



A RADICALLY NEW ECONOMY: THE DAWN OF THE CARITAS STATE

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Caritas is the Christian love of humankind, whence our word, "charity." This is rooted in that great treatise on love by St. Paul, in [1 Corinthians 13:4](#), which in Latin reads: "caritas patiens est benigna est caritas non aemulatur non agit perperam non inflatur."

These words are further reflected in that great and ancient Christian hymn - "Ubi caritas et amor, Deus ibi est: - "Where there is charity and love, there is God."

Here are some political and social consequences of caritas - in other words, a radically new economy.

We truly need a new economic system that doesn't end in government stagnation, but still encourages the dispersal of wealth to the poor. The answer is a Charity Tax Credit Incentive System (CTCIS) or a Caritas economic system.

For those who don't know, [Charity Tax Credits](#) are payments that you can deduct from your taxes after donating to registered charities. In English, when you give money to charities, you get a receipt. Give that receipt to the government and they will charge you less on your taxes.

For example, let us pretend the government charges you \$100 in taxes. Because you show the government you gave \$20 to charity, they will deduct \$10 from your taxes so that you only pay \$90.

Notice how its not dollar for dollar (i.e. even though you donated \$20, they only deducted \$10 from your taxes).

You might be thinking "Wait a minute, don't we already have an economy that utilizes charity tax credits?" Yes, but not as an incentive system (It's also poisoned with charity deductions, but that's [another story](#)).

Charity tax Credits were started as a tax offset, not an incentive system. Before the government implemented the [welfare state](#), many of the institutions affiliated with welfare were run by charities (hospitals, orphanages, schools).

When the government raised taxes to pay for welfare, people complained. Many argued that they wouldn't be able to give as much to charities if they were paying more taxes. A compromise was reached.

What was the compromise? That you could show the government a receipt and they would lessen (or offset) your taxes. But it wasn't dollar for dollar. That is to say, if you gave \$100 to a charity, you wouldn't get \$100 off your taxes.

Why wasn't it dollar for dollar? Because the government believed that charities were more inefficient than the government at distributing capital and helping the poor.

Of course, as it turned out, the government was wrong. Charities are more [efficient at redistributing](#) - because they are more competitive, specialized, and tactile at solving economic problems relating to the poor. They demonstrate a vast arsenal of different techniques, as opposed to the one-size-fits-all approach of the government.

In the current political landscape, the two main approaches towards solving the problem of how to disperse wealth to the poor are that of socialist liberals and laissez faire conservatives.

The liberal-socialists argue for the redistribution of capital by the state, believing the state to be the most efficient and democratic mechanism for facilitating the dispersal of capital. Most importantly, they agree that their system is the best way to ensure the redistribution of capital, overcoming capitalist elites' tendency to horde wealth.

There are insurmountable problems with neo-liberal socialism, because the government is [not efficient at redistributing capital](#), since it engages in corruption, fails to adapt to new problems in a timely manner, and can poorly handle individual cases which deviate from the needs of the multitude.

The laissez faire conservatives are quick to point out these problems. Instead, they advocate for a completely "hands off" approach to the economy. They reason that individuals can be trusted to redistribute in a rational and efficient manner (if they argue for any redistribution at all, some reserving the cold-hearted position of forsaking the poor entirely).

Like their liberal adversaries, the economic system of laissez faire conservatives is lacking. They fail to recognize the tendencies of competing capitalist elites to horde their wealth. The reason for this is not necessarily from greed. Many company owners do care deeply about the workers who serve them but are caught in a [prisoner's dilemma](#).

Why should McDonald's donate profits to charity if Burger King doesn't? Companies are often locked into a fierce competition with one another. In this struggle they're continuously reinvesting profits into innovation, research, educating their workforce, and anything else that might give them a competitive edge.

If two companies are competing for their very survival, why would one sacrifice its competitive edge for the poor in the face of its extinction? Of course, McDonald's might truly wish to give money to the poor, but can it risk helping them at the cost of Burger King gaining an edge?

So, is there a system (other than liberal socialism) that evens the playing field?

The New Economic Solution

I propose that we adopt a system of charity tax credit incentives, or the Caritas State. The government should issue a tax to raise money for a social program. BUT if the tax payer donates to a registered charity that deals with that issue, then they should have a dollar per dollar tax exemption from the government.

Let me use an analogy. A liberal socialist says that we need to tax everyone \$100 (or whatever amount we democratically decide) for a government program that helps orphans. The laissez faire conservative says that we should give the government \$0 to deal with orphans and that private citizens would look after the orphans.

