Rewardism

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Chapter 1: First Principles

I like to think in first principles, as this helps avoid inheriting flaws of the existing systems, and this simplifies the problems, making them more solvable. A mixture of rationalist and empiricist approach makes sense, as we can learn what went wrong in the past from the empirical evidence, and we can reason to create a new system which can be modified if it seems that it does not really help solve the problems.

I should mention that this book is by no means the final version of Rewardism. Better to think of it as an initial draft, which will be scrutinized by intellectuals around the world. Possibly, Rewardism will be optimized by the professionals so as to bring it closer to perfection. So, I invite you to assess the ideas presented herein, intelligently and creatively, and to come up with even better ones. This can be considered a joint project of humanity, for the world.

“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.” ― Sun Tzu, The Art of War

*Our armour shall be objectivity which shall protect us from the blows of strong emotions and the biases we are vulnerable to. Our best weapon shall be our love for advancement, which shall help us cut down the chains we have ignored for so long. In unity is strength; together we will offset our individual shortcomings. The wisdom of our leaders and the loyalty to those leaders shall guide us to victory. What a wonderful world will people live in, if we are victorious!*

The Most Basic Assumption

*We are reasonable and capable humans who want the best possible life for as many as possible*.

This assumption is important mainly for three reasons:

* We cannot learn if we do not listen to reason, or if we are unable to reason.
* If we do not value advancement, then all reasoning is meaningless because, no matter how strong the arguments are, we will not strive for advancement.
* Despite having the ability to reason, and the will to advancement, if we are incapable of making any advancement, then how can we advance?

We can truly show our humanity by showing that the well-off ones among us care about the poor ones. “Show it to whom?” one might ask. Well, to our own selves. It is high time we made ourselves proud of ourselves.

Causality

To put it simply: events that we see are caused by events in the past, and they then act as causes for more effects in the future. I do not find it necessary to delve deeply into the whole Determinism vs Free Will debate for now. The reason for mentioning “Causality” is to highlight the significance of focusing on the causes, rather than the effects, as in fact, these causes are what *cause* the effects that we have to deal with.

We have to put in place causes that will most likely have the effects that we want. In other words, we have to develop a system that accounts for “Causality” so that it affects those running it such that they run it optimally, and so that the core problems are solved. If you are in doubt, ask yourself honestly “can any problem exist without anything causing it?” Thinking like this is very similar to thinking in first principles, except that the focus is on the fundamental causes, rather than the fundamental concepts or assumptions.

Evolution

“Man is something that shall be overcome. Man is a rope, tied between beast and overman — a rope over an abyss. What is great in man is that he is a bridge and not an end.” ― Friedrich Wilhelm Nietzsche, Thus Spoke Zarathustra

By *evolution,* I understand the advancement from a simpler state to a more complex and advanced state, in material terms like physical strength, wealth, etc., and in abstract terms like knowledge, skill, expertise, etc. The system I wish to explain has the notion of evolution at its core. Perhaps, the best thing we can use this book for is to help bring about the “Ubermensch.”

Suppose you compare two systems, and find out that one values peace, and maintains a stagnant environment for it, whereas the other values growth and risks disturbance of peace for it, which one is better? If you really think about it, one is focused on keeping you controlled, and the other wants to help you reach your true potential. A system that pushes you to your limits, and helps you realize your true potential, that is the real system.

As we age and become more mature, we think more in terms of what is practical or feasible, and generally, we tend to become less creative than children. The ability to think from a fresh perspective, to be creative, and to make possible what was always considered impossible is likely to catalyze evolution ­— not only ours, but also of other species.

True Freedom

What is true freedom? If people do something simply because they want to, or purely for the sake of doing that thing, that is when they have achieved true freedom. Of course, not using the ability to reason would make this kind of freedom very dangerous, as then it would be madness.

It is difficult to imagine what level of freedom we can achieve if we actually establish the best possible system. Imagine not needing anything, just simply being. I wish to free us all to the extent that we only remain slaves of reason, and love; so that no one has to live a life being a slave of others.

Form

"A Form is an objective "blueprint" of perfection." ― wiki/Theory\_of\_forms

You must have come across Plato’s theory of Forms. It might have caused you to think about the perfect version of an object. One important aspect of Plato’s teaching is his emphasis on using the ability to reason. So, let us use our ability to reason to find out how we can determine what the Form of an object is like.

One way to approach this problem is to think in terms of the functions of the Form of an object, and the Form's ability to carry out its functions. Comparing something’s actual specifications and performance with its Form should help us determine how close it is to perfection.

Suppose you had to determine what an ideal computer is like, how would you approach this challenge? You can start by asking, "what exactly do computers do, and what does each part of a computer do?" Then, creatively answering these questions should help you get closer to the ideal version of a computer.

We can say that the ideal computer would compute anything instantaneously, use almost no power, be completely environment-friendly, and be safe and secure in all situations. We can then set objectives like it should have an infinite score in benchmarking, it should have a boot time of zero seconds, it should never crash or fail to boot, etc.

Practically, a difficulty in achieving perfection is that some objectives conflict with others in the sense that the achievement of one objective is at the expense of another. For example, if you focus on achieving a high computing speed, it will make it very difficult to keep the power consumption low. How can we deal with this difficulty?

One way is to rank the objectives according to their importance, and to give them preference accordingly. The importance of an objective depends on how much it helps us achieve our long-term goals. The goal is to get the optimal trade-offs. Understanding the ways taken in the past and their outcomes can help us avoid mistakes, and get inspired.

So, what would an ideal economic system be like?

The Ideal Economic System

To understand the origin of the word “Economic”, consider this:

**economic (adj.):** 1590s, "pertaining to management of a household," perhaps shortened from economical, or else from French économique or directly from Latin oeconomicus "of domestic economy," from Greek oikonomikos "practiced in the management of a household or family" (also the name of a treatise by Xenophon on the duties of domestic life), hence, "frugal, thrifty," from oikonomia "household management" (see economy (n.)). Meaning "relating to the science of economics" is from 1835 and now is the main sense, economical retaining the older one of "characterized by thrift." ― etymonline.com/word/economic

To put it simply: the better the resources are managed, the better the economy is. To understand the ideal economic system, we should ask, "what is it that an ideal economic system should achieve?" Here, it should be noted that, since this system is essentially for and by us, we can align the goals of the ideal economic system with our wants.

An ideal economic system should, by definition, achieve "optimal utilization" of resources. The resources should be utilized such that the minimum standard of living of *everyone* be "good enough," and the standard of living of those who do "meaningful work" be commensurate with it. Let us look into what "optimal utilization," "good enough," and "meaningful work" mean.

The word optimal means most favorable. “Favorable” is that which is in accordance with our philosophy, that which helps us realize our true potential the most is the most favorable then. An optimal solution is the most balanced solution that considers all significant factors for a given challenge. The optimal dosage of medicine, e.g., would be such that a little more or a little less than it would not be as effective.

Utilization means the action of making practical and effective use of whatever is being utilized. Combining optimal, and utilization, we get “the action of making practical and effective use of whatever is being utilized, in a way that is most favorable to us.” Provided that there are enough resources, by achieving optimal utilization, living standards should become good enough for everyone, and generally, the living standards should improve.

To better explain what a *good enough* base standard of living is, I find it necessary to refer to John Rawls’s theory of *justice as fairness*. The following is an explanation which is inspired by the thought experiment involving a *veil of ignorance*, and Alex O' Connor's version of it.

Imagine that you are given an opportunity to create a world where you will have to live. The challenges are that the resources in this world will be limited, you have no idea where you will be born and who you will be, and you do not even know whether you will be a human, i.e., you are behind a veil of ignorance.  
 To best approach this challenge, assume that you will be born into the worst possible condition in this world, so that you create the world in a way that is worth living in, regardless of where you start in the world. What kind of an economic system would you want in such a world?  
 What do you think should be a good enough base standard of living in such a world, considering that this would be your and your loved ones’ standard of living? It is not only justice that you have to consider, but also causality, evolution, and true freedom.  
 The base standard can be deemed good enough if under the circumstances further improvement would require some people to sacrifice their living standard. Since, the base standard is, by definition, for everyone, it cannot be improved at such an expense.

The "meaningfulness" of a work is measured in terms of how much it helps improve the living standards, and how much it facilitates evolution. No effort should go unrewarded. The reward should be commensurate with the meaningfulness of the work. The rewards should act as causes for meaningful effects. This is important for stimulation, and for distinguishing those who have helped us from those who have not.

By resource, I mean a fundamental element which is used in the production of a good or for the provision of a service. “To which fundamental level must one break down an object to get to this fundamental element?” One might ask. Arguably the building block of the universe, if there is such a thing, is what should be called the resource, as that is what, by definition, every product is made up of, and essentially that is what is being used to provide a service.

Since it is not feasible, at least at the time of writing this, to create any object we wish out of the building block, we have to stop at the level where further breakdown would result in elements which cannot really be used or where further actual, as opposed to conceptual, breakdown is not reasonable. Reasonability of breakdown depends on whether the further breakdown of the object is preferrable over the use of the object as it is.

Take for example, a computer. A computer is itself a product and can be used to provide a range of services. But the computer is not really a resource as it can be broken down into processor, ram, etc. Those components can then be further broken down, until we have copper, silicon, etc. These elements are the real resources because further breakdown is likely to be irreversible, and because these elements can be used to make not just a computer, but other products.

For practical reasons, a computer might be considered as a resource if the breakdown of the computer is not reasonable. What fundamental level must be considered, depends on the scenario then. So, when considering the available resources, an economist can think in terms of both the availability of silicon, and the availability of computers.

By the word “resources” I do not mean just commodities or land; talent and time are the most valuable resources that must be carefully managed. The proper utilization of talent and time is what differentiates between the best system and an ordinary system. We will know that we are reaching our true potential when we feel like we are being pushed to our limits, but we are not being overburdened. As Ember Spirit says, “balance in all things.”

“The first lesson of economics is scarcity: There is never enough of anything to satisfy all those who want it. The first lesson of politics is to disregard the first lesson of economics.” ― Thomas Sowell, Is Reality Optional?: And Other Essays

To perfectly account for the scarcity of resources, an ideal economic system will be fully aware of the availability of all the resources and their uses, supply and *uses* in other words. For further transparency between the public and the system, it will keep an accurate record of all the findings. This way the public will know the status of the resources.

The system will be able to decide whether to use a resource or save it for later; and if a resource is to be utilized, to what extent it should be utilized. A significant threat to all beings is the unavailability of the resources without which life is not possible, which obviously includes the environment we live in. We can finally become a multi-galaxy specie with the right system. The possibilities are endless.

An ideal system would take the proactive approach and save the resources until the best possible use of the resources is not found. Think about it this way, suppose in the future we figured out how to build a supercomputer but realized that the material required to build it was already used up in the past because it was very scarce. Another example can be a cure that requires some plants that are already extinct. Would we not be better off if we plan ahead?

