of Public Policy, the 1% of French people who earn more than 106,000 euros of income per person per year have seen their purchasing power increase by 6% (the equivalent of 6,500 euros more purchasing power for a person with 106,000 euros of income). This increase in purchasing power is notably the consequence of the introduction of the *flat tax* and the abolition of the wealth tax (ISF).

Effects of Government Budget Measures on Disposable Household Income

Gain/perte de revenu disponible



Source: Institute for Public Policy

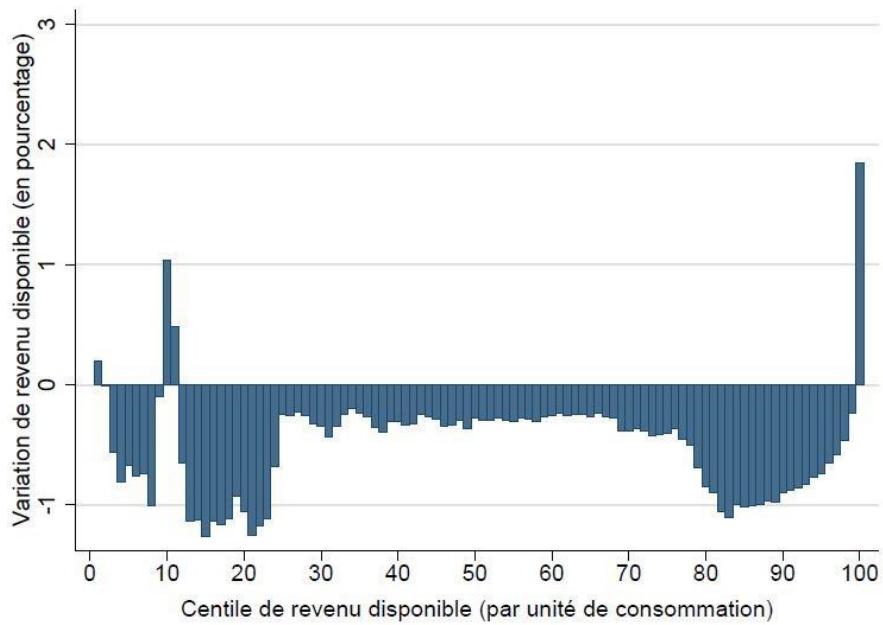
- Almost all retirees lose purchasing power except for the wealthiest 1%.

Retirees have been the main victims of this policy:

- the pension revaluation, scheduled for October 1, 2018, has been postponed to October 1, 2018. January 2019. **There was therefore a freeze on pensions for the year 2018.**
- the CSG on retirement pensions has increased by 1.7 points since January¹, 2018.

Effects of Government Budget Measures on the Disposable Income of Retirees

Gain/perte de revenu disponible



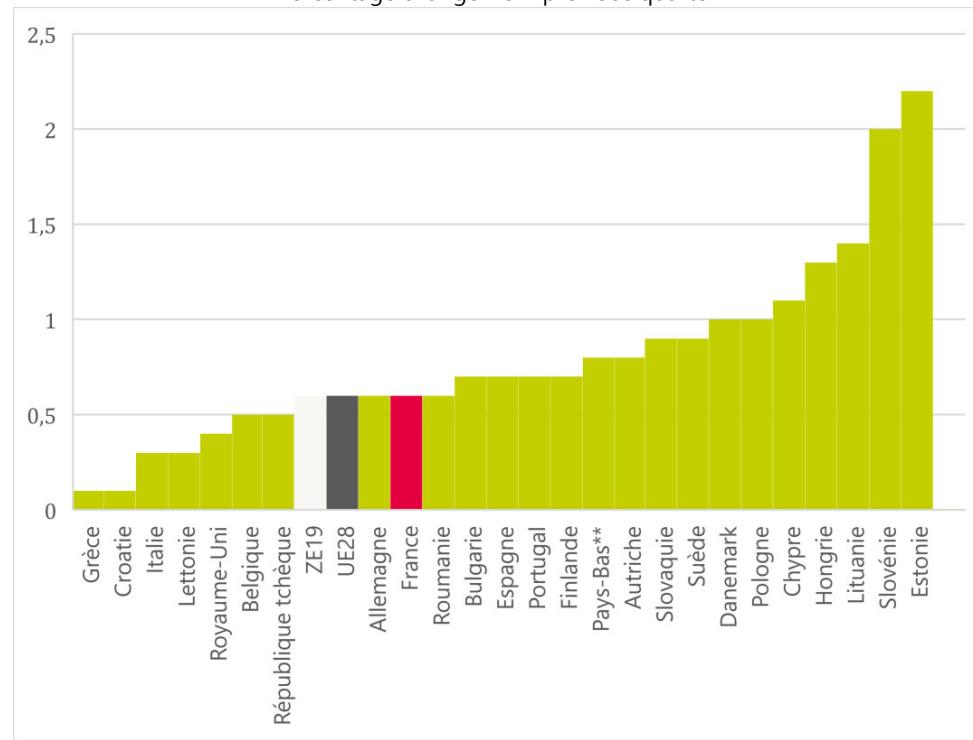
Source: Institute for Public Policy

2. Le rebond de croissance économique engrangé en 2017 s'est essoufflé en 2018, faute d'un soutien suffisant

From the fall of 2017 to the spring of 2018, the government and the majority of the government repeated that the return to growth was theirs. Indeed, in the fourth quarter of 2017, France's economic growth was slightly higher than that of the euro zone, and also that of Germany.