A Caritas economist (a believer in the Charity Tax Credit Incentive System) would say that we need to tax everyone \$100 (or whatever amount we democratically decide) for a government program that helps orphans. BUT if you donate \$100 to registered charities that deal with orphans, then you don't owe the government a dime. You simply show them your charity receipt(s) and you are exempt from paying the tax.

The individual tax payer can choose how they would like to spend their money, embracing the idea of consumer sovereignty. If you prefer to pay the money to the government then, you simply pay the \$100 tax. Whatever variance you choose also works – you can give \$25 dollars to charity and \$75 to the government, or vice versa as long as you end up giving \$100.

There are six reasons why charity tax credits are preferable to either liberal socialism or laissez faire conservative economics.

FIRST, the Caritas economic system gives liberties to individuals by allowing the freedom of choice. Individuals would be able to chose where their tax dollars go. One of the hallmarks of Western society has been the trust we place in our citizenry to choose for themselves.

The freedom of the public to express their will as an instrument of shaping our society stands at the foundations of our democracy and economy.

In the Caritas state, the economy answers to the will of the people, not the other way around. Charities answer to donors as well as those they give to. Donors vote with their dollars, determining which charity they feel helps the most.

SECOND, the government's role shifts to regulating charities instead of being the sole charity. In the Caritas State, the role of the government would be to aid consumer sovereignty (or rather donor sovereignty).

If socialists got their wish, the government must micromanage every aspect of welfare - an exhausting task. It must not only watch over orphanages but run them. But who watches the watchmen? As you'd imagine, this leads to a lack of regulation of the government itself and a massive upkeep cost.

In a system based on charity tax credits, the government would direct funds to charities, but allow people to choose which charities they wanted to donate to.

These charities do the work and the government's job is to regulate them. The state would be responsible for regulating which charities would be able to issue receipts for tax deductions. In addition, the state would audit charities, release the data on those audits to the public, and regulate how much money people are required to donate.

The government is already responsible for determining which charities are legitimate and which are not. There's nothing new here, but the initiation of the Caritas economy puts a central focus on legislation regarding charities. Luckily, we already have a legal framework that we can build on.

The state can regulate charities by auditing. Governments have armies of accountants which can be [mobilized to regulate charities](#). The government can find out if charities are misusing their funds, falsely advertising their services, or breaking the law.

In an act of transparency, the state can publish its audits, just like the health department [publishes its inspections](#) of local restaurants and grocery stores. They're not picking winners and losers, but they are allowing the consumers to make informed decisions as to where they should spend their money, thus ensuring consumer (or rather donor) sovereignty.

Because the government wouldn't have to worry about doing all the work, it could focus on stamping out corruption from charities or developing mechanisms to show their efficiency.

If the government releases the information, say, that with Charity X only \$10 out of \$100 donated goes to help the poor, as opposed to Charity Y which gives \$90 out of \$100 to the poor; then donors would be inclined to give to Charity Y over Charity X.

The public could vote how much they would give to charities. The people could democratically choose how much the public donates to the Caritas state - whether it should be a gradual or fixed tax, or whether some charities should be admitted over others.

People have far more freedom in the Caritas state than in the welfare state as to how funds should be dispersed to the poor.

THIRD, because charities compete with one another, the Caritas state would avoid stagnation - unlike welfare.

In the welfare state, the government has a monopoly on the distribution of capital. Because monopolies don't have to compete, they become inefficient, suffocating under the weight of their stagnation. On the other hand, because individual charities do not have a monopoly, they would be forced to compete with one another.

People are more inclined to donate to the charities that they feel are doing the most good. Therefore, if a charity is deemed inefficient by donors, then they will stop giving to it and fund a more efficient charity.

This will prevent charities from pocketing money for themselves, or taking up a banner of useless causes. Like any system that revolves around the will and freedom of the people, it is critical that the public has easy access to information so they can make educated decisions.

The Caritas state would utilize competition, allowing it to be more dynamic and innovated than the welfare state. After all, government is the problem, not the solution.

FOURTH, the Caritas state solves the capitalist prisoner's dilemma - unlike laissez faire economics.

Conservatives generally champion charity and the free-market to solve problems related to poverty. Yet, many are not satisfied by it all. They argue that the laissez faire approach fails to coordinate distribution, tolerates greed, and casts the poor aside.

When it comes to giving to the poor, people are trapped in a prisoner's dilemma. In free-market capitalism, we are all in a state of competition. Why should you give to the poor when your competitors don't? It is an ancient question - Why should you be good when those around you aren't?

