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## The Fiscal Social Contract and the Human Rights Economy

*Report to the 79<sup>th</sup> General Assembly*

### A. Purpose

The goal we mean to reach is:

**All the economy substantiating and sustaining all human rights.** The objective is broader than the fiscal issue. However, the State through fiscal policies may mitigate interests and practices, pave the way to deliver on purpose.

### B. The fiscal social contract

It is a "contract". Based on mutual agreement and understanding. Both sides, the State and the Taxpayer, have a duty to see human rights promoted, respected and achieved.

The scope of this duty is that the State provides services that are in accordance with human rights to the taxpayer.

Which agrees to pay for such services.

The nature and width of these services are discussed, agreed to through democratic participation, again in respect of human rights obligations and fulfillment.

When the contract is not sufficiently – and spontaneously fulfilled:

1) By the taxpayer. Guiding or coercive measures may be or are imposed by the State unto the taxpayer.

2) By the State. The taxpayer has a right, both political and judicial to contest the decision regarding what for, on what assets and how he is taxed.

He also has, democratically, a right and a duty of surveillance regarding what the taxes are used for, moreover if the State, through taxation or its absence violates, induces or lets human rights violations happen.

3) Both the State and the taxpayer are personally and mutually accountable for their respective duties regarding the fulfillment of human rights and the progress towards a human rights economy.

- b. The Contract is understood and spontaneously, rigorously and gracefully fulfilled. Violations are left to nil, if need be prevented or redressed.
- c. Measures used to prevent, curb or address violations of both human rights and taxation need to be peaceful and human rights oriented; at the best to be non-conflictive, non-aggravating and non-coercive, or even brought through using non-mandatory approaches and manners<sup>1</sup>.
- d. Whatsoever obligations and coercive laws and fiscal measures exist and are so far required and needed to see both the taxpayer and the State fulfill their duties.
- e. As of today, many human rights are violated by the economy, by the State or by the taxpayer. More so if none or either of them do not bring themselves as the others to fulfill their universal duty towards the achievement of human rights.
- f. In such situations where human rights are not fulfilled, the social contract is lacking. It needs to be created or reestablished. The duty is reciprocal, the citizenry and the State must strive towards making effective such a “human rights social and fiscal contract”. Subsidiarily, they both have a responsibility to bring the economy to respect and thrive towards a human rights economy.
- g. When human rights are lived peacefully, acknowledged and cared for by all, they are consciously and naturally part of the social and fiscal contracts. Being taxed serves a noble purpose and it is done with joy and cooperation.

C. Some human rights aspects of the economy

- a. The economy, human rights and the taxation systems similarly derive and arise from human nature and our common history. They shall be mutually reinforcing, thriving together towards the universal betterment of the human condition.
- b. The right to life comes first<sup>2</sup> when considering that the State has a duty to respect human rights. Further, the economy at large shall have such a duty towards life. This is nonkilling.

Be it because of war, death penalty, poverty, environmental decay or threat, insufficient coverage of basic needs including health, if the State does not assume its obligation and similarly does not bring the economy to comply with human rights, the taxpayer has a right and a duty to see his rights respected, for himself as for his nation, his community and his fellow kin.

- c. The State has a duty to guarantee sufficient living standards at large. While taxing by avoiding excessive taxation (and if need be, being supple in case of payment difficulties) and by providing fair social coverage, not excessively burdensome to acquire.

All members of society and institutions gain in dignity, well-being, social cohesion and efficiency when poverty is eradicated.

A Universal Basic Income is one of the possible means available to achieve eradicating poverty as expressed first Sustainable Development Goal 2030<sup>3</sup>. Such an automatic income also supports creating lighter and more efficient social services, more time and creativity for the people, including to assume civic tasks.

- d. The right to peace is of primal importance for the respect and mitigation of all human rights<sup>4</sup>. It is particularly important when through the fiscal system, the State devoids important amounts of taxes for defence, often vainly, instead of using these resources to build more peaceful and resilient, human rights compliant happy societies.
- e. This has led to the existence of a small active movement of persons invoking their right to conscience to refuse to see their tax monies used for war, war propaganda and war preparation<sup>5</sup>.
- f. The tax system could also have greater positive effect on gender balance issues.