GDP growth rate in the fourth half of 2017

Percentage change from previous quarter



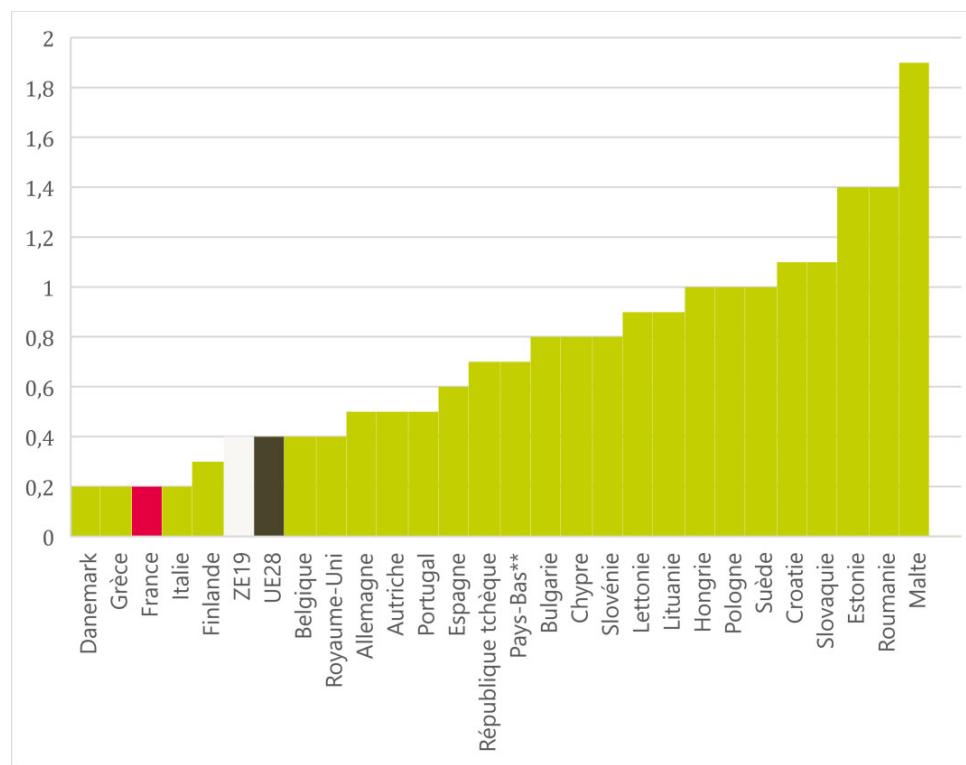
Source : Eurostat (<https://ec.europa.eu/eurostat/documents/2995521/8718267/2-07032018-AP-FR.pdf/12569dcf-cb8e-47dd-a71a-a050977ec193>)

In contrast, in the second quarter of 2018, France slipped back into the bottom of the European pack, with economic growth lower than in the euro zone, and also lower than in Germany, where it remained steady.

All indicators now show that French growth has been shattered by the government's budgetary and fiscal choices.

GDP growth rate in the second half of 2018

Percentage change from previous quarter



Source : Eurostat (<https://ec.europa.eu/eurostat/documents/2995521/9102859/2-07092018-AP-FR/6c751cff-f7a4-41cf-90ba-b0b9a6e2b829>)

3. L'investissement est en recul pour la construction de logements

The effects of the government's policy are particularly felt on the housing. According to figures published by the Ministry of Ecological and Solidarity Transition :

- Housing starts are down by more than 5% in the last 3 months compared to the same period last year.
to the same period in 2017 ;
- Building permits fell by 12% over the same period.

This situation is a direct consequence of the restrictions imposed by the government over the past year:

- Abolition of the "APL accession" to home ownership (for a monthly payment of 500 euros, they could represent up to 135 euros per month);
- Limitation of the interest-free loan (PTZ) to the purchase of old ones in non-tensioned areas and new in tense areas;
- Removal of the Pinel exemption system for certain territories.