If everyone was allowed to use all the resources, it is obvious what the results would be. Keeping this in mind, an ideal system will also ensure that the best people get access to the relevant resources so that they can utilize them properly. If a scientist is at the verge of a breakthrough but does not have access to the right resources, can we say that the system is an ideal system? By ensuring that everyone gets the resources they need, an ideal system can greatly help an environment for growth and development.

An ideal system would not only utilize the resources optimally, but it would also do it very easily. Easily here means without disturbance, or “noise.” The significance of this feature is that it ensures people get the resources they need without any disturbance, and so, they can focus on their work. Evolution is more likely to occur at a fast rate then, which is really the main goal of all this effort. People can then reach a level of freedom which seems impossible with an ordinary system.

To summarize,

under a perfect economic system, all resources are *optimally utilized*, everyone has at least a *good enough* base standard of living, and any *meaningful work* done improves the living standard of the one putting in the effort. The base standard would be considered good enough if, even in the worst-case scenario, peace is maintained by fulfilling basic needs, and if evolution is facilitated. Meaningful work is that which at least maintains peace, and its meaningfulness is based on how much it improves the living standards, and how much it facilitates evolution.

*I dream of a world where conscious beings actually* ***live*** *instead of merely surviving, where no one has to struggle for their* ***basic needs****, where* ***relationships*** *matter more than links, where* ***success*** *of others is* ***celebrated****, where* ***memories*** *matter more than money, where the* ***race*** *matters more than crossing the finish-line first, where* ***truth*** *matters more than illusions, where the* ***planet*** *matters more than any profit, where* ***health*** *matters more than wealth, where* ***evolution*** *is facilitated and people reach their* ***true potential****, and where* ***everyone*** *can confidently claim that* ***“Life is worth beginning.”***

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Chapter 2: Communism

We have to consider the pros and cons of Capitalism before coming up with a better system so that the benefits can be carried forward and the problems can be dealt with. Only knowing what the pros and cons are is not going to be of much benefit to us; understanding their metaphysics, and accounting for them, is what will help us come up with a better system.

The Pros

"The philosophers have only interpreted the world, in various ways. The point, however, is to change it." - Karl Marx

The significance of the above quote is that it urges philosophers to not only interpret the world but to make use of those interpretations to bring about a great change. What good is all that interpretation if it changes nothing? Well, there have been different philosophies which promote accepting reality as it is. However, I do not think they object to development. In fact, the adoption of their philosophy itself is a development, at least according to them.

The main philosophy I am referring to here is obviously "Stoicism". Perhaps people have this idea that demanding change is a sign of weakness. Perhaps, they think it means we are not strong enough to live under the current circumstances. Yet, they would want people to change and be stronger. Therefore, I think it is reasonable to promote and bring about a great change.

Intellectuals can get caught up in the abstract world of thinking, pondering, arguing and dreaming; this can disconnect them from the concrete world and its real problems. If it is difficult to come up with a great idea, I believe it is reasonable to assume that it is even more difficult to bring that idea to life. The point that I am trying to make here is mainly this: let us avoid being caught up in thinking and actually try to solve real-world problems.

To better understand this point, consider this: the most intelligent man in the world thinks about all the problems of the world and he thinks, and he thinks, lost in his thoughts he even comes up with amazing solutions but due to his affinity for thinking he never really goes out into the world and actually solve those problems, rather, he just keeps thinking. Compare this man to a man who might not be as intelligent but solves real world problems to the best of his ability. Who is better for the world then?

Now, I do not intend to undermine the difficulty and complexity of certain problems we face. For instance, the challenge to optimize global economy is nowhere near a simple or easy task. Economists and philosophers in general have tried to understand and theorize about it for many centuries now. The reason for emphasizing on this quote is to urge economists and think tanks in general to not just think but actually experiment and test different approaches open-mindedly.

"Modern bourgeois society with its relations of production, of exchange, and of property, a society that has conjured up such gigantic means of production and of exchange, is like the sorcerer, who is no longer able to control the powers of the nether world whom he has called up by his spells." - Karl Marx and Friedrich Engels, The Communist Manifesto

With all the complex taxation rules, loopholes, hedge funds, cryptocurrency and what-not, optimizing management of resources and keeping advancement sustainable is simply too much to ask of even the best economists. If we somehow reduce the bigger problems into smaller, more digestible problems and introduce more simplicity, it should make it easier for the responsible parties to overcome the challenges we are all facing. Simply put, avoid "Kafkaesqueness".

"The proletarians have nothing to lose but their chains. They have a world to win." - Karl Marx and Friedrich Engels, The Communist Manifesto

If we think about it, what is the point of all this reasoning and all these efforts for a better life if the majority of us are suffering? The pleasure of a few at the expense of many is evidence of a poor economic system. The emphasis of the Communist approach on individualism, the freedom of the working class and their advancement helps push us to carefully manage this most significant of resources, i.e., "the human resource". What is more valuable than this human resource?

If for some reason, those in power choose to ignore the proletarians, they are clearly inviting chaos. If they consider the situation of the proletarians, the enormous wealth inequality and the envious nature of man, they will easily realize the risk they are facing. It is because of this huge risk of chaos and disturbance, that I stress on the better treatment and development of the proletarians. Even Adam Smith urged relaxation of restrictions on the colonies to avoid a major revolt.

"Smith’s interest in colonial policy is not entirely academic. He is writing just before the American colonists declared independence from Britain. He wants to advise the British authorities that only greater freedom of trade and more proportionate political representation can head off the crisis." - The Condensed 'Wealth of Nations', Pg 57

The challenge of class antagonism is really a central theme of The Communist Manifesto. Trying to blur the lines or completely get rid of the distinction between the classes might seem as impossible and also counter intuitive. Why should hardworking and valuable people be treated the same as useless people? The point here is not to treat everyone the same but to deal with and reduce the risk of class antagonism. This can be achieved by promoting reasonable opportunities and setting a base standard of living. The benefits of this are even highlighted by Adam Smith.

"The third role for the state is to build and maintain public works that could never yield a profit to individuals: institutions to facilitate commerce, the education of the young and the instruction of people of all ages." - The Condensed 'Wealth of Nations', Pg 62

"In short, the Communists everywhere support every revolutionary movement against the existing social and political order of things. In all of these movement they bring to the front, as the leading question in each, the property question, no matter what its degree of development at the time." - Karl Marx and Friedrich Engels, The Communist Manifesto

We cannot deny the corrupting nature of wealth and power in general. Greed, vanity, lust for power, gluttony and laziness are all part of human nature. Without effort, concentration, training and a strong will, one can easily be overcome by one or more of these "evils". Possession of money and property does not make it any easier to overcome them. Even though I disagree with not allowing people to possess property, I think it definitely has the benefit of reducing the chance of corruption.

If we try to imagine a world where no one owns any property, a peaceful and prosperous world does not come to the mind. Instead, if we really think about it, it can be a very chaotic world if anyone stronger than you can take over your shelter and all your hard-earned possessions. There seems to be little point in caring about any property since none of it can really be yours. Yet, paradoxically, it also means that all of it is your property, and you should take care of it. It would come down to how much people value harmony and prosperity.

One benefit of abolishing classes and not allowing anyone to own property is that this would bring an end to class-consciousness. When people stop caring about irrelevant details and are not caught up in purely materialistic pursuits, the chance of them evolving to a higher state increases. This is because they can think more purely about what kind of life they should be living and exactly what matters in this finite world. Though this might lead to Nihilism, it can also mean the rise of "Ubermensch". It seems obvious that when people stop worrying about clothes and start thinking about meaning, they will evolve.

Class-consciousness is more likely to be found among the wealthy people; those below the poverty line are more concerned about survival. If in a Communist society their basic needs are given the highest priority, then it is obvious that they will not have to worry about survival. While it is possible that they fall into laziness and an unproductive lifestyle, it also means that they will have more time to think about and solve the problems of the world. As more and more people will have more time to focus on the advancement of technology, the advancement of technology will be faster.

Being free from the concerns of survival and "low-level problems", and with a higher degree of independence, people will be able to think more clearly about what they value and how they want to live their lives. So, I believe a Communist society will promote the re-evaluation of values and philosophy in general - something which is essential for evolution. Without re-evaluation we will be stuck with the cognitive dissonance, falsehood and illusions buried in our philosophy. By rethinking what it means to live, what is true and what we ought to value, it is more likely that we will become purer.

"There is no royal road to science, and only those who do not dread the fatiguing climb of its steep paths have a chance of gaining its luminous summits." - Karl Marx, Capital, Vol. 1: A Critical Analysis of Capitalist Production

Thinking, experimenting, analysing and verifying increases automation, which further allows more time for repeating the activities. Availability of free time improves technology, which increases the availability of free time, and the cycle continues. Since no one is dependent on any job in a Communist society, automation is not really a threat; rather, it is promoted so that humans do not have to do any boring, repetitive and disliked jobs. If a Communist society reaches a point where almost everything is automated, then people will be able to focus on discovering and inventing purely for the joy of it, rather than because of need.

Indeed, if we have to gain the "luminous summits" of science, even philosophy and art, we have to set aside our differences, get rid of our concerns about class and luxury, overcome our "animal nature" and focus on learning. This is where I believe we can truly learn from the Communist approach; ask yourself: "do I really care about how big my home is or how many cars I have? Or do I care more about how evolved I am in terms of knowledge and understanding of the universe, life and the 'Self'?" It can prove difficult to answer in a Capitalist society but in a Communist one, it should be obvious. It is not that these summits cannot be achieved in a Capitalist society, it is just that the reasons are different.

The realization of the futility of accumulation of wealth, the limited time we have here, and the inevitability of death brings about purity of will. Well, it can bring about depression and can lead to Nihilism but that is part of the process, I think. It is only under immense pressure and heat that carbon turns into diamond. We should burn away our ignorance and embrace reality rather than falling into meaningless pursuits. This purity of will and loyalty to the truth is, in my opinion, the best outcome of an ideal Communist society. Without being honest to ourselves, we are effectively living a lie and deceiving ourselves.

If we wish to bring about a system better than Communism, the new system must:

- Focus on bringing about real change all the time, rather than just being caught up in theorizing.

- Prefer simplicity over complexity; avoid "Kafkaesqueness".

- Value human resource and focus on the development of everyone, including the poor ones.

- Deal with class antagonism so as to deal with the risk of major disturbance and revolt.

- Value freedom and individualism; get rid of "chains" and enable "wings".

- Deal with the corrupting nature of property and the power it brings.

- Help people avoid materialistic pursuits and focus on evolution in a more philosophical sense.

- Free people from the concerns of survival and enable them to think at a "higher level".

- Allow people to have enough free time to think, experiment and bring advancement.

- Promote automation and advancement of technology; for this, it should ensure people are not dependent on any job.