D. Democratic control over the use of taxes

Article 25 of the Covenant on Civil and Political Rights grants a right to participate in the political decision-making process through direct means (popular votes), or indirect ones (elections).

Switzerland is interesting because initiatives and referendums rights have allowed to propose or contest fiscal and social measures. With mixed results, though clearly creating a balance where the people contest government's proposals or imposed measures when the State goes too far either taxing or not, refusing or granting social services. When consulted, there is clearly a consciousness limit to what to people are ready to accept, or not<sup>6</sup>.

E. Other means used to context taxation

They are examples of fiscal strikes in history. The salt march organized by Gandhi is one of them<sup>7</sup>.

F. The fiscal conflict

The right to peace supposes that conflicts are settled peacefully. The State is often keen on its power regarding taxes. It would be wise for the State to open up some, especially if the young generation combating climate change is still unsatisfied when it starts earning enough to pay consequent taxes.

G. A human rights economy through the tax system

There are huge potentials through tax incentives to bring the economy to comply with human rights. Such incentives have also been sometimes linked to development loans<sup>8</sup>.

H. Non-renewables, future generations and the wealth created by our ancestors.

Who do the non-renewables goods belong to? If the extractor has a right to make a fair (fair only) benefit, the local population, humanity as a whole and future generations also have a right to such benefits, the common goods of humanity<sup>9</sup>. Our Earth belongs to all of us, individually and as humanity. As such, the benefits taken from the Earth, moreover if non-renewable, should benefit to all the inhabitants of the Earth, present and forthcoming. Similarly, the immense wealth humanity has, its possibility was also provided for and created by our ancestors. It should benefit to all the human race.

I. The fortune of humanity

For 2022, private wealth is estimated to be 454 trillion \$ in the world, which would be 57,000 \$ for every person. The tax system shall assure that everyone gets its share of such wealth and thus assures that the economy is human rights based and peaceful<sup>10</sup>.

## **Background questions**

1. **Please explain what role taxation *plays* (has) in the fiscal social contract.**

In a monetary system where taxes are one of the main source of financing for the State, balanced, fair, people and human rights oriented redistribution and humane state spending policies are the basis for the legitimacy and the reliability of the State. The greater this legitimacy is, the less people and companies will do to avoid taxation; the feeling of unity will be enhanced, the greater the resources will be.

And not only to address current challenges such as peace, development and climate change, but thereafter to establish a lasting and happy humanity on Earth.

“From leaving no one behind, to living well altogether”.

**2. What is your understanding of a human rights economy?**

A human rights economy assures, before profit and growth, that all human rights are fulfilled (or fast on track to do so). All basic needs of all the people are met and assured. All violations of all human rights are prevented (or addressed).

**3. How does the tax system and policies impact the strength and effectiveness of the fiscal social contract?**

There is through taxes a solidarity link, locally and planet-wise. It must be stated and recalled. The tax system can be very effective at creating incentives for change. Becoming more participative and cooperative, less mandatory or punitive, the tax system may create more cohesion to address the major problems of our times. Cohesive and participative taxation reinforces civic engagement.

**What are the potential consequences of tax evasion or avoidance on the fiscal social contract and society as a whole?**

Social disruption created by tax evasion limits solidarity by and for all. With negative effects at both ends of the wealth spectrum. The rich care less for others and attempt to limit their due. The poor do the same, by simple need. The middle class passively overlooks while most likely paying more than their due. (And everybody is unhappy about it).

**4. What are the main factors that influence the population's perceptions and expectations regarding their tax obligations and the government's role in providing public goods and services?**

The State needs to deliver on purpose, but also to demonstrate it does so, much more. If not so, the State is perceived as a "taker" rather than as a provider, and so it rebukes taxation.

**How can governments effectively assess, communicate and engage with citizens on fiscal policies to strengthen the fiscal social contract?**

The State has a marketing problem about the usefulness of taxation. Participative budgets and planning mostly organized by municipalities so far are becoming more common<sup>11</sup>. It does help.