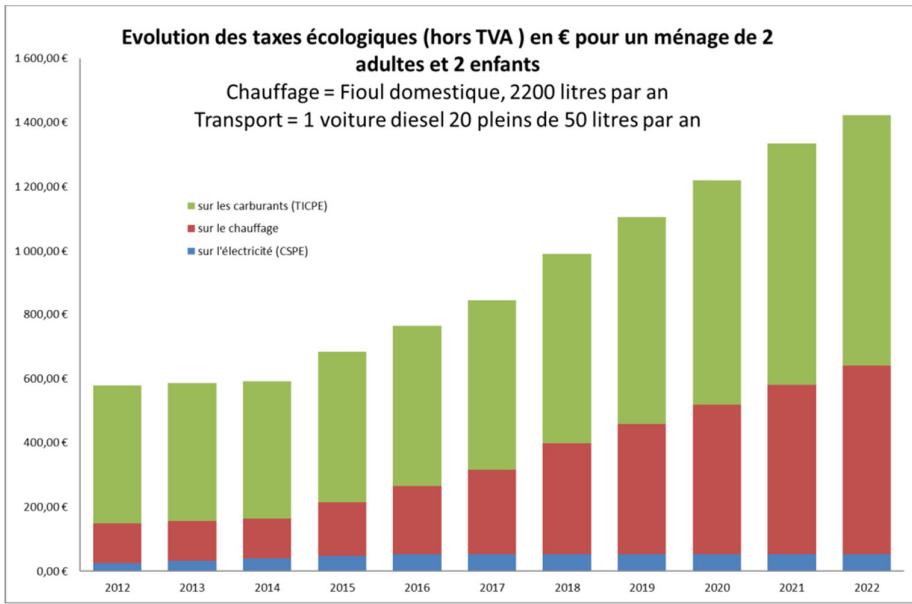
4. Une urgence écologique qui ne s'est pas traduite en matière d'investissement, malgré la hausse inédite des taxes sur les énergies fossiles

In 2017, the majority voted for a budgetary trajectory that consists of **increasing "taxes". 55 billion** over the five-year period.

On the resource side, an unprecedented increase in taxes on fossil fuels was implemented with the 2018 budget bill. This increase is applied without taking into account household incomes, which considerably reduces the purchasing power of those with the lowest incomes.

During the counter-budget for 2018, in order to preserve the purchasing power of the less well-off French, we had proposed to increase the energy voucher and to include a fuel-related component, which the majority refused.

Thus, for a household composed of 2 adults and 2 children, heating with domestic fuel oil, not having public transportation and therefore having a car (usually 2), the increase in the bill for taxes on fossil fuels is as follows.



In 2022, this household will pay €576 more in ecological taxes than in 2017.

The additional budgetary resources thus released are of little benefit to the financing of the energy transition.

These additional taxes were mainly added to the general government budget to compensate for the shortfall in revenue resulting from the virtual abolition of the wealth tax (ISF) and the introduction of a flat tax on certain capital income.

Thus, while 55 billion euros of additional taxes are planned over the five-year period, the Government's major investment plan is limited to 20 billion euros over the five-year period and part of it consists of recycling already existing budgetary measures.

THE pgQPOSITIONS OF NorgE ALTEgNATIVE BUDgET

LES PROPOSITIONS DE NOTRE BUDGET ALTERNATIF

In the autumn of 2017, the "counter-budget" presented by the socialist deputies was articulated around 2 threads: supporting growth and reducing inequalities.

The first year of Macron's five-year term showed a decline in France's economic growth and a rise in inequalities, both between citizens and between territories.

We believe that it is urgent to do everything possible to reverse these trends, which weaken our country. Achieving this requires :

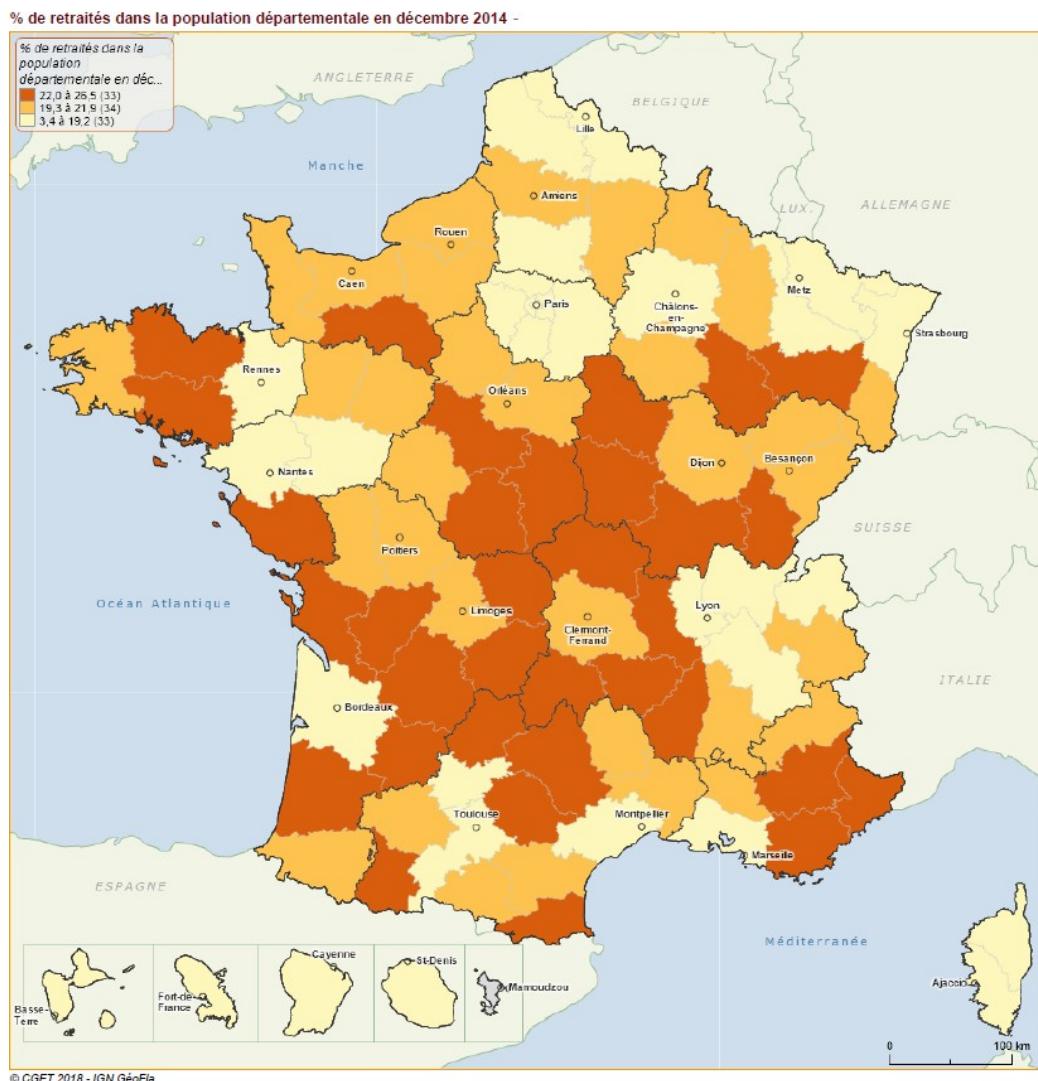
- **Supporting the purchasing power of the 14 million pensioners ;**
- **Accelerate the energy transformation of the French economy and strengthen its growth ;**
- **Responding to social emergencies and ensuring the cohesion of our country.**