- Promote people to gain the "luminous summits" of science and philosophy in general.

- Bring about a purity of will.

The Cons

“The Communists disdain to conceal their views and aims. They openly declare that their ends can be attained only by the forcible overthrow of all exiting social conditions. Let the ruling classes tremble at a Communistic revolution.” - Karl Marx and Friedrich Engels, The Communist Manifesto

Was the "forcible overthrow of all social conditions" and "tremble" really necessary? "Scholars and apologists have debated how much Marx really advocated violence, but followers like Mao, Lenin, Stalin, and Pol Pot seem to have taken 'forcible overthrow' pretty literally, and to have caused a great deal of trembling." Andrew McAfee, Why I Won't Quote Marx. While I have no reasonable grounds to predict what the real intentions of Karl Marx and Friedrich Engels were, even with the purest of intentions their ideas have led to mass exploitation. Without any property and with only one ruling class, the exploitation without resistance was inevitable.

Dealing with the corrupting nature of property was not the real problem, the core challenge was to deal with the corrupting nature of power. Had they planned how to control the ruling class, the outcome would probably have been better. Not allowing anyone to own any property not only robs them of whatever power and worth they have; it also robs them of a natural motivating factor. People are naturally motivated to satisfy the demands of the market to earn property. This property brings them respect and comfort. Without such a motivating factor, people are at a higher risk of demotivation and laziness. Without any respect and worth, they can fall into degeneracy.

Which system is more likely to work: the one where everyone must be a "saint" or the one where even the "devils" can make it work? If we really think about the assumptions supporting Communism, one of them is that people will be intelligent enough to live in and maintain harmony in the Communist society. It assumes that people will not misuse the power they are entrusted with. It assumes that people will remain productive without any incentive. It assumes that taking control of the means of production will free the oppressed. In other words, it is a system by intellectuals for intellectuals. A system that depends on the intelligence of the people is a flawed system because people can be very stupid.

Who is more likely to come up with the best solution: the objective thinker or the emotional thinker? I believe we can agree that thinking objectively allows us to overcome our personal biases, not fall for illusions and come up with the solution that we might not like for personal reasons, but we know it to be the best solution possible. The Communist Manifesto is a book written with blood and is a more emotional book than an objective one.

Can a system work if those in power do not support it? The approach that is not supported by those in power is unlikely to work, simply because they have the means to stop it from working. Obviously, they will try their best to not lose what they have accumulated and owned over generations. A system that rewards or facilitates them is more likely to work because they will use their means, which are substantial, to make the system work.

Which is better: a well-oiled and maintained machine or an old and rusty machine? Factors that push us to evolve are like the grease that makes the "evolving machine" act more efficiently. By getting rid of the very important motivating factor "reward" or property, this Communist approach affects our evolution very adversely. Had the authors planned how to reward effort and advancement, this could have been a viable system.

Even though Karl Marx addressed the issue of laziness by pointing out that the bourgeois don't really need to earn, but they are not lazy, then why would people be lazy when they don't need to earn, however, a significant point to notice here is that wealth and respect still motivate the bourgeois to earn more. They compete with other bourgeois. Without any incentive of wealth or property, it will be difficult to motivate people to do difficult tasks.

"The proletariat will use its political supremacy to wrest, by degrees, all capital from the bourgeoisie, to centralize all instruments of production in the hands of the State, i.e., of the proletariat organized as the ruling class; and to increase the total of productive forces as rapidly as possible." - Karl Marx and Friedrich Engels, The Communist Manifesto

Who takes better care of property: the owner or a temporary manager? While highlighting the significance of the human resource is appreciable, little heed has been given to the management of other resources. Ceasing the means of production is not necessarily the best way to manage resources. In fact, it can be argued that production is closer to optimum in private companies than in public ones; simply because the results directly affect the owner.

"For as soon as the distribution of labour comes into being, each man has a particular, exclusive sphere of activity, which is forced upon him and from which he cannot escape. He is a hunter, a fisherman, a herdsman, or a critical critic, and must remain so if he does not want to lose his means of livelihood; while in communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticize after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic." - Karl Marx, The German Ideology

Who do you trust: a doctor who is also a fisherman, a hunter, a herdsman and a critic or a doctor who specializes in a very narrow but complex area of study? Clearly a specialist is more valuable to the customer than a "jack of all trades". The authors of The Communist Manifesto clearly undermine the significance of specialization. One can specialize and still have some hobbies to remain sane. For example, a lady-doctor can make sketches in her free time, an engineer can be a chess player, etc.

If we wish to bring about a system better than Communism, the new system must avoid:

- A violent shift from the old ways to the new ones: consent of the affected parties should be taken to get their support.

- Opposition from those in power: accounting for the self-interest of those in power will make a system more likely to be established, simply because they will support it.

- Emotional and illogical thinking: objective and logical thinking will help us establish a better system through avoiding falsehoods and unnecessary exaggerations.

- Losing the benefits of the old system: benefits such as motivation and respect given by property, enhanced productivity by specialization, etc., should be accounted for.

- Giving anyone unfettered power: to avoid the unreasonable exploitation of resources, including human resource, by any being, the new system must balance power distribution; however, I realize that this is more a matter of politics than economics.

Conclusion

It seems unreasonable to doubt the "purity of will" of the authors of The Communist Manifesto. They honestly analysed the world around them. They saw how miserable the proletariats were. They realized the huge difference in the living standards of the bourgeois and the proletariat. They felt the invisible chains of the "unlucky ones". They highlighted the significance of class antagonism. It can be argued that it was only humane to try to get rid of the chains and deal with, what they believed to be the root cause of problems, class antagonism.

Perhaps Communism is an approach by the intellectuals for intellectuals to live as intellectuals. It focuses on the significance of a community and brotherhood, freedom from materialistic pursuits, attainment of knowledge for purely the value of it rather than for monetary reasons, advancement of science and technology, automating the boring and disliked jobs, individualism and purity. These, along with the promotion of free education and condemnation of child labour, are clearly appreciable.

We can learn from the book and adopt what we consider good and ignore what we consider harmful or unnecessary. We can promote better public services and more humane treatment of all living beings while allowing people to own property. We can re-evaluate what is true wealth, freedom and being "civilized." We can try to make our will purer and make decisions more objectively, overcoming our "raw instincts." We can listen before we give orders. We can think about the future while enjoying the present. We can bring change peacefully. Let the ruling classes rejoice at an evolutionary revolution.

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Chapter 3: Capitalism

I understand that there is not just one kind of Capitalism, so I should begin by clarifying what exactly am I critizing in this chapter. By Capitalism, I mainly mean the ideal form of the money-based system, of which the most popular proponent is Adam Smith. By money, I mean the fungible, transferrable, and hidable tool that is used to facilitate trade. You can get an idea of the form of Capitalism being criticized by the quote preceding the criticism.

The Pros

"It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own self-interest. We address ourselves not to their humanity but to their self-love, and never talk to them of our own necessities, but of their advantages." - Adam Smith, The Wealth of Nations, Book I

Capitalism is a very practical system, in the sense that it does not require us to be saints or intellectuals; as Adam Smith explains, it works not because of our humanity but our self-love. The laws of supply and demand are evidence of the market being self-regulating. It is because of this nature of the market and humans' tendency to earn a profit that resources are drawn to their most valued application, i.e., wherever there is a demand, there is a possibility to earn a profit and so, resources are optimally utilized for fulfilling demands.

"Future income depends on the extent of our capital, and the only way to accumulate capital is by saving. Indeed, just to maintain capital we need to save, because materials and equipment must be repaired and replaced all the time. If instead of saving, we consume our current revenues on unproductive hands, then we are eating into our capital for the purpose of current consumption. This is prodigality, and if it persists, must lead to ruin." - Condensed Wealth of Nations, Page 36

Capitalism punishes misuse of capital and irresponsible consumption. Those who have excessive wealth can afford extravagance, but their extravagance is what improves the condition of their suppliers. Their suppliers may not necessarily be wealthy. So, capital flows from unproductive hands to productive hands. When people who cannot afford irresponsible consumption do not manage their expenses, they generally end up under debt or in much darker corners of life. So, it can be argued that Capitalism promotes responsible management of resources, especially capital.

Uneconomic usage of resources and efforts for low-demand products are naturally unsustainable in Capitalism because people enjoy profits but do not bear losses for long. This means that naturally, resources are utilized by those who can best utilize them for fulfilling the highest demand. This obviously depends on a lot of factors like buying-power, peace, sustainability of what is being demanded, etc. At least in theory, uneconomic activities cannot survive for long in a Capitalist society.

"In general, if any branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so." - Adam Smith, The Wealth of Nations, Book II

"Consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer." - Adam Smith, The Wealth of Nations, Book IV

Capitalism works best when the level of competition is high. Competition is high when more and more people have access to capital, knowledge and experience. Reducing trade restrictions, facilitating entry into a profession, providing free education and making capital more accessible are likely to increase the level of competition in the market. Not just between employers but also employees and owners. This competition improves the efficiency of the "invisible hand".

Is it not obvious that in a highly competitive market, prices will be lower than if competition was low? Goods, services and labour will become cheaper because of abundance and our natural tendency to give a better deal than our competitors. Where production becomes uneconomic, it quickly ceases to exist because it is exceedingly difficult for it to survive in a more competitive market than a non-competitive one. In a non-competitive market, inefficient production can be compensated by setting higher prices, but this is not feasible in a more competitive market.

This need for higher competition naturally promotes better education and more liberty for everyone. The wealthy employers benefit from abundance of labour because this means lower cost of labour. So, this means they naturally promote the advancement of people so that they can provide better goods and services while also increasing their profits. The wealthy get wealthier, and the common people become more skilled. This natural increase in knowledge and expertise can be argued to be our evolution.

The competitive and brutal but rewarding environment set in a capitalist society is quite ideal for our evolution. This is because it pushes us to our limits, not just to survive but to win and prove ourselves better than our competitors. The suffering of being penniless and the pleasure of being able to buy whatever we want are both effective factors for making us put in the maximum possible effort. To run a successful business, we have to find the right problems to solve and the right way to solve them. This way, our problem-solving skills are enhanced.

Companies who keep using and improving latest technologies are normally the ones who have the competitive edge. To keep up with the competition, competitors have to come up with at least similar or preferably better technology; otherwise, they suffer from lower rates of profit or even losses and become unsustainable. So, we can say, in a way Capitalism is responsible for the rapid advancement in science and technology. Without the profit incentive and death threat, it seems unlikely that such rapid growth is possible.

"When the crown lands had become private property, they would, in the course of a few years, become well-improved and well-cultivated...the revenue which the crown derives from the duties of customs and excise, would necessarily increase with the revenue and consumption of the people." - Adam Smith, The Wealth of Nations, Book V

It can be argued that people perform tasks better when their performance directly affects their own well-being. Companies who take better care of customers' needs generate more wealth than their competitors because customers are more willing to pay them than their competitors. So, we can argue that companies have to perform at a certain level in order to compete with their competitors, which means that our needs are more likely to be better taken care of in Capitalism by private for-profit companies than non-profit organizations.