**5. What mechanisms and practices exist to ensure transparency, accountability, and citizen participation in the collection and allocation of public funds? How can citizens hold the government accountable? Please provide examples of successful practices and identify areas for improvement.**

Democratic progress and processes, fiscal decision participation. People need more time to engage with governments, which should be more receptive and rewarding, recognition for improvement proposals. Citizen also need to improve their style. Harsh critics are no good for those who make them, as for those who receive them, however justified they may be.

**6. What are the economic and social outcomes associated with the fiscal social contract?**

Moral and economic benefits rise for everybody. Even health will be less costly if the economic and the fiscal systems bring human rights to completion. Happy people breed a happy world.

**How does a well-functioning fiscal social contract contribute to sustainable development, reducing inequalities, and promoting social cohesion?**

Is there a link between social cohesion, including less coercive measure, fair taxation and the reduction of violence?

**7. What challenges and opportunities exist for strengthening the fiscal social contract in the context of globalization and technological advancements?**

Demonstrating that the fiscal system is a win-win opportunity and a valid solution is essential. It is vital, viewing the size of the challenges and the strong mobilization about them for governments to use tax money to address climate change. The sooner the better, the less the damage, the less to be paid.

Technology can enhance participation.

**How can governments adapt their fiscal policies and practices to ensure the continued relevance and effectiveness of the fiscal social contract in a changing world?**

Partly shift from where the taxes monies are taken. Less taxes on work, more on capital and transactions, on polluting activities. In our humble opinion, urgent.

**8. How does the fiscal social contract and a human rights economy intersect and how these concepts can complement and reinforce each other.**

There is a responsibility shift rising. People are more educated, thus more aware, less ready to obey, preferring understanding and participation, sharing responsibilities. Conversely, a low feeling of participation may entice frustration and resistance to society and change, to the tax system.

**9. From a policy and legal perspective, what are the financial responsibility of a state as regards human rights and tax allocation?**

Total responsibility. There must enough money to bring universal human rights to fruition. The financial responsibility goes to where the wealth is, to see it participate in the effort for the common good, to serve human rights and the progress of those who are in dire need of seeing them fulfilled, all of us.

**In this context, how the state obligations to immediate and progressive realization of human rights can be assessed?**

Statistical indicators, numerous<sup>12</sup>.

**10. According to you, how a human rights-based economy integrates environmental sustainability into economic activities?**

Climate change adaptation of the economy started. Slow it may be; it needs to ingrate a human rights dimension. The human right to a healthy environment bridges a gap.

**11. From your perspective, does debt and international financial obligations impede or support the realization of human rights?**

Both. Debt alleviation can be conditioned to human rights progress and prevention of violations. While debt burdening can limit the possibilities and needs for human rights realization.

**12. In the case of developing countries, where the challenge of climate change, poverty eradication, and basic services are at *(greater)*<sup>13</sup> stake, how can green growth offer economic and investment opportunities and in the same time improve environmental and social quality?**

The economic system is starting to use “ESG – environmental, social and governance” criteria. The fiscal system should use it as well. The criteria needs to tighten to integrate a development balance between “the takes and the gives”.

**Do you know of examples in which green growth has improved the environment and social services quality in the same time?**

People and businesses, small of big already aware of ecological needs will as well be more social prone. A trend bearing hope.

**13. Please provide any other information, documents or background materials that may be relevant for the concept of social fiscal contract and the questions above.**

See annexes: how conscientious objection to military taxation should function.

Conclusion

The Nation-State institution<sup>14</sup> has a pivotal role between individuals, society and the economy. Its action shall be dedicated to the people and to the good of all, now as for future generation. Through taxation the State has a formidable leverage to serve all human rights of all, to bring the economy to be human rights based and to assure sustainability, peace, life and happiness, now and for the future. May the report on the fiscal social contract and works thereupon bring us closer to this ideal.

<sup>1</sup> The relationship between the State and the taxpayer should not be based on force. If tax is more spontaneously served and generous, the common goal will be more evident and easier to fulfill.

<sup>2</sup> All human rights are equal and mutually reinforcing. However, the right to life is a preceding right: if it canceled, all the other rights are canceled. See Human Rights committee: general comment 36, § 2, 2019.