1. Soutenir le pouvoir d'achat des retraités

The combined effects of the increase in the CSG since 2018 and the virtual absence of pension revaluations in 2019 will **result in the loss of the equivalent of half a month's pension to 8 million French retirees.**

This situation is leading to an unprecedented weakening of pensioners' purchasing power. In the short and medium term, it may also have **a significant impact on the local economy, which will suffer from the decline in consumption by retirees:** depending on the proportion of retirees in each département, the consequences may be relatively significant.

The following map shows the proportion of retirees in relation to the total population of the department. The darker a department appears, the higher the proportion of retirees in that department, which is therefore impacted by the increase in the CSG and the non-indexation of pensions.



Source: Map prepared by the Socialistes & Apparés group based on INSEE data.

Thus, for retirees, we propose the following measures:

- **Apply the initially planned revaluation of the pensions of the general scheme**

✓ *Budgetary impact for 2019: 1.8 billion euros*

After cutting the purchasing power of more than 8 million pensioners with the increase in the CSG in 2018, the government is proposing that the pensions of the 13 million pensioners no longer be indexed to inflation as was previously the case.

- **Correct the increase in the CSG by applying it only to pensions in excess of 3,000 euros per month for a single person.**

✓ *Budgetary impact for 2019: 2 billion euros*

- **Set up a minimum of 85% of the minimum wage for retired farmers (calibrated to the situation of farm managers with a full career).**

✓ *Budgetary impact for 2019: 400 million euros*

2. Accélérer la transformation énergétique de l'économie française et renforcer sa croissance

- Renounce the privatization of Aéroports de Paris and Française des Jeux.

- ✓ *Impact budgétaire en 2019 de la non privatisation: 10 billion euros less revenue*

The draft finance law for 2019 provides in its mission "financial participation of the State" 9,619,168,200 euros of revenue from the proceeds of disposal. This corresponds to the proceeds expected from the privatizations envisaged in the PACTE law: la Française des Jeux and Aéroports de Paris.

As we indicated during the debate on the PACTE law, these privatizations are carried out solely for budgetary equations since the proceeds will be used to reduce the State's debt.

However, whether it is the Française des Jeux (FdJ) or Aéroports de Paris (AdP), these two companies are strategic assets for the State:

- The GoJ is not a business like any other, gambling is not a commodity like any other. In fact, it sells gambling as a product. It is through it that half of the French spend on gambling. The FdJ represents more than half of the taxes that the State levies on these games. In addition, **the FdJ is the leading contributor to sport for all in our country**: an effort that accounts for 80% of the financial resources of the National Center for the Development of Sport (CNDS), via the levies on its lottery, scratch and sports betting games. Privatizing the FdJ will inevitably weaken the financing of France's amateur sports clubs.
- AdP is the key to Paris: privatizing them is like giving the keys to Paris to a private investor. Moreover, this privatization would make Paris an exception in Europe, where almost all airports are publicly owned in all European countries except the United Kingdom. Finally, **it seems crucial to keep French infrastructures within the State**. Infrastructure is not an asset like any other, it is not an economic asset: it serves as a lever for all other economic activities.

- **Defining a real business plan for the energy transition**

- ✓ *Budgetary impact in 2019: 3 billion euros*

"Make our planet great again" is not just a slogan. This

This ambition, which we share, must be translated into a real investment plan.

Experts agree that just over 7 million homes are "energy sieves". The government has set a target of 150,000 annual renovations of these "energy sieves" and "at the same time" is reducing resources, especially for social landlords, who are therefore forced to reduce the scope of their renovations and investments.

We propose to double the renovation effort to 300,000 in 2019 (and continue this effort in the following years): this will lower the energy bills of the households living in these homes by an average of 500 euros per year and will also help reduce CO2 emissions.

- **Include a fuel component to the energy cheque**

- ✓ *Budgetary impact in 2019: 300 million euros.*

- **Launch a 2nd "TEP-CV" plan (territories with high energy consumption).**

- positive for green growth)**

- ✓ *Budgetary impact in 2019: 300 million euros.*

In 2015, the French Ministry of Energy labeled 212 local authorities in its call for projects "Territoires à énergie positive pour la croissance verte" (TEPCV). Each local authority has received between €500,000 and €2,000,000 from the State for actions to insulate public buildings.

- **Include windows in the CITE (Energy Transition Tax Credit)**

- ✓ *Budgetary impact in 2019: 800 million euros.*

3. Répondre à l'urgence sociale et assurer la cohésion de notre pays

Pensioners and the elderly are the main victims of this policy. government. For them and their families, we propose the following measures:

- Committing to a decent future for HITCHes**

Offering our dependent seniors dignified care and reception conditions and also offering staff working conditions that are synonymous with much less sick leave must become a public policy objective.

It is in this perspective that **we propose to initiate a 10-year investment plan for construction and renovation.**

- Build 10,000 EHPAD places per year**

- ✓ Budgetary impact in 2019: 1.2 billion euros*

At the end of 2015, there were 585,560 dependent seniors residing in HEPADs. Among the establishments offering these places, 2942 are public, 2193 are managed by private non-profit organizations (mutual insurance companies, associations) and 1749 by private commercial organizations.

Dependent elderly people are already faced with a limited supply of beds, which generates average waiting times of more than 8 months for public HITPs, whose rates are much lower than private for-profit facilities.

However, seniors over 75 years of age represent a constantly growing share of the population. They were 15.7 million in 2016 and are expected to reach 22.6 million in 2040, increasing from 21% to 32% of the population. The studies project, therefore, an increase of 50% in the number of dependent elderly people by 2040, a phenomenon that will mechanically affect the demand for accommodation in EHPAD.

To maintain the current average supply, already insufficient, close to 10 beds for every 100 people over 75 years old, the number of beds would have to double by 2040.

This means more than 290,000 new places to be created over the next 20 years. The current average cost of building a public EHPAD place is around 120,000€.

We propose to adopt a rate of 10,000 constructions per year, which represents a cost of €1.2 billion for the year 2019 (by way of comparison, the government proposes only €100 million for the year 2019).

– **Initiate a plan to retrofit existing HVAC systems.**

✓ *Budgetary impact in 2019: 140 million euros*

This need does not take into account the particularly degraded and dilapidated situation of many establishments in the health sector (EHPAD hospitals), which accommodate 127,000 residents and requiring either major repair and redevelopment work or reconstruction/demolition operations for about 100 of them. These operations alone, which do not create new space, generate an investment requirement of nearly €1.4 billion, or 140 million per year over the next 10 years.

– **Increase the number of hospices and palliative care facilities.**

✓ *Budgetary impact in 2019: 100 million euros*

Some territories are now lagging behind in terms of the availability of structures to provide palliative care in a decent manner. The 2015-2018 National Plan for the Development of Palliative Care and End-of-Life Support provided for 190 million euros.

We propose to continue our efforts with the creation of new places, for an investment of 100 million euros.

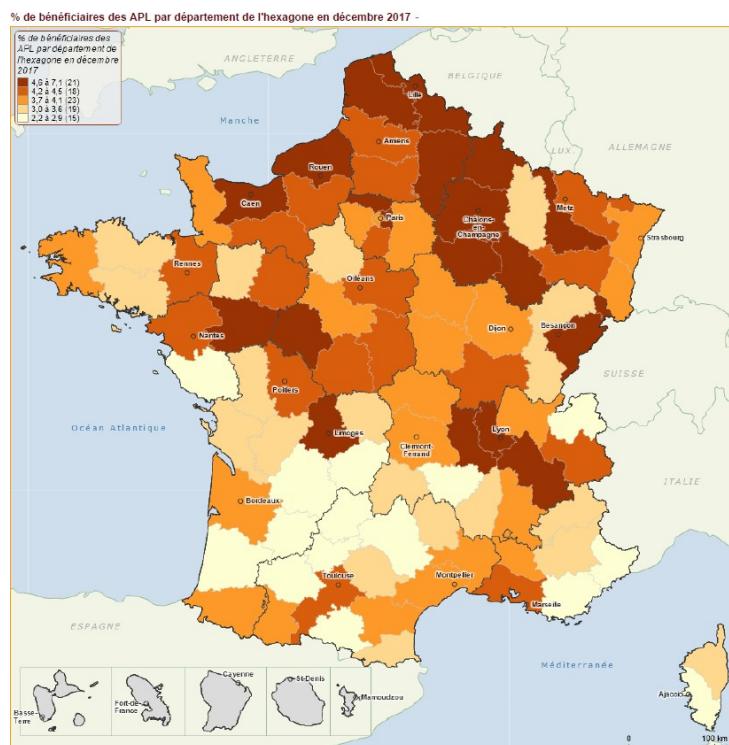
In the summer of 2017, the government had decided to reduce the APL by 5 euros. The 2018 budget made this reduction permanent. In addition, it also froze housing subsidies for the whole of 2018. Young people and popular categories were the main victims of these decisions, for them we propose the following measures:

- Revalue personalized housing allowances with inflation**

- ✓ Budgetary impact in 2019: 350 million euros*

The 5 euro decrease in the average value of APLs in 2017, their non-revaluation in 2018 and their undervaluation in 2019 will result in an average loss of 15 euros per month in purchasing power for recipients.

The map shows the proportion of households receiving APL allowances in relation to the total population of the department. The darker a department appears, the higher the proportion of APL recipients in that department and the more affected by the decline in APL.



Source: Map prepared by the Socialists & Associates group.

The revaluation of the APL represents an amount of €350 million for 2019. It will benefit 6.5 million recipients.

– Provide the university with means consistent with the evolution of student numbers and needs

✓ *Budgetary impact in 2019: 1 billion euros*

In five years, the number of students has increased by nearly 250,000, and this trend is continuing.

continues. **We propose to commit, from 2019 onwards, 1 billion euros divided equally between the two:**

- For the recruitment of professors and doctoral students ;
- For university renovation works ;
- For basic research.

– Making school education a real priority

✓ *Budgetary impact in 2019: 212 million euro*

National education, like justice or the interior, was initially to be spared these job cuts. The 2019 budget broke that promise, with this ministry alone bearing 43.5 per cent of the job cuts in the state civil service in 2019.

Secondary education will see a decrease of 2,650 positions, even though 30,000 additional students are expected in secondary education at the beginning of the 2019 school year. **Once again, what the government gives on the one hand, it takes on the other. This is not possible!**

We must both create jobs in primary school while maintaining the effort for secondary school. We are therefore maintaining these 2,500 jobs. For 2019, this represents an effort of 212 million euros.

– Increase paternity leave from 11 days to one month.

✓ *Budgetary impact in 2019: 331 million euro*

The duration of paternity and childcare leave is now set at 11 consecutive calendar days. We propose to increase it to one month, in order to reduce professional inequalities between men and women.

The government's choices in terms of subsidized contracts, the sports budget or local finances have penalized our associations and small municipalities, which are the pillars of our social cohesion. For them, we propose the following measures:

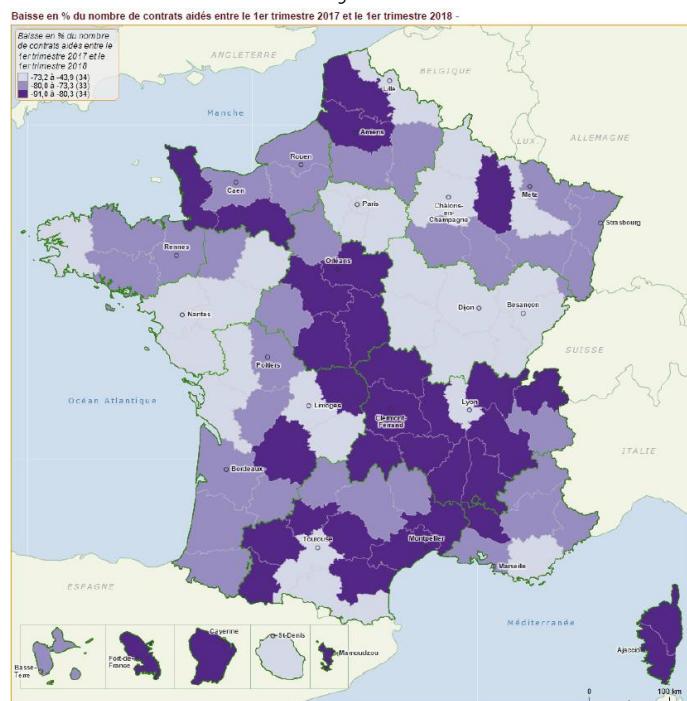
► **Re-create 100,000 assisted jobs**

✓ *Budgetary impact in 2019: 1 billion euros*

The severe and brutal drop in the creation of subsidized jobs penalizes small municipalities and associations, and of course the beneficiaries. The number of assisted job creations has followed the following trend:

- In 2016 = \$465,000
- In 2017 = \$310,000
- In 2018 = 136,000 (new version, Parcours Emploi Compétences " PEC ")
- In 2019 = 100,000 (new version, Parcours Emploi Compétences " PEC ")

In addition, the State's contribution has decreased, with the cost of a subsidized contract for a municipality going from 385 euros per month to 550 euros per month with the skills-based employment paths. The following map shows the decrease in the number of assisted contracts (all types) created between the first half of 2017 and the first half of 2018. The darker the department appears, the greater the drop. Note that all departments lose more than 50% of assisted job creation.