Without the fear of losing customers and bankruptcy, leaders might not perform at the level they would if they did have this fear. With a proper justice system and a medium for voicing our suggestions, companies who depend on us for their profits perform the best they can to fulfill our desires to maintain a decent reputation. Without a certain level of competition, it seems unlikely that we would have these benefits. The efforts of politicians and businesspeople to diminish competition and freedom should therefore be resisted.

"It is only under the shelter of the civil magistrate that the owner of that valuable property, which is acquired by the labour of many years, or perhaps of many successive generations, can sleep a single night in security. He is at all times surrounded by unknown enemies, whom, though he never provoked, he can never appease, and from whose injustice he can be protected only by the powerful arm of the civil magistrate continually held up to chastise it." - Adam Smith, The Wealth of Nations, Book V

With the accumulation of wealth, comes the need for security, law and order and a proper justice system. Since the ruling class directly benefits from a carefully designed justice system, it can be argued that they will use their means to make sure it works to safeguard their wealth. Indeed, they are expected to contribute more to the public purse because they benefit more and can afford to contribute more. So, Capitalism promotes justice and forces people to abide by the laws. When law and order is maintained, people can focus on improving their condition without having to worry about injustices.

"Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all." - Adam Smith, The Wealth of Nations, Book V

When war is financed through taxes, rather than loans, private capitals suffer greatly and if progressive taxation is implemented, the wealthy ones or the ruling class suffer the most. Therefore, true capitalists desire to get the war financed through loans or to put an end to the war. So, in a way, Capitalism opposes war and promotes safety and security of people who are potential customers, shareholders or employees. This is especially true for multinational organizations, who are arguably powerful enough to end wars together, if not alone.

In a Capitalist society, employees are paid according to the work they do. This means that slavery cannot really exist there. Slaves have to be forced to work; this is primarily because they do not expect any reward for the efforts they put in. Even if it seems cheap, it is the least cost-effective sort of labour. People are more likely to perform better if they see any point in doing so, for example, some bonus, some share in the profits, etc. Therefore, we can conclude that Capitalism opposes slavery and promotes rewarding efforts appropriately.

For the sake of argument, let us assume that all the countries of the world are actually cities of one big country. Then, there is no international trade, because there is only one nation. So, the preoccupation with international trade makes no sense. Is it not true that if a country is producing more than it consumes, it is saving and adding to its capital? Is it not wasteful to produce in one geographical area that which can be bought cheaper from another? Capitalism opposes trade restrictions and promotes free market internationally to maximize economy.

Countries who raise trade barriers against others deny themselves the benefits of competition in the international market. When they try to be self-sufficient, they deny themselves the fruits of mastery already achieved by different countries in different products. By trying to master something that has already been mastered, they effectively reinvent the wheel. Although, more countries mastering a field means more competition, it is unnecessary after a reasonable level of competition. Is it not better to master that which has not been mastered yet? So, Capitalism promotes diversity in mastery.

It follows naturally that the advancement of other nations aids the advancement of each nation. A country who imports and exports to developed countries is likely to benefit from more advanced technology and the quality of products and services is generally going to be high. The interests of commerce have often made it necessary to post ambassadors to foreign countries. Keeping all of the above points in mind, we can reliably assume that Capitalism promotes international trade and opposes war and barriers.

To summarize:

- Capitalism being practical: it working because of its reliance on our self-interest, rather than our benevolence, and because the market being naturally self-regulating.

- Wastage of resources being punished: those who best utilize resources to meet the highest demand being the ones who benefit the most, others failing to compete with them.

- Competition and liberty being promoted: consumers benefiting from higher quality and lower prices when competition and liberty is higher; this pushing us to think more open-mindedly and to become more competent, evolving us in the process.

- Advancement of science and technology being promoted: companies equipped with better technology getting tasks done more efficiently, giving them a competitive edge over others.

- Better user experience being promoted: customer satisfaction becoming a matter of life and death for companies in a competitive environment, allowing customers to voice their concerns and get the best possible treatment.

- Law and order being promoted: without the aid of the Civil Magistrate, owners of property running the risk of losing their property; a safe and secure environment being best for traders to trade without fear of injustices.

- Rewarding being promoted and slavery being opposed: employees normally doing their best to earn rewards such as bonuses, promotions, etc.; rewarding appropriately encouraging better performance and confidence, meaning higher efficiency.

- Globalization and diversity in mastery being promoted: countries who benefit from cheaper products and specializations of other countries focusing on their own specializations and cutting unnecessary costs; resources being better managed this way as countries avoid reinventing the wheel.

The Cons

I must mention that I understand that money, or the love for it, is not the root of all evil because money is simply a tool for facilitating trade; I believe it is really ignorance that is the root of all evil. Obviously, there are ways to earn money without harming others. Yet, I understand that people can do very questionable things just to acquire more money.

A profitable business is not necessarily an ethical or sustainable business. Just because a business yields high profits does not mean it is good for us. It can be damaging the environment we live in or our well-being, making it unsustainable and harmful to us. Investors naturally tend to invest in ideas that yield high profits. Generally, profit is their primary concern, anything else is secondary. The simple fact that the interests of the "ruling class" and the general public are not aligned is definitely a challenge to be overcome.

Where capital is invested, what is being consumed and the rate of consumption would not be points of concern if the key players were *enlightened* beings. It is the corrupting nature of wealth, and power in general, that makes it almost impossible to become and remain *enlightened*. We cannot just blame the providers of harmful products or services as their profits depend on consumers' consumption, and so, as people can influence investors' decisions by their demands, they are to be blamed too.

"For example, it is not the widespread prevalence of alehouses that causes people to drink to excess. Rather, it is the disposition to drink that gives employment to the alehouses." - The Condensed Wealth of Nations, Page 41

Money or cash has some significant flaws which can, and have been, exploited. Money can easily be transferred, it can be stolen, its source can prove difficult to trace and it can be hidden. This means that those with an excessive quantity of wealth can influence decision-making. They can simply transfer a part of their wealth to the officials involved in decision-making; those officials can then hide the money or its source and get away with it. Let us not forget that both parties are simply acting in their self-interest.

The officials are not the only ones affected, anyone who needs money for whatever reason can be influenced if the price is right. This can lead people to do deeds which they do not like but they think they need to if they are to survive or fulfill their goals. In extreme cases, it can also lead to some horrible crimes. After all, "dirty money" is a word in dictionary for a reason. Would people really end up making the same decisions if money was not a factor?

Cash is meant to make transactions more feasible, which means that it flows through many different hands normally; this exacerbates the problem of germs spreading, which can be a real nuisance in a pandemic. Although modern technology has helped reduce the use of cash by replacing it with electronic payments, cash-based transactions for day-to-day needs, especially in smaller businesses, has not helped in dealing with the COVID-19 pandemic.

Politicians and organizations in power can demand "their cut" of the profits of local businesses. Businesses who dare oppose them have to face horrible consequences, unless the investors are powerful enough themselves. Blackmail and theft obviously adversely affect economy because investors are normally risk-averse, and also because the profits that could have been reinvested or paid to employees end up in pockets of people who might not be concerned with development. Transferability makes it easier to "set up a gang."

"The proprietor of stock is properly a citizen of the world, and is not necessarily attached to any particular country. He would be apt to abandon the country in which he was exposed to a vexatious inquisition, in order to be assessed to a burdensome tax, and would remove his stock to some other country where he could either carry on his business, or enjoy his fortune more at his ease. By removing his stock he would put an end to all the industry which it had maintained in the country which he left." - Adam Smith, The Wealth of Nations, Book V

Even without the threat of theft or blackmail, investors can transfer their wealth to some other point in the world where the returns are similar or higher and the taxes are lower. This is not just the downside of transferability, but also of taxation. Not only the rate of tax but the rules can affect economy adversely. I mentioned 'Kafkaesqueness' earlier, without doubt, the complexity of a system can be the source of real problems such as discouraging compliance.

A system which makes compliance difficult and the fines for non-compliance high really makes life difficult. Not only can it lead to exploitation and frustration, but it can also cause tax evasion and the concealment of wealth. When people do not see the results of the wealth collected from them and realize how well the public officers pay themselves, it really discourages them from sharing their wealth with the government. If it invites fraud, it is flawed.

"There is no art which one government sooner learns of another than that of draining money from the pockets of the people." - Adam Smith, The Wealth of Nations, Book V

Adam Smith did not only warn us to be sceptical about the policies suggested by the businessmen, but he also highlighted how kings and ministers are the greatest spendthrifts in the society. The investors naturally want to keep the competition, taxes and wages minimized. On the other hand, government officials want to be paid handsomely, so they want to maximize wages and taxes. The general public want lower tax rates, higher wages and higher competition. Clearly, interests of investors, officials and the general public are misaligned.

"The interest of [businessmen] is always in some respects different from, and even opposite to, that of the public ... The proposal of any new law or regulation of commerce which comes from this order ... ought never to be adopted, till after having been long and carefully examined ... with the most suspicious attention. It comes from an order of men ... who have generally an interest to deceive and even oppress the public" - Adam Smith, The Wealth of Nations, Book I

"It is the highest impertinence and presumption… in kings and ministers, to pretend to watch over the economy of private people, and to restrain their expense... They are themselves always, and without any exception, the greatest spendthrifts in the society. Let them look well after their own expense, and they may safely trust private people with theirs. If their own extravagance does not ruin the state, that of their subjects never will." - Adam Smith, The Wealth of Nations, Book II

The luxuries of life, especially the rarest of all, are not necessarily available to those who deserve them the most, but to those who can afford them or have inherited them. In other words, if you can afford it, you can purchase it. It is possible for a person to accumulate a lot of wealth by lots of insignificant transactions; it is also possible for a person to not be well off even after doing significant things in life. It seems unfair that the former should enjoy the luxuries of life which the latter deserves more, especially if the former is a criminal.

"But what improves the circumstances of the greater part, can never be regarded as any inconveniency to the whole. No society can surely be flourishing and happy, of which the far greater part of the members are poor and miserable. It is but equity, besides, that they who feed, clothe, and lodge the whole body of the people, should have such a share of the produce of their own labour as to be themselves tolerably well fed, clothed, and lodged." - Adam Smith, The Wealth of Nations, Book I

The lack of a base standard of living is a flaw of Capitalism for multiple reasons. It can be argued that the most significant resource that we ought to take care of is the human resource. After all, why are we putting in all this effort to come up with a perfect system, if not for our own peace and prosperity? All suffering avoidable by better management of resources clearly indicates the failure of Capitalism. Understand that the loss of any human is effectively the loss of our specie, and arguably other species too, as a whole.

