

Hey all,

As proposed by [Secretnodes.org](https://secretnodes.org) on March 9, 2020, the Secret Network community has increased the community pool tax from 2% to 75%. Currently the inflation rate is ~18% and its set to range between 10-25% based on participation in the network. This post should be a thread where we discuss the desired metrics for inflation rate and community pool tax. Based on these numbers, we can project the size of the community pool and make better, more informed decisions about community spending proposals.

Inflation benchmarks (yield):

Cosmos: 7-20% - (9.7% yield)

Terra - 10%

Tezos - 5% (6.2% yield)

Algorand - 1.5%(5.5% yield)

Community tax

Z-Cash - 20% (includes foundation, team, founders)

Beam - 20% (includes foundation, team, founders in some cases)

Cosmos - 2%

Our on-chain governance for allocating community funds is not very effective. The improvement in the proposals that went through a process of off-chain was impressive to see in the last week. Therefore, allocating community funds primarily through an established grant system is critical for the success of the Secret Network ecosystem. This requires a lot more time and attention than any of us currently allocate for the revision of these proposals.

I believe having this discussion is important to determine how we are using the community funds in the near future. For example, if we take the conservative end of the benchmarks above (for example 5% inflation and 2% community tax), we are looking at 50K SCRT for the community pool for the year. On the other end, if we take 20% inflation and 20% community pool, we are looking at 2mn SCRT for the community pool / tax.

These numbers are supposed to show how big the impact of a future inflation / community tax change is going to be on the community pool. Maybe we should consider pausing community spending proposals until a decision has been made on the inflation and community tax numbers going forward.