Even if you wanted to be charitable, there is a fear that doing so might risk your own livelihood. The Caritas state can work through this conundrum.

People can give to the poor because they know that their competitors are giving, too. The minimum amount the public should give can be determined democratically and people can always give more if they please.

The beauty of the Caritas state is that it allows for the coordination of distribution when it is most needed. One of the problems of total laissez faire economics is that when a depression hits, and charity is most needed, people are the least willing to give.

During bad times, the state can coordinate giving by increasing taxes that can be reduced by charity tax credits. Thus, the state could coordinate a charity stimulus. In good times, they could reduce taxes, allowing the market to flourish. The only problem left to tackle is greed itself.

If you believe people are naturally greedy, then it is unrealistic to think that they will simply give without

a system that encourages distribution. If you believe people are not naturally greedy and are already giving to charities, then we just need their receipts.

FIFTH, the Caritas state is the radical compromise between liberals and conservatives – in fact it transcends the right and the left.

The Caritas state not only solves many of the problems between the right and the left, but it fuses together many of their greatest strengths.

For the right, it allows individuals to choose how they want to spend their money. Donor sovereignty runs parallel with consumer sovereignty, valuing transparency and the government's role as a stabilizing force instead of a player in the game.

The rise of the Caritas state will destroy the welfare state. It carries with it an emphasis on liberality as opposed to a forced obedience to government monopoly (the ultimate Neo-Con nightmare).

As we know, taxation can often be theft. This system allows individuals to hand over receipts to the government instead of money for the government to waste.

For the left, the Caritas state appeals to their mission to help the unfortunate and the marginalized. These concerns have been central to socialism, the New Left, and Neo-Liberals.

Although the government would no longer run everything, it still would play a role in guiding the efforts to help the poor, and in regulating charities by performing audits and demonstrating transparency.

Lastly, liberals can still choose to give their money to the government if they please. They are not required to give to charities, they're just encouraged to do so. They can always just pay the tax and not use charity tax credits to opt out.

We need a bi-partisan system in the era of polar politics. The deadlock we have can't be allowed to continue. We are already on the brink of collapse. The poor are struggling, and the middle class is being squeezed out by the minute.

SIXTH, most importantly, the Caritas state is the key to establishing a true Libertarian society.

The biggest obstacle to achieving a libertarian economy, a system where government is absent in the regulation and distribution of capital, is that our moral excellence is now at an all time low, as indicated in the sharp [drop in charitable donations](#).

How can we expect to get rid of the government with such rampant greed in our society? The stronger our culture of giving is, the more independence we gain from the tyranny of the economic authoritarians.

The Caritas state can be our ticket out of the government's economic authority through its ability to raise society's culture of giving!

There is an ideological shift that happens when someone gives their money directly to an organization, instead of having it be taken away by one. It is a gratifying feeling to help those around us, a sweetness that comforts the hearts of men when they help their fellow man.

Through the Caritas state we can expand that culture of brotherly love, casting away greed from our hearts. This system could be the tool we need to wean society from welfare.

The initial effect of the Caritas state would be a massive stimulus in the construction of charities, giving us the tools and logistics to be charitable. A culture of giving would follow, solidifying the practice of giving. The stronger a giving-culture we create, the more we can start lowering the number of citizens who need our help.

For example, let's say we legislate that all citizens must give \$100 to charities that help orphans. Because of the stimulus, a massive surge of non-government institutions emerges aimed to aid orphans. After a time, an ideological culture of giving to orphans follows.

As the will and the means to help orphans solidifies, we can begin to lower the amount of money citizens are encouraged to donate to, say, \$75. If people continue to be charitable and help solve the societal ills that accompany orphans, then we can lower it to \$50, then \$25, and so on, until charity itself many no longer be needed.

Eventually, welfare would be dissolved, and the government's drastic involvement minimalized. The Caritas state is the most effective and sensible way libertarians can bring about their desired state.

The push to bring about a Charity Tax Credit Incentive System is not unheard of. A caucus of 30 congressmen called the Renewal Alliance, has already adopted the Coats-Kasich tax plan (a bill drawn up by Dan Coats and John Kasich [advocating for Charity Tax Credit increases](#)).

I'm not trying to support these politicians - I don't trust politicians any further than I can throw them. But what the Renewal Alliance shows is that the idea has found its way into Congress.

It is also floating around in various think-tanks as well. For example, [Cardus](#) has been pushing for [Charity Tax Credits Incentives for some time now](#). They argue that it may be a tool to re-establish Christian values in society.

The fight for charity tax credits and the establishment of the Caritas state has begun.

Its time to decide where we stand.