Without access to basic necessities like food, water, shelter, education, security, etc., people who can be polished enough to become researchers, doctors, scientists, developers, etc., are not reaching their true potential. Their contributions can help us deal with currently incurable diseases, global warming, transportation problems, etc. Kurzgesagt uploaded a video about Egoistic Altruism on YouTube which explains how the development of others also aids our own development.

Do you not find it absurd that people around the globe do not have access to proper education, food, and other very basic necessities simply because they cannot afford them? Do you not understand how much this affects *the advancement*? Once you sincerely put yourself in the shoes of a poor person, and you consider how much potential is being wasted simply due to a lack of buying power, you will realise how big this problem really is. The purpose of highlighting this problem is not to make you sad, but to make you realise that this really is a weakness of Capitalism.

"It compels all nations, on pain of extinction, to adopt the bourgeois mode of production; it compels them to introduce what it calls civilization into their midst, i.e., to become bourgeois themselves. In one word, it creates a world after its own image." - Karl Marx and Friedrich Engels, The Communist Manifesto

Is it not obvious that you should not have to sell your dignity, your integrity, and even your soul to live a *good enough* life? The lack of freedom, which was also highlighted by Karl Marx, due to dependence on money for access to the basic necessities has to be dealt with if we are to achieve true freedom. Would people not live differently if they did not have to worry about survival? How can we evolve if our thinking is limited to survival and materialistic thoughts? It is by attaining true freedom that we can begin to think about *higher things*.

Before I explain how Capitalism hinders the development of developing and under-developed nations, I must make it clear that I understand the role of debt in the advancement of such nations. Indeed, it is difficult to say with confidence that such nations would have been more developed if they were not given any debt at all. They might not even have survived without the capital injections.

Really, the core problem is corruption--which Capitalism deals with poorly. However, let us not neglect the expense, especially the opportunity costs, of debt as a source of capital. Obviously, we cannot really expect entities to give anyone access to their wealth without expecting a return on their investment. Naturally, the return demanded is high due to the higher risk associated with developing, and under-developed nations.

To better understand how the cost of capital hinders our advancement, imagine for a moment, what if just half of the money wasted on interest was instead used for the development of the debtors. Is it not obvious that we would have advanced much more by now? Imagine all those countries having the funds required to better nourish and educate the public. It is very difficult to claim that such development is possible under Capitalism.

Would it be too extreme to say that the debtors effectively become *modern slaves*? One meaning of the word "slave" is: "a person who is excessively dependent upon or controlled by something"--Oxford Languages. Do the creditors not really control the debtors in a sense? Are the debtors not excessively dependent upon their respective creditors? It should be obvious then, how significant of an issue world debt is, especially since an ideal system is supposed to help us achieve true freedom.

"The man whose whole life is spent in performing a few simple operations, of which the effects are perhaps always the same, or very nearly the same, has no occasion to exert his understanding or to exercise his invention in finding out expedients for removing difficulties which never occur. He naturally loses, therefore, the habit of such exertion, and generally becomes as stupid and ignorant as it is possible for a human creature to become." - Adam Smith, The Wealth of Nations, Book V

People depending on jobs that can be automated by AI delays automation. Automating boring and repetitive tasks saves time, capital and possibly energy. A system where automation is a threat to humans is clearly a flawed system. Would people still oppose automation if they had access to the basic necessities anyway? This does not mean that automation is not happening in a Capitalist society. However, each automated job is making the system less stable. To achieve Type II civilization status more easily, we should be able to love AI, not fear it.

"I see all this potential, and I see it squandered. God damn it, an entire generation pumping gas, waiting tables - slaves with white collars. Advertising has us chasing cars and clothes, working jobs we hate so we can buy shit we don't need." - Tyler Durdan, Fight Club

Think about the significance of this quote. What problem is it highlighting? The problem that I want to highlight is deeper than consumerism. You see, Capitalism leaves rewarding to *the Invisible Hand*. There can be high demand for arguably meaningless, or even harmful, work, whereas meaningful work can be unpopular, or even hated. ­­­The point of concern is not that meaningless work can lead to improvement in the standard of living of the people putting in the effort; if someone's standard of living improves without causing significant harm, it should not be our concern.

What should concern us is a lack of a proper criteria or system for rewarding meaningful work. Consider the implications of this limitation of Capitalism. A significant implication of this weakness is that the standard of living of those who do meaningful work might not improve at all, or even if it does improve, it might not improve to the level of those who do meaningless work, which can result in demoralization and lack of interest in working hard for advancement. It should be obvious how deeply troubling it is when the wise ones are neglected. In other words, if the most significant resource--talent-- is wasted, what good is Capitalism then?

To summarize:

- Profitability not being equivalent to usefulness: the pursuit of wealth possibly damaging the environment or people affected by the business.

- Enlightenment being difficult to achieve and maintain: many factors such as demands, undue influence, dependence, etc., making it almost impossible to become and remain enlightened.

- Money being transferable anonymously: anonymously transferable money causing problems like bribery, blackmail, theft, corruption, transfer of diseases, etc.; key decision-makers being influenced by the *ruling class* being a threat to objective decision-making.

- The interests of investors, public officials and the general public being misaligned: one wanting lower taxes, but the other's wages depending on those taxes, one wanting lower wages, but the others depending on those wages.

- The system being very complex: "Kafkaesqueness" leading to problems such as poor understanding of the system, rules being broken, and advancement being slowed down; *if it invites fraud, it is flawed*.

- Rarest luxuries not necessarily being available to the most deserving: rarest of luxuries given to those who can afford them, instead of those who deserve them; in other words, the source of money being irrelevant as long as the bid is the highest.

- Base standard of living not being set: living beings suffering because of lack of access to the basic necessities of life; potential being wasted; thinking limited to survival.

- *Modern slavery* hindering our growth: debtors depending excessively on their respective creditors, and being controlled by them; money, which could be used for the development of the debtors, being wasted in cost of capital.

- *True freedom* not being achieved: dependence on useless or boring jobs, and needing to satisfy employers or customers really restraining people.

- Automation being delayed: dependence on jobs that can be automated delaying advancement of AI and making it a grey area; each automated job making the system less stable.

- No proper system being in place for rewarding meaningful work: standard of living of those doing meaningful work not necessarily improving, or at least, not improving to the level of those doing meaningless, or even harmful, work; talent being demoralized by not being appreciated.

Conclusion

The ideal form of Capitalism, promoted by Adam Smith, can be argued to be the ideal system for our evolution and we can learn a lot from this system, especially how much it values freedom, competition and rewarding. Yet, it seems this system is no longer sustainable. As more and more people suffer from poverty and the wealthy get wealthier and wealthier, the class antagonism, the sine qua non of Marx, is proving to be a significant risk.

While a lot of effort has been put in to make Capitalism work, for example, through complex tax systems, laws and regulations, standardization and auditing, these efforts are like throwing a bucket of water onto a forest fire. Why did the Enron incident happen? Why are people suffering despite the deployment of complex tax systems? Why are we trying so hard to run a flawed system when we can come up with a better one? This system is literally as old as civilization.

We now have the ability to completely get rid of cash, track sources of wealth, measure performance of companies, store very large amount of data, use that data easily, provide goods and services from any part of the world easily, automate almost any task and more importantly, learn from the data collected over the millenniums. I cannot think of any good enough reason to not utilize our advanced technology to come up with a better, more sustainable, and more humane system than Capitalism and Communism.

Can you think of more weaknesses or problems associated with Capitalism? What are the causes, or sources, of these drawbacks? Think about possible solutions to these problems. Use your ability to think, after all it is an amazing ability. Let your imagination run wild. While you are at it, consider the benefits of Capitalism too; think about how it contributes to increased productivity, widespread availability of popular products and services at relatively low price, and improvement in the highest standard of living; focus on how this system has these benefits.

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Chapter 4: An Overview of Rewardism

You probably have a lot of questions like, "Will I be able to own property?", "Will I have to pay my employees?", "Will there be taxes?", "What if I don't work at all?", "How does one become wealthier?", etc. Instead of answering these questions one by one, perhaps it is more practical to give you an idea of what life would be like for an employee, public official, employer, a self-employed person and an unemployed person under Rewardism. Yet, to further clear doubts, I shall answer questions after that.

Employee:

Your mother makes an emergency call to the nearest hospital as she's in labour. The ambulance arrives in no time and 2 ladies help her board the vehicle. Upon reaching the hospital, she is rushed to the delivery room. You are born. After your mother has rested, they find out that she doesn't have an ID card because she forgot it in all the hassle. "No matter," says the nurse, comforting your mother. She uses your mother's fingerprints and ID number to record the activity "delivery".

Your details are entered and an account for you is made in the international register. Your new "Necessities Points" Card is delivered to your mother. Before leaving the hospital, your mother uses your new NP Card to buy the necessities, which include medicines, diapers, food, water, etc., for you. The points get burned out of your account and the activity is recorded in both your and the pharmacy's account. Your account is linked to your guardian, in this case your mother, until you become an adult.

At each of your birthday, you receive more NPs than usual. Your mother uses these extra points to buy a little baby cart for you. Again, the activity is recorded in both the relevant accounts and the points are burned away from your account. Until you turn 7, you live in the same house, same room with your mother. She remains unemployed for the whole duration. Public officials make surprise visits occasionally to see how well your mother is treating you, according to which she receives some "Reward Points".

When you turn 7, you and your mother move to a house with 2 rooms near a school. You enrol there and your mother starts teaching too. For enrolment, your ID card and fingerprints are used, your mother's consent is taken too. Any necessities such as books and stationery are provided by the school. Your mother then views your performance, along with the rest of your activity, in "The App". After each semester, you rate the performance of your teachers. They receive RPs according to their performance.

According to your performance and behaviour, you are given a few RPs to keep you motivated. You decide to save some of them until you become an adult so that you can afford exploring, comfortably, your favourite parts of the world. Over the years you use your IDC, and sometimes fingerprint too, for traveling, communicating, cleaning and other free necessities, your NPs for limited necessities and your RPs for luxuries such as toys, hotels, cinemas, etc. And so, life goes on. You experience, you learn and grow.

When you turn 16, your performance and interests over the year, along with the predicted future needs, are taken into account to help you decide your major. Until you turn 18, you prepare for examinations and interviews which will decide if you are a good fit. It turns out that you fail the interviews. You are asked to take a leap year or choose a different major. You take a leap year and ace the interviews on your second try. You choose your favourite professors, and the interviewer records the activity using your IDC and fingerprints.

Just like in school, your and your professors' performance is recorded semi-annually, RPs are given accordingly, and necessities are available for free or for NPs. When you graduate, you have no burden of student loan. Talent managers help you utilize your talents and time to solve problems, fulfill demands, earn RPs and possibly a "Higher Status", according to your performance and other factors like supply and demand. "What higher status?" you ask. "Well, it is a way of respecting the noble minds," they reply.