<sup>3</sup> Special Rapporteur on extreme poverty, report on the Basic Universal Income, [A/HRC/35/26](#)

<sup>4</sup> The right to peace is multifaceted. States, through the UN Charter, social groups through various protections (against genocide, for vulnerable groups, etc.) and individuals all share a right and a duty towards peace. The right includes a right and a duty of education to give means to all to settle conflicts peacefully and thoroughly (non-recurrence) and to supersede violence without resort to or imitating it. To progress towards peace State shall establish interdisciplinary ministries or departments for peace (some States already have some) and regularly report on their progresses on peace issues (some SDG 16 Voluntary National Report also already to do so). The right to peace may also entice autonomous control over any use of force, conscientious objection and disarmament. When peace is violated, human rights are always violated. The opposite is true as well, when human rights are violated the right to peace is violated.

The Human Rights Council just adopted without a vote a resolution on the culture of peace which mentions it.

[A/HRC/RES/55/17](#). <https://www.ohchr.org/en/hr-bodies/hrc/regular-sessions/session55/res-dec-stat>

<sup>5</sup> Conscience and peace tax international, CPTI, [www.cpti.ws](http://www.cpti.ws). There are other cases of consciousness objection to taxation, indeed occurring when as strongly perceived in the conscience of the taxpayer, taxation violates human rights. Here the rights to life (not giving others economic means allowing them to kill), of conscience (refusing to kill or to condone with any war or war preparation) and the right to see conflict solved peacefully are at stake, or violated.

<sup>6</sup> The list is huge. The Swiss usually vote four times a year, with often more than one topic each time. In the last 4 years, out of 29 voted topics, 6 (a fifth) had direct implications either on fiscal or on social issues. Link (in French) :

[https://www.bk.admin.ch/ch/f/pore/va/vab\\_2\\_2\\_4\\_1.html](https://www.bk.admin.ch/ch/f/pore/va/vab_2_2_4_1.html)

At the bottom of this page, some of the yearly votation reports are also available in English.

[https://fr.wikipedia.org/wiki/Votations\\_f%C3%A9d%C3%A9rales\\_de\\_2023\\_en\\_Suisse](https://fr.wikipedia.org/wiki/Votations_f%C3%A9d%C3%A9rales_de_2023_en_Suisse)

It must be said that budgets, accounts and proposed costs, *per se* that is when not included in a law are not subject to referendums. This includes the military budget. This limitation has sometimes been circumvented, even by the parliament when seeking popular approval, which was once denied ([link may 2012, Jas 39 airfighter](#)), or by the people by attempting to change the Constitution.

<sup>7</sup> As mentioned above people refusing to pay for military budgets.

[https://en.wikipedia.org/wiki/Tax\\_resistance](https://en.wikipedia.org/wiki/Tax_resistance)

<sup>8</sup> Time constrains limits our possibilities to list examples.

<sup>9</sup> If every time 1\$ of benefit was made on petrol, if 10 cents would go to “other stakeholders” what would the fortune of humanity, the well-being of every human being and the assets of future generations look like? Or what is the proportion of taxes on petrol? At this stage these figures are beyond our knowledge, yet worth the question.

<sup>10</sup> UBS, Global wealth report 2023. <https://www.ubs.com/global/en/family-office-uhnw/reports/global-wealth-report-2023.html#executive>

<sup>11</sup> <https://participer.lausanne.ch/> or [https://en.wikipedia.org/wiki/Participatory\\_budgeting](https://en.wikipedia.org/wiki/Participatory_budgeting)

See also your preceding report on transparency.

<sup>12</sup> : Human rights ones <https://ourworldindata.org/grapher/human-rights-index-vdem>; the SDG’s ones (and their follow up program after 2030); the “institute for economics and peace” ones (more than a thousand) used for the “global peace index” <https://www.visionofhumanity.org/chart-of-the-week-indicators-of-peace>.

<sup>13</sup> We smilingly contest the phrasing of the question: climate change, poverty and basic service are worldwide problems, and all countries are developing countries regarding these issues. In Switzerland, 8% of the population lives below the poverty line – and 7% more are at risk; outrageous in one of the richest countries of the world. And some of these people still pay taxes (all of them pay VAT) and still have a hard time not only making ends meet but obtaining the help they are entitled too.

<sup>14</sup> Including Local States, Municipalities and Supranational institutions when they have the right to levy taxes.