

SoNeT: Social Needs Tax System[©]

Clarence Williams, February 2, 2007

www.clarencewilliams.net

INTRODUCTION

Despite progress over the past few centuries, too many people have unmet basic needs, such as food, health, shelter, and education, while many others lack the means to free themselves of debasing dependency or to improve their social status. This characterization of world society cannot be disputed, and the causes of such human shortfalls, while possibly material to the solution, do not change the need to alter this social character. Perhaps more troubling are the significant and growing disparities in social and economic well-being. Disparities are arguably natural, perhaps even healthy in some cases, but inordinate personal wealth accumulation should not exist in the face of wide-spread social deprivation. Those whose social and economic needs are currently met face a difficult challenge: either ameliorate human suffering wherever, whenever, and for whatever reason it exists, or lose your well-being to revolutionary forces. Any other view of the stark, urgent choices the “well-to-do” face is unrealistic.

The Social Needs Tax (“SoNeT”) is designed to prevent such future chaos without succumbing to the alarming proposals of some groups, who correctly define world needs but offer solutions tantamount to the kind of socialism that so recently and viciously damaged many societies. SoNeT offers a mechanism to improve everyone’s social status without jeopardizing the status of others. Underlying SoNeT is a belief that all humans have a fundamental right to a minimum social status, but everyone also has the right to the just fruits of their own labor and ingenuity, including their property, however legally obtained and regardless of how it compares to the “holdings” of others.

The fundamental human right to a minimum social status is defined in terms of having adequate food, shelter, education and health, as well as the means to improve their social status (which includes infrastructure) and to be free of dependency (not interdependency; we are all interdependent). This fundamental right is not reduced by any real or imagined cause for an individual’s social status.

Another principle underlying SoNeT is the belief that government is a poor welfare provider; it is inefficient, unaccountable, and inevitably misdirected by political favoritism. Furthermore, serving welfare—a useful abbreviation for ensuring the fundamental right defined above—through a centralized government desensitizes individuals to the plight of the disadvantaged, replacing personal compassion with an attitude, “it’s government’s job.” Community-level efforts are superior to those of a distant, centralized

body. The role of centralized governments should be limited to defense and enforcement (including a role in SoNeT collections). This means SoNeT replaces all taxes except those needed for defense and enforcement. Social security, education, health costs, infrastructure and all other forms of welfare are no longer met by government but by SoNeT, which is designed to achieve this goal: **individually-directed, voluntary contributions are the sole funding sources for welfare providers operating at community levels with proven records of effectiveness and efficiency.**

SoNeT is designed to (eventually) make itself unnecessary in a world where independent, universal, personal compassion ensures that no one is ever deprived of a minimum social status. However, until world needs are lowered to the point after which they could be maintained by such a voluntary system, SoNeT levies a tax, but it is administered within a system that meets the characteristics of the world it aims to create.

SoNeT is designed to provide the transitional mechanism to move the world away from government welfare and toward an all-volunteer system. Movement toward this day begins with entrusting SoNeT to a quasi-governmental body, a group of people removed from political chicanery. This group catalogues and weights global welfare deficiencies, then administers a tax they may never collect if individual citizens bypass it by becoming personally involved in funding non-governmental providers that meet the world’s welfare needs.

This policy statement outlines SoNeT, leaving its detailed implementation to the future.

GLOBAL SOCIAL NEEDS COMMITTEE (“Committee”)

This is the group administering SoNeT, a permanent Committee of 30 people appointed by a democratically-elected body. The democratically-elected body only has appointment authority, but enforcement responsibility. Only prominent economists, social scientists and heads of eligible providers (see below) are eligible for the Committee, who each serve eight year terms on a rotating basis and who vote for a Chairperson to serve a six year term. Every year, the Committee presents an operating plan (“Plan”) to the democratically-elected appointment body, who then either approves or disapproves the Plan without modification. If disapproved, the Committee changes the Plan and resubmits it, continuing in this manner until a Plan is approved.

The Plan details the following (explained below): Social Standards, Standards Weighting, Communities, Community Rating, approved Provider, Provider Rating, Success Period, SoNeT tax rate, Sociability Index rate, Rebate Rate.

Citizens of nation-states not enforcing the Plan are ineligible for social benefits derived from SoNeT.

GLOBAL SOCIAL STANDARDS (“Social Standards”) The Plan (re)establishes global Social Standards, described only in terms of meeting the fundamental human rights as defined in the introduction to SoNeT. Each Social Standard is given a Standards Weighting (“Standards Weighting”), which indicates the overall difficulty of achieving it (without regard to a specific Community).

For example, “All Community citizens have access to X calories per day,” “Infant mortality is below X%,” “Adult death rate attributable to health is below X%,” “Community GNP is \$X per citizen,” “Small business profits exceeds X% of Community GNP,” “All children attend elementary schools teaching only math, science, history, reading and writing.”

Social Standards provide goals for welfare providers.