"You see, not everything can be bought using RPs. Some exclusive rewards are for those who solve, or can solve, the biggest problems, who are too valuable to live among the ordinary and who have special needs. In other words, "Higher Beings" are given a "Higher Status" to highlight, protect and facilitate them," explains the senior manager. You look for the biggest problems to be solved and the ways to minimize suffering. You inform a talent manager that you would like to work alongside further studies.

At age 25, equipped with some experience and a lot of knowledge, you set out into the world to help and to benefit. You get a job offer from a foreign company, so you inform a talent manager and your mother. Not wanting to leave her friends and culture, your mother asks you to go on on your own. Your talent manager helps you get all the required documents ready and get you to your destination without having to spend any RP. You are registered as an employee and your designation, timings, etc., are recorded.

After each accounting period, based on your and your employers' performance and reviews, both of you receive bonus rewards. The company is treated as a separate entity for all legal and rewarding reasons. The specific amount of reward is calculated according to a formula and some factors. As you climb the hierarchy specific to your profession, your base reward also increases. Your position in the hierarchy improves according to your experience and performance. The rewarding process is monitored and almost fully automated.

You start living a more luxurious life, burning away your RPs while saving some for the more expensive luxuries of life. Other companies start sending you offers. You realize that the RPs do not really matter as much as the impact to be made, and the work environment and the reviews of the companies. For these reasons, the companies highlight the significance and challenges of the work to be done, the work environment provided by them and customer reviews.

"The roles are set such that a change in role cannot be made until certain years of study and/or experience are recorded. So, to become an executive officer, you must be a Bachelor with fifteen years of experience or a Master with ten," explains the HR manager at the company where you work. "So, you cannot promote me, even if you wanted to?" you ask. "Yes, promoting, like rewarding, is automatic, more or less," she answers, "however, we cannot really stop you from being promoted. We can just submit your performance appraisal reports."

You adopt a child from a registered organization, you are registered as the child's guardian and the child's account is linked to you. Every now and then, surprise visits are made by public officials to investigate any issues. If the child is happy with you, you are rewarded. You enrol her into a local school and take care of her needs. You realize you are unable to give her proper time, so you hire a nanny and approve the nanny’s employment recording. You both review each other, based on which you are both rewarded.

You have paid leaves according to your role, which you utilize to spend more time with your child. You burn your RPs to go explore the world with her, enjoy life and reduce suffering. You go visit your mother and introduce your daughter to her. Your mother informs you that she has a terminal illness. You decide to take a break from your career to spend more time with your little family. So, your mother lives the last year of her life with you and her granddaughter. Your daughter joins a school there in the standard way.

An inheritance manager consoles you and guides you that some part of her property she inherited from her father, so you will not be able to inherit that. "The property she earned herself will be inheritable," he adds. You realize that you two started off owning almost nothing, so the non-inheritable property should be negligible. "Quite so," he confirms. The property she inherited was just a small piece of land in a village. "The government will handle that now," he explains, referring to the small piece of land.

You sell your mother's house, car and some possessions. You take her books and medals with you back to the country where you worked. They continue your employment, and you now work as an executive. Your daughter moves to another state to study. Now that she is an adult, you no longer have access to her activity except for the activity you have already seen. Having enough RPs to own a property like a residential building, a commercial building, etc., you start purchasing properties.

At age 55, on having completed the 25 years of experience required and being 50+, you finally retire. Your daughter says she wants to be a public official because of the significance of such jobs. You tell her it is really her life and whatever makes her happy makes you happy. You realize that with the level of experience and knowledge you have now, you have a chance of earning that "Higher Status". So, you start researching and discussing ideas with other retired friends.

At age 70, you accumulate a lot of awards and rewards for your continuous efforts, however, you fail to achieve the "Higher Status". You tell yourself that at least you tried, and your efforts will help reduce suffering. In your final years, you live with your daughter and use most of your RPs for her, although you remain the owner of the assets bought. You use "The App" to see all your lifetime activity including all your transactions, your performance and all the rewards given to you. Death.

Public Official:

RPs equivalent to the value of property your father inherited from his mother are burned away. The rest of the RPs in his account and the properties he owned are transferred to you. The instance of inheritance, along with all the relevant calculations and transactions, is clearly recorded in both your and your father's account; his account is archived. You use most of the RPs inherited for refurbishment of his house so that it can be made available as a luxury home.

You register the other properties as commercial properties. This way, the commercial use of properties and the residential use of the luxury home, both, provide a stream of RPs for you. Passive income, you may call it. Asset management specialists help you identify the ideal candidates who can best utilize the assets. They get their RPs like usual. The users of these properties, the points burned, and other details of the transactions are clearly recorded in the relevant accounts.

"Mommy, what exactly is your job?" asks your daughter. "Well, you see dear, not everyone in this world gets their reward fairly and honestly. Mommy's job is to find the bad guys who cheat and exploit. But that's not all, some companies hurt our little world and the people in it, Mommy's gotta stop them from hurting us. So really, Mommy's gotta take care of the world by ensuring people earn their luxuries fairly and sustainably," you answer. "Sustainably?" "Keeping the future in mind."

"What about your friends?" she inquires. "Well, my elderly friend is a judge who decides who is the most deserving among the bidders of an asset. My other friend deals with people who want to start a new company. She analyses and evaluates their business plan and decides whether it is a good idea to give them access to resources," you answer. "And what if she rejects?" "Well, she has to give her reasons. People then build a better plan or challenge the reasons in court."

"Or give up?" she asks with a mischievous grin. You laugh. "Who answers our complaints?" she enquires. "Well, there are people running the sites dedicated to complaints of the public. Normally, they are public officials, like me and my friends, who are rewarded for solving the problems faced by the public. They solve problems by using the available resources economically and keeping a record of each use of the resources, for review," you explain. "Interesting."

In daylight you audit suspected people and companies, reporting the findings to the local magistrate. At night you study "Decision Making in the Modern World", so that one day you can responsibly decide who should access resources. On finishing your studies, you start spending more time evaluating business proposals instead of chasing after people. You get rewarded according to your role and the performance objectives you meet.

Sometimes you get annoyed by the shallowness and stupidity, at other times you get amazed by the ideas presented. "We already have ten companies supplying that product, meeting the highest standards; another company would be redundant, especially when there are other needs to be fulfilled," you explain to some. The exceptional ideas are highlighted and brought to the attention of the presiding officer every now and then. And so, budgets are set, people are enabled, and resources are utilized.

Employer:

"Mother, I would like to know what a winning business proposal is like, so that I can get funded," you tell your mother. "Well dear, the winning proposals I have seen in my life all seem to have one thing in common. They all solved some problem, no matter how big or small, but a real problem. If you can identify a problem that has yet to be solved, and if you can clearly explain how you intend to solve that problem, I think you should be fine," your mother answers.

"I've heard you mention the significance of the team when rejecting an application," you mention. "Of course, a good team can turn a poor idea to a working one, but a bad team can do nothing, even with the best idea," she adds. "So, how exactly do they decide if my team is good or bad?" "Well dear, they look at their education, experience and responses to interview questions. If they seem like individuals capable of making the idea work, then normally the plan is accepted."

"There's also the demand that has to be researched. If people are not really interested in burning their RPs for the product or service offered, then there is really no point in continuing. Normally, this is not a point of concern for those with a great idea. However, marketing can become another challenge to be overcome," she adds. "So, identify a problem, come up with a practical solution, come up with a team of capable individuals and market your idea. Correct?" "Quite so."

Before you leave the lounge, your mother lets you know, "Oh and you'll have to decide who your clients will be. Will you be helping burn NPs, RPs, BPs or will you just be making people scan their ID cards? The nature and size of business will affect the BPs allotted to it. And later if you decide to open up a new division or branch, it will be treated as a separate company, more or less, for multiple reasons, including performance evaluation." "Right, thanks" and off you go.

You come up with a business plan, accounting for the tips given by your mother, which gets reviewed by several people, not including your mother. Your company gets registered. The funds are transferred to the company's account, and you and the CFO are given access to it. To make transactions easier, you both get a "Budget Points" Card each. The points given in the first year of some years are normally more than the points given in other years to allow investment in assets.

All transactions, reviews, employees, remaining budget and all relevant details are found in "The App." Accounting is done automatically whenever a transaction occurs. So, those in the finance department do not have to worry about data entry; instead, they focus on frugality. Payroll is not a point of concern. The HR department focuses on the well-being, productivity and legal matters of employees. An employee's dedicated time to the company cannot overlap with time dedicated to another company, nor can the total time dedicated be more than 16 hours.

The number of RPs earned by a company are automatically calculated based on:

- the level of activity (number of RPs or NPs burned or number of ID scans)  
- whether BPs burned are less than or equal to the level of activity  
- reviews given by customers, employees and suppliers  
- rewarding factor for the industry the company is in (according to the significance of the industry)  
- rate of meeting relevant standards

You do not have to worry about profits as long as the level of activity covers the BPs used plus remuneration expenses. To verify whether the expenses are not more than the "revenue" (the level of activity), the relevant principles of accounting are used. For instance, instead of the whole cost of asset purchased, just the depreciation expense is used for performance evaluation purposes. If BPs burned are more than the revenue, then this is seen as an inability to meet costs, which affects RPs earned and can even lead to dissolution.

Normally, you find that you easily manage operations using the BPs given. However, in difficult times, you run out of BPs. In case of emergency, you get the BPs instantly. The urgent request still has to be justified later on. At other times, the request is reviewed first before the BPs are transferred. "They" tell you that companies who failed to justify a need for more BPs have been closed or their management replaced. Your requests seem genuine so, luckily, your company stays alive.

The RPs earned by a company in an accounting period are automatically transferred to the shareholders. Owning 75% of the shares, you get 75% of the RPs. The employees owning the rest of the 25% get their RPs accordingly. "So, this is how dividends work," you think. Interested in dividends, you invest more and more in shares, creating an impressive portfolio - a source of passive income. You also sell shares, burning RPs from the buyer and increasing your RPs by the market value.

You invite your friends to your wedding. One of your foreign friends, who lives in Capitalistan—a country that still follows the old cash-based system, calls you . “Hi, I am quite excited about your wedding and would love to be there. I am not so sure about how I will convert my money into Reward Points, though. Can you guide me?” she asks you on the phone. “Yeah, you should definitely come over. So, to get the RPs, you just gotta make an account online to get yourself a wallet, and then you can top up your wallet, using your currency, from one of the authorized exchange companies. It’s really that simple,” you answer. “Oh, so kinda like topping up my Steam or my phone. Cool.”