Source: Map prepared by the Socialists & Associates group.

- Launch a catch-up plan for the sport budget

- ✓ *Budgetary impact in 2019: 200 million euro*

The 2019 Finance Bill provides for a €2 million decrease in gross revenue allocated to the National Center for the Development of Sport (CNDS) from €133.4 million to €131.4 million, following an unprecedented decrease in its resources of €136 million in the 2018 Finance Bill.

This major loss of resources to the detriment of the State's operator in favor of sport for all has resulted in a decrease in the territorial share by an average of 30% (operating subsidies to clubs and support for the amateur sports world), which is very badly experienced by the sports movement in our territories. **70 million reduction in the budget appropriations for the "219 program" in the 2018 and 2019 finance bills**, a decrease of 12.4%. One year after winning the bid to organize the 2024 Paris Olympic and Paralympic Games, **the financial resources devoted to developing sports are clearly not up to the** hopes raised and ambitions declared: 3 million additional athletes by 2022 and 80 medals at the 2024 Olympic and Paralympic Games.

- Reinforce the support of the State towards the communes who need it the most

- ✓ *Budgetary impact in 2019: 360 million euro*

Over the years, **some of the financial commitments that the State has made to local authorities** (compensation for exemptions or transfer of powers, etc.) **have been borne by the authorities themselves**, via the somewhat complex mechanism of "adjustment variables" within the overall operating budget. **The 2019 budget is no exception: the State is discreetly having the local authorities assume 145 million euros in commitments that it has itself made**. Thus, the financing of the 50 million euro emergency fund for the community of Sint Maarten, devastated after Hurricane Irma, is being paid by the communities and not by the State, contrary to the commitment made by the President of the Republic on September 17.

The overall operating allowance paid by the State is one of the resources that local authorities use to ensure their operations. Its method of calculation, which is based on many parameters, contains many biases that have not been corrected over time. In an attempt to reduce the effects of these biases, additional allocations have been created,

In particular, to reduce the wealth gap between territories, and are abounded by the State: the urban solidarity grant (DSU), benefiting the most disadvantaged urban territories, and the rural solidarity grant (DSR), benefiting the least favored rural territories, which constitute vertical equalization.

During the five-year period in the Netherlands, the Urban Solidarity Grant (DSU) and the Rural Solidarity Grant (DSR) have both increased significantly (+180 million euros per year for each). Since the beginning of the Macron five-year period, this increase has been halved, i.e. +90 million euros. **It is proposed to return to the growth rate adopted during the Dutch five-year period, i.e. +180 million euros for the DSR in 2019 and +180 million euros for the DSU in 2019.** We also propose a reform of the overall operating allowance with a constant envelope, for greater readability and fairness, and the elimination of adjustment variables: the State must pay for its commitments itself.

– Maintenir le soutien à l'investissement des intermunicipalités (EPCI)

✓ *Budgetary impact in 2019: 246 million euro*

The evolution of the DETR (Dotation d'Equipement des Territoires Ruraux) and FSIL (Fonds de Soutien à l'Investissement Local) funds, which aim to support community investment, decreased by 11% between 2017 and 2019:

- In 2017: 1 billion euro DETR + 0.816 billion euro FSIL ;
- In 2018: 1.046 billion euro DETR + 0.615 billion euro FSIL ;
- In 2019: 1.046 billion euro DETR + 0.570 billion euro FSIL.

We propose a fund to support local investment up to its 2017 amount. Finally, we propose the abolition of the State-community contractualization mechanism. There is nothing contractual about this method and it is equivalent to a form of recentralization.

– Creation of an Overseas Support Fund

✓ *Budgetary impact in 2019: 150 million euros of new funding*

The government's budget is hurting overseas, we are proposing the creation of a support fund for these territories.

- Experimenting with the "Income Base".

- ✓ *Budgetary impact in 2019: 18 million euros for experimentation*

Solidarity is an idea that brings innovation and justice. It is not worthy of our country, one of the richest on the planet, to tolerate that nearly 9 million of its inhabitants live below the poverty line.

Against poverty, we have not yet tried everything. Refusing all fatalism, 18 departments, on the front lines of social action, worked for a year with the Jean-Jaurès Foundation and two recognized laboratories, the Centre for Economic Research and Applications (CEPREMAP) and the Institute of Public Policy (IPP), on a project to experiment with a basic income.

This basic income is a solidarity income. If our social protection system is effective in international comparisons, its performance could be significantly improved by redressing two major injustices: automating social benefits to integrate those entitled to them who do not use them, and opening them up to young people under twenty-five years of age, most of whom are excluded from the RSA while a quarter of 18-24 year olds live below the poverty line.

This basic income is also a development income. Many workers do not manage to earn a decent income from their activity: farmers, craftsmen, employees and workers with low incomes, part-time workers... The scheme must provide them with additional resources to improve their purchasing power and revitalize neglected territories.