WORLD COMMUNITY (“Community”)

The Plan defines, names and rates all Communities (definitional changes are possible). A Community is a geographically bounded group of people in which social and economic activities bearing on Social Standards are closely shared, or inextricably linked. With each Plan, the Committee reevaluates how every Community is meeting Social Standards, and assigns a Community Rating (“Community Rating”), with the lowest Community Rating going to the Communities falling shortest of Social Standards.

The Committee also defines each Community’s poverty level, median personal income, and sales-adjusted industry median income, which are used in SoNeT calculations.

SOCIAL NEEDS TAX (SoNeT)

At the end of every calendar year, all citizens pay a SoNeT, which is a flat-rate tax on all sources of net income plus net capital appreciation, adjusted by Provider deductions. The SoNeT rate is announced in the Committee’s Plan and calculated as follows: estimated cost for all Communities to meet Social Standards divided by world net income plus net capital appreciation, then adjusted by the Plan’s expected Success Period (“Success Period”), if necessary. The Success Period estimates the number of years needed before the world’s Social Standards are met and avoids excessive SoNeT rates. This manner of calculating the SoNeT rate results in its reduction as more Communities meet Social Standards.

Citizens with income below their Community’s poverty level are excluded from SoNeT, but may file for rebates. Such citizens are likely to be recipients of SoNeT in indirect ways.

SoNeT collections and Penalties are first paid to taxpayer’s earning a Rebate then distributed to Providers operating in the world’s lowest-rated Communities, with allocations determined by Provider Rating.

ELIGIBLE PROVIDER (“Provider”)

Providers are non-governmental organizations operating to meet the Social Standards of one or more Communities. Eligible Providers are those whose operations are limited to activities designed to help Communities meet Social Standards, and are listed with their current Provider Rating in the Plan.

The Committee directs annual audits on Providers, and gives each a Provider Rating (“Provider Rating”). The Provider Rating is a Committee-derived, objectively-oriented algorithm whose nature permits Providers to make reasonably accurate estimates of what their Provider Rating will be. This permits them to design their operation in order to achieve the highest Provider Rating. The Provider Rating includes these factors: demonstrable achievements, Community Ratings in which the Provider operates, Standards Weighting for the Provider’s areas of operations, and efficiency in use of funds. New charities receive a Provider Rating based on their stated goals vis-à-vis the factors considered in the Provider Rating as well as the expertise of their staff. The Provider Rating in the second year of operation for new Providers includes a penalty for those falling shortest of their planned goals.

In this manner, Providers operating in Communities with the lowest Community Rating and who direct their efforts to the more difficult Social Standards receive a higher Provider Rating. Wealthier Communities are thus encouraged to “take care of their own” without aid of SoNeT, although lower-rated Providers (resulting from serving relatively wealthy Communities) are still free to operate there.

TAX DEDUCTIONS AND REBATES

The Committee uses the various factors involved in calculating deductions and rebates to achieve a zero balance; voluntary contributions and rebates should equal total SoNeT taxes. Rebates encourage even low-income citizens to become heavily involved in world social welfare.

The SoNeT due from each taxpayer is the SoNeT flat rate less all adjusted contributions to Providers that have been made (paid) in the past tax year. Adjustments are based on Provider Rating and the taxpayer’s Sociability Index (“Sociability Index”), which are both calculated from the Plan. Provider contributions are multiplied by each Provider’s Rating to calculate the Provider Deduction (“Provider Deduction”), which acts to increase the value of contributions to the Providers

with the highest Rating. Unadjusted Provider contributions are also multiplied by the taxpayer's Sociability Index to calculate the Sociability Deduction ("Sociability Deduction"), which is calculated annually for each taxpayer and has the effect of increasing the deduction for some taxpayers, while reducing it for others.

The Sociability Index announced in the Plan is a function of the percent of a taxpayer's eligible net income and net capital appreciation increase that is contributed to Providers. The Sociability Index can be greater or less than one (increasing or decreasing the deductible value of Provider contributions).

The Total SoNeT Deduction ("Total SoNeT Deduction") is calculated by adding the Provider Deduction and Sociability Deduction. SoNeT minus deductions equals SoNeT Due ("SoNeT Due"), which is collected by the democratically-elected body and transferred to the Committee's Operating Account ("Operating Account").

Rebates are established to motivate all taxpayers to make Provider contributions. Taxpayers are eligible for tax rebates paid from the Operating Account if their net income and net capital appreciation minus SoNeT Due is less than the median income for the population in the taxpayer's Community or below a sales-adjusted industry median income in the case of businesses. The medians and Rebate Rate are shown in the Plan. The rebate is calculated by multiplying the Rebate Rate by unadjusted Provider contributions, which could result in the rebate being greater than the Provider contributions. Rebates are limited to the Total SoNeT Deduction.

By balancing all SoNeT factors, the Committee can design a system that motivates all taxpayers to become involved in meeting global social needs while wealthier citizens reduce their taxes to the level of only funding the rebates going to low-income contributors.