Before she hangs up, she asks you, “And what about when I’m leaving, will I be able to buy back my country’s currency?” “Yes, just like you would buy any other asset using RPs. They will be burned away from your account according to whatever the exchange rate is at the time; you will get your currency, and the activity will be recorded in both your and the exchange company’s profile,” you let her know. “So, I’m sorry if I’m asking too much on the phone, do they get RPs according to the activity?” “Yeah, we can discuss the details later. It is quite interesting, so I’m happy to answer dear. I’m looking forward to meeting you.” “Same. Bye!” “Bye now!”

As your mother inherited significantly valuable property from her father, you receive quite a small portion of her property. The rest becomes property to be managed by the resources managers. Following in your mother's footsteps, you sell off some of the property to refurbish her home and make it available as a luxurious residential property. As this is your private property, you get RPs equivalent to the RPs burned instantly, without any other calculations.

You decide to expand your business further to countries without Rewardism. After two lengthy meetings with the RMs, you start trading internationally. A multi-currency account is opened for your company. Some of the BPs alloted to your company are burned to get the desired currencies for importing purposes. Options and futures are used sometimes to convert most of the revenue earned in foreign currency to Points. For performance appraisal reasons, the unconverted revenue, and the leftover of currency bought using BPs, are also assumed to be converted at the period end. The activities are recorded as usual.

You find the use of hedge funds, options and futures very fruitful as your company finds its way in the global market. A financial institution handles such transactions for you as it is not the core competency of your company. For individuals and institutions from Rewardist countries, such transactions can only take place through authorized companies. Whenever such a transaction is confirmed, the relevant amount of funds of all parties to the transaction are locked to deal with credit and settlement risk, and also because leverage is not allowed in Rewardism. Indeed, this means that such transactions cannot occur without the funds to support them.

Foreign companies find your company’s services and products very economical. This way, your company becomes a global leader for other Rewardist companies.On each successful decade, you, along with other shareholders and executive officers, receive bonus RPs in accordance with the impact of your company on the world. The same basis of calculation as mentioned earlier is used to automatically calculate and transfer these RPs. Sometimes your company gets audited due to reports from customers and employees, but those complaints turn out to be just out of hatred or envy. The CFO resigns and loses access to the company's account. A new CFO is registered who is given access then.

Not having any next of kin, you decide to make the son of your best friend the inheritor of your wealth. The public official guides you that the value of property inherited from your mother would not be transferred and that all your other private properties, including the shares would be transferred. The public official inquires if you are being forced to do this in any way. "It's my job," he adds. "No, nobody is threatening me. I think he will make the best use of my wealth," you answer.

Self-employed Person:

Being a lone wolf, self-employment really attracts you. In college, you take additional courses on how to get good ratings from clients, how to manage time and what makes someone a very valuable service provider. These courses are recommended to those who wish to become successful self-employed persons. On graduating, you register yourself online by entering details such as the type, location and timing of services you wish to provide. Self-employment status is reflected in your account, and you are assigned a mentor.

Your little brother, who is exploring different career paths, asks you about the difference between an employee and a self-employed person. "As an employee, you would be working for the company that hires you and this will not cost the company any Budget Points. You will have to work with the team they put you in and do the work they give you. They will be able to review your work and you will be able to review the HR's performance. They can get you a bonus if you meet certain goals," you politely answer.

"As a self-employed person, you would be working for your clients: the companies or people who purchase your services using BPs. You can work on your own or team up with others, so long as the client does not object. You will have more freedom in choosing and doing the work. Clients can give reviews just like they would review a company. You can review them back. There are no bonuses, but you can get clients to burn more BPs. You are rewarded in RPs according to the quantity, quality and need of the work."

"So, what about designation?" he asks. "Well, there are no designations for self-employed people; however, the experience and reviews recorded over time increase the compensation for the services rendered by an increase in the BPs burned per job or hour," you respond. He thinks for a moment. "What if an employee wants to become self-employed?" "Well, they have to register themselves online and their current designation is taken into account during the registration process." "Right, thanks." "No problem."

You invest the BPs allotted to you in better tools to help make your tasks easier. Once in a blue moon, someone registers a complaint against you, and you have to tell some public officials your side of the story. Over the years the rate of your services increases significantly so you focus on the more interesting and complex demands. To keep you up to date with the latest technologies and regulations, the professional body you are a member of helps you with Continued Professional Development.

Unemployed Person:

Humbled by orphanage, driven by passion and supported by teachers, you embark on the pursuit of knowledge and excellence. Without any affinity for wealth or the luxurious life, RPs and BPs don't matter to you. So, you spend most of your time researching and surviving on whatever you get using your NPs. You find yourself mostly surrounded by educational material, research work, intellectuals and your thoughts. At times you don't even know if it's day or night while you research your favourite topics.

In university, you focus on epistemology, ethics and economics. What really interests you is evolution: the evolution of ideas and conditions. You always try to learn more and more about how so much change came to be over the years, what was the role of ethics and economics in it and what change can we bring now. What really fascinates you is how much the Hegelian dialectic and the Socratic dialectic make sense, both from a holist and reductionist point of view.

You write an article on the history of the development of the different economic systems. You explain what Capitalism was like in its early stages and how it developed over the ages. Then you highlight the role of Communism in challenging Capitalism. Explaining the beauty and flaws of each system, you explain how they led to the birth of Rewardism. "Development should not stop here," you write. "A new system shall challenge Rewardism, and together these two will give birth to yet another system."

You dedicate the rest of your life to bring about an even better system than Rewardism. You get RPs from time to time; sometimes for being a nice human, and other times for your contributions to the development of the world. Your employed friends who love to listen to your interesting arguments invite you over to luxurious restaurants and hotels. Your books are published; people find your works admirable and moving. With whatever RPs you have, you explore the world until you die.

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Chapter 5: Q&A

**Q. How will the Points get their value?**

A. "And it is a mistake to imagine that wealth resides only in money. Money is just a medium of exchange. It is useful, because everyone accepts it. Yet what people actually want when they do accept it is not the money, but the things that they can buy with the money. Certainly, gold and silver have the merit of being more durable than some other commodities, and this adds to their usefulness as a store of value. But durability is not everything: we are perfectly happy to import wine from France and send them hardware in exchange. Nevertheless, the French are not so stupid as to amass more pots and pans than they need to cook their food, just because they are more durable. It would be a complete waste of resources. By the same token, neither we, nor any country, should seek to amass more gold and silver than is needed to facilitate trade. It would be a waste too  dead capital that would come out of the available resources we need to feed, clothe, maintain and employ the people. Money is a utensil, just like pots and pans." - The Condensed Wealth of Nations, Page 48

"Im not sure if this question is coming from the angle of the popular idea that the dollar isnt backed by anything. Typically, the question is considered to be rhetorical, and the supposed answer is supposed to shock us into realizing that the entire American economy is a house of cards built on a sand castle.  
 Whether or not that is the intent of the question, know that this is not true. The dollar has value, whether or not there is such-and-such an amount of gold in some building somewhere. Try this thought-experiment that will clarify where the value of the dollar is ultimately established.  
 Imagine a scenario in which the entire economy uses, say, Dogecoin. One day, the US Federal government passes a law that for whatever reason requires every person to send a the president a cupcake for his birthday. And furthermore, that cupcake must be obtained from an authorized government bake shop. The law provides some kind of penalty for failure to send a cupcake in.  
 What will be the effect of this provision on the economy? Well, people will want to acquire a cupcake in order to comply with the law. Where can you get it, and how? Well, if you have one of these special government-allowed cupcakes, fine. If you have two, you might want to give it to someone else so they can meet their own legal obligations. Soon, there will be those who will sell authorized cupcakes to people. And people will barter work, Dogecoin, and other goods for them. Doubtless, some people will borrow or steal them.  
 In this scenario, cupcakes have become valuable. But interestingly, they have become valuable to people who may not even like cupcakes. To those people, there is no intrinsic value to cupcakes; yet they still will be desperate to acquire them. And anyone with an excess  even if they think that inventory is worthless  will consider bartering them for other valuable things.  
 Often overlooked, this is the ultimate source of the dollars value. You can use gold and private bartering all you want, but at some point the law requires you to send dollars to the federal government. Thus you need to get some. And so, they become valuable whether or not you particularly care for them as dirty pieces of linen.  
 As you can see, dollars will remain as valuable as the law makes them through 1) the requirements of the tax code and 2) the limited supply allowed into circulation. With both of these backed by the threat of legal sanctions. That value will remain as long as there is a federal government to enforce those provisions." - Anonymous, Quora, "What is backing the American dollar?"

Again, "Money is just a medium of exchange. It is useful, because everyone accepts it." For a currency to have value, it does not have to be backed by a commodity, but the public has to trust the governing body authorizing it. In other words, a currency has value because some powerful entity says so. Interestingly, there would not be just one organization backing the Points, but all the governments who accept Rewardism as their economic system, as they would want the Points to have stable, and predictable, value. So, it is likely to be the most stable, and possibly valuable, currency.  
 Imagine, for a moment, that there are two currencies, XP, and RP. Assume that 1 XP = 1 RP, that 1M of each is in circulation, and one standard bar of gold costs 100 RP, and therefore, 100 XP. If, by making more RPs, the total RPs in circulation increase to 2M, should 1 XP be equal to 2 RPs now? Interestingly, that is not really the case, provided that one standard bar of gold still costs 100 RP. The reason is simple, it is irrelevant how much of a currency is in circulation, what really matters is what you can buy with that currency, as the main point of a currency is to facilitate trade.  
 Ironically, to make the RPs "worth it," we have to make it difficult to get them. If you have to work hard to get a currency, that currency is obviously going to be much more "worth it," than a currency you can just print for yourself. So, even if the Points are potentially infinite, it is the fact that they are not easy to get is what adds to their value. That is why, no one should have the power of giving anyone any point without any good reason. The recorded respective reason behind each Point given will also add to its value.  
 It should be more difficult to get RPs, than any older currency. One of the key roles of the economists of the future will be to keep the difficulty level of getting RPs high enough to keep humans challenged but not so high that they do not even bother to work. A balanced rewarding mechanism would help motivate people enough to be productive. Is a challenging environment not more engaging? Rewardism helps economists by providing them controls over variables, which they can change to adjust the "difficulty level of the game."   
 In games like Grand Theft Auto: Vice City, the virtual currency is potentially infinite, but the way the game makes that currency valuable is by rewarding players with a limited amount of it for doing some specific tasks; the task can be winning a race, controlling a territory, etc. Similarly, in games like DotA 2, the amount of virtual gold is essentially infinite, and yet it is quite valuable to each committed core player because a team with a higher networth than its rival has a considerable advantage over it. The rewarding mechanisms and economic systems of games have inspired me to come up with the idea of Rewardism.  
 A natural question that follows then is, "NPs will be given to even those who do no effort, will NPs not be worthless?" Indeed, NPs would be quite worthless to the sellers of necessities as they can just get the NPs for free anyway. However, the sellers of necessities will not get NPs in return for selling necessities, they will get RPs. The possibility of earning RPs can make the NPs-based businesses look quite lucrative; especially since, everyone will have NPs to buy the necessities from the necessities-providers. The impossibility of earning, and limited number of, NPs will also add to their value.  
 These Points are going to be the currencies of a relatively modern and more developed economic system, which means that they will be free of the problems of the older currencies and cash, at least to some extent. The value of Rewardism itself will be, in a way, reflected in the value of a RP. The higher the repuation of Rewardism and its supporting entities, the more people are likely to value these currencies. So, a primary goal of the governing entities would be to keep the reputation of Rewardism and its supporting entities high.

**Q. Why must the RP of a region reflect the economy of that region?**

A. Consider the following example:

t0: 1 RPa = 1 RPb = 1 Gs,

t1: 1 RPa = 2 Gs, 1 RPb = 1 Gs,

t1: 1 RPa = 2 RPb = 2 Gs

Where:

RPa is the currency of country A,

RPb is the currency of country B, and where

Gs is a standard bar of gold.

At t0, a reasonable person would be willing to buy 1 RPb for 1 RPa because she can buy one standard bar of Gold with either of them. At t1, the same person would not be willing to buy 1 RPb for 1 RPa, because now she can buy 2 standard bars of Gold with 1 RPa but only 1 standard bar of Gold with 1 RPb. She would be willing to buy 2 RPbs for 1 RPa. So, as the economy of Country A has improved, the exchange rate has to reflect this improvement.

**Q. Will the RP be a global currency?**

A. Since a RP reflects the economy, it does not make much sense that the currency in USA should suffer from inefficiencies in Japan, and vice versa. Although, ideally, making the currency global can cause countries to cooperate, as the economic development of one country will matter to other countries as well. Realistically though, I do not think we have evolved to that stage yet. To avoid making the deployment of Rewardism difficult, it make sense to keep the currency specific to each country.

One can then ask, “Well, why not apply the same principle to states, and even cities?” And indeed, they would be right to ask such a question; however, we can practically follow this middle path, where states and cities would cooperate with the states and cities of their own respective country. It is debatable, however, whether the RP should be specific to a country or an even bigger region, like a continent. This can be decided by further discussions with the experts, and by taking into account what the governments want.

**Q. How would the initial value of the RP of a country be decided?**

A: The initial value of the RP of a country will be pegged to the value of the country’s currency at the point of conversion. This way, it would be simpler to decide how to set budgets and prices, as people would be basically dealing in the same currency as before but with different characteristics. Furthermore, this would help capture the value of the country’s currency with respect to other currencies. Arguably, the value of the currency of the country already reflects the economy of the country, so comparison of economy between current and previous periods should be easier this way.

**Q. What would cause the value of a RP to change?**

A. Since the value of a region’s RP reflects the economy of the region specific to that RP, then, the change in performance of the economic system in the region should be reflected in the updated RP. The way this change will be reflected is quite different from the traditional way a currency’s value changes. If the performance of the economic system in the region improves by 25%, we can say that the RP is now worth 1.25 times the older RP (RPo). Likewise, if the performance of the economic system in the region decreases by 25%, we can say that the RP is worth 0.75 times the (RPo).

So, the formula for each subsequent period after the conversion point is:

RPu = (1 + σ) \* RPo, ...(1)

Since, the RPo in the first year is equal to the Original Currency (OC), the formula for the first update can be written as:

RPu = (1 + σ) \* OC ...(2)

Taking (1) and (2) into account, we can derive a general formula for the nth update:

(n)th RPu(n) = (1 + σ(n)) \* (1 + σ(n-1)) \* ... \* (1 + σ(n-n)) \* OC (3)

Where:

RPu = the updated RP,

RPu(n) = the nth updated RP,

RPo = the RP right before the update,

σ = the change in performance of the economic system in the period to which the update relates,

σ(n) = the change in performance in the (n)th period, and where

OC = the orignal currency that was in place before the conversion to Rewardism.

A broad range of factors should be accounted for when estimating σ. The factors include sustainability or long-term factors, survival or short-term factors, purchasing power, economic activity, rate of meeting the target Points, employment rate, reviews, etc. This would ensure that the currency not only reflects the short-term performance in a region, but also the long-term implications for the world.

The formula for calcuting the σ for a period can be:

σ = w1F1 + w2F2 + ... + w(n)F(n)

Where:

σ = the change in performance in the period to which the update relates,

w(n) = the weight of the nth factor,

F(n) = the percentage change in performance with respect to the nth factor, and where

the sum of all weights = 1.

This way, the economists can make countries focus on the more significant factors. For example, if the economists believe that the environmental factors need to have more weight than the short-term factors, they can easily increase the weight of the environmental factors, and the rest will happen, more or less, automatically. The weight of each performance factor will be pre-defined globally to keep currencies comparable, and to avoid cherrypicking weights for increasing the σ.

To understand how exchange rates will be calculated, let us look at some examples.

Example 1: RP to CP

Let RP be the new currency of a Rewardist country, and let CP be the currency of a Capitalist country. Assume that before the conversion, the OC to CP rate was OC 100 to CP 1. At the conversion point, you would be able to buy CP 1 for a 100 RPs. Now, assume that the performance in the first period increases by 25%. The RPu is now worth 1.25 RPo. So, assuming that the rate of OC to CP has not changed, you would now be able to buy CP 1 for just 80 RPs.

t0: 1 RP = OC 1 = CP (1 / 100) = CP 0.01,

t1: 1 RPu = 1.25 RPo = OC 1.25 = CP (1.25 \* 0.01) = CP 0.0125,

t1: CP 1 = (1 / 0.0125) RP = 80 RPu.

If, for whatever reason, the rate of RPo to CP changes over time to, say, RPo 120 to CP 1, then:

t1: 1 RPu = 1.25 RPo = 1.25 \* CP (1 / 120) = CP 0.0104,

t1: CP 1 = (1 / 0.0104) RP = 96 RPu.

It should be noted that, since the RPs are potentially infinite and are only accessible through authorized companies, so, since they are, more or less, immune from the effects of supply and demand, the rate of RP to CP can only really change if the value of CP changes, as CP is unlikely to be immune from the effects of supply and demand. So, if due to increased demand, the value of CP increases, then the rate of RP to CP would change accordingly.

Example 2: RPa to RPb

Let RPa and RPb be the currencies of the Rewardist countries A and B respectively. Assume that at the point of conversion of the latest Rewardist country, the RPa to RPb rate was 100 RPa to 1 RPb. If the σ of both countries increases by 25%, then their relative peformance has not changed. Therfore, the rate would remain as 100 RPa to 1 RPb. However, if A’s performance increases by 25%, and B’s performance remains the same, then, the rate would become 80 RPa to 1 RPb.

If A’s σ is +25% and B’s σ is -25%, then:

1 RPbu = 0.75 RPbo

1 RPau = 1.25 RPao

100 RPao = 1 RPbo --> 1 RPau = 1.25 \* (1 / 100) RPbo = 0.0125 RPbo

1 RPbo = ( 1 / 0.0125) RPau = 80 RPau

1 RPbu = 0.75 \* 80 RPau = 60 RPau

So, the rate would become 60 RPa to 1 RPb. Here, you might notice that the relative value of one country’s RP increases by the decrease in the value of the RP, or other currency, of another country. This can lead to hostile behavior between countries; therefore, ideally, there should be one global currency so that each country cares about the performance of all other countries. However, I realize that the probability of that happening is quite low, especially initially.

If countries realize that their economy can improve by the improvement of the global economy, then, they can cooperate with other countries, even without a global currency. Global competition is not necessarily a zero-sum game. If one realizes how many other companies and people does one rely on to function efficiently, then, one can extend that analysis to countries as well. The better other countries perform, the better support one gets, provided that there is no enmity between the countries.

**Q. How will the authorized exchange companies benefit from their business?**

A. Let us refer to an authorized exchange company as AEC. Assume that an AEC has 1M of currency XP, and by default it does not own any RP at the start. Let us say that the rate of XP to RP is 100:1. However, the AEC would buy RPs at the rate of 98 XP to 1 RP, and it would sell RPs at the rate of 102 XP to 1 RP. To buy 10,000 XP, a client would have to burn 102.04 RPs (10,000/98). This activity would be recorded in the profiles of both the client and the AEC. To buy 100 RPs from the AEC, the client would have to transfer 10,200 XP to the AEC, 100 RPs would automatically be credited to the client’s account. Again, the activity would be recorded in both the profiles.

First, the AEC got 102.04 RPs burned and gave 10,000 XP. Then, it received 10,200 XP and got 100 RPs credited to the client. By these two transactions, the net profit is 2.04 RPs and 200 XP. There can be a Higher AEC (HAEC), that deals with the standard AECs instead of regular clients, where the AEC can convert the XPs to RPs and vice versa. The HAEC will also keep its own profit. To account for reviews and other factors, the RPs will be credited to the AEC’s main account after some adjustments, just like the with other companies. This also applies to the HAEC.

No RPs are needed in the account of the AEC for a client to get them. It is an automated process where upon confirmation of receipt of the other currency, the client will automatically be rewarded. No one will be allowed to interfere in the automatic process of handling RPs. The AEC is rewarded because it provides its capital and services.

**Q. As it is not possible to transfer RPs to anyone, how will funds work under Rewardism?**

A. There will be an API that will allow investors to commit a portion of their RPs to whatever fund they wish. The RPs will still stay with them, but the fund manager will be able to make transactions using the pool of RPs. The distribution of income from investments can then be automatically transferred to the relevant parties, according to the agreement.  
 For example, if a transaction of 1M RPs is to be made, and there are 9 investors who contribute a total of 990,000 RPs, with 10,000 RPs being invested by the fund manager, the total of 1M RPs will be burned away, and the transaction activities, including the portion of the asset acquired, will be recorded in the relevant accounts.

The fee of the manager will be paid for just like any other service is paid for­­--the RPs will be burned from all the relevant accounts, and the activities will be recorded too. A Reward for an accounting period would then be calculated on the basis of the total activity, and automatically transferred to the service provider.

**Q. Will employers be able to control the reward earned by an employee?**A. As remuneration expenses will be added to BPs burned when comparing the total expenses incurred with the total revenue earned, higher remuneration expenses will make it more difficult to meet the target. Employers can control remuneration expenses by controlling the number of people they hire, but this might not be enough, or at least not the most economic way. We can set the formula such that there is a non-reducible base level of reward and a controllable bonus over that. An example is:

Rt = (Rb \* Fp \* Fh) + (Re \* Fe \* Fr)

Where:

Rt is the total reward earned per period,  
Rb is the base reward earned per period,  
Fp is the factor specific to the profession of the awardee,  
Fh is the factor representing the awardee’s position in the hierarchy specific to the profession,  
Re is the raw bonus reward earned per period according to the size of the employer,  
Fe is the factor controlled by the employer, and  