This Basic Income is finally a self-supporting income. The unconditionality of its payment, coupled with a social contract between the social services and the recipients concerning support, should enable the development of people's power to act and activities of social utility (carers of disabled or elderly people, professional reconversions, long training courses, volunteer work, creation of activities...).

We propose to experiment locally with the Basic Income to evaluate the effectiveness of the scheme and its effects on people's behaviour before, if necessary, deploying it.

THE FINANCING OF DE OUR ALTERNATIV E BUDGET

LE FINANCEMENT DE NOTRE BUDGET ALTERNATIF

1. Recettes totales pour le budget alternatif de 2019

The financing of the alternative project is based on "additional" revenues over and above those posted by the government :

- Exceptional additional revenue: €20 billion
- Recurring revenues: €5.5 billion

The details are shown below:

- **Do not switch the CICE to a lower membership fee for social employers**
 - ✓ *Recipe related to this non-tipping :
20 billion euros (only in 2019)*

The government has chosen to turn the CICE into a social security tax cut in 2019.

Moving from the CICE to a reduction of two social contributions has two consequences:

- **A consequence on the "Maastrichtian" count of public finances**

The CICE recorded in a company's financial statements for year "N" is entered in the Maastricht accounts (which is the accounting system used to comply with the 3% of the Stability Pact) in year "N+1". Reductions in employers' social security contributions recorded in a company's financial statements for year "N" are recorded in the Maastricht accounts in year "N+1".

"« N ».

- **A "democratic" consequence**

The CICE is a tax credit: its rate, base and conditions are voted by parliament. The rate of employers' social security contributions is not voted by Parliament. Only the revenues resulting from these contributions are subject to a global vote by the parliament, which covers all revenues.

For companies, whether they have 20 billion euros in CICE or lower contributions is no longer the subject of debate.

On the basis of these observations, we propose that the CICE should not be switched to lower employers' social security contributions in 2019. Failure to make the switch in 2019 will give 20 billion euros of leeway to make the necessary investments to prevent economic growth from running out of steam after the false flat that occurred in the second quarter of 2018.

- **Reinstate the Wealth Tax except for VSE, SME and ETI titles**

- ✓ *Revenue: €2.8 billion (recurring)*

In the 2018 FPL, the government and its majority transformed the FSI into an IFI, effectively excluding financial portfolios from the FSI base. We propose to restore the FSI to its pre-FSI status, but to exclude VSE, SME, and ETI securities from the FSI base.

- **Remove the flat tax**

- ✓ *Revenue: €1.9 billion (recurring)*

- **Delete the deletion of the exit tax**

- ✓ *Revenue: €60 million (recurring)*

- **Limit the reduction in corporate income tax to VSEs and SMEs**

- ✓ *Revenue: €700 million (recurring)*

2. Equilibre budgétaire

The balance projected by the Government has not deteriorated.

In millions of €	Recipes	Expenses	Balance
Exceptional (of which investment or renunciation to privatizations)	20 000	16 983	3 017
Recurring	5 610	6 661	1 051

Theme	Description	Amount in millions of euros	Impact only for 2019	Recurring impact
TOTAL RESOURCES		25 460	20 000	5 610
CICE	No CICE switchover to lower social security contributions	20 000	20 000	
Reinstatement of FSI	Reinstatement on all financial securities except those of VSEs / SMEs / ETIs	2 800		2 800
Removal flat tax		1 900		1 900
Removal of the removal exit tax		60		60
Limitation of IS reduction to VSEs / SMEs		700		850
TOTAL EXPENSES		23 644	16 983	6 661
1. Supporting the purchasing power of retirees		4 100		4 100
Purchasing power	Revaluation of pensions	1 800		1 800
Purchasing power retirees	Cancellation of part of the CSG increase. Applicable increase only if RFR for a single person > 3000€ per month	1 900		1 900
Farm Pensions		400		400
2. Accelerating the energy transformation of the French economy and strengthening its growth		14 400	14 100	300
CITE	Saving windows for insulation	800	800	
Energy vouchers	Inclusion of a fuel share for households without public transport	300		300
No privatization ADP and FDJ		10 000	10 000	
Housing insulation	Double the number of "energy sieve" homes to be renovated (i.e. 150 000 more per year, for a total of 300,000 per year)	3 000	3 000	
2nd PET-CV plan	Relaunch of a positive energy territorial plan for communities	300	300	
3. Responding to social emergencies and ensuring the cohesion of our country		5 144	2 883	2 261
University		1 000	700	300
EHPAD Plan	Creation of 10,000 EHPAD places	1 200	1 200	
Income Experimentation basic		18		18
Parernity leave	Extension from 11 days to 1 month of paternity leave	331		331
APL revaluation		350		350
Supported employment (+70000)		850		850
Palliative care hospital		100	100	
Professors	Maintain the 2,650 secondary school positions eliminated and the 1,800 secondary school positions eliminated.	212		212
Sport		200		200
DOM		150	150	
Communities		733	733	
<i>of which total expenses on investment only</i>				15 478

Balance

1 816

3 017 -

1 051

UN BUDGET JUSTE
POUR FRENCH AND
ENGLISH

**lessocia listes.fr
senateurs-soeialistes.fr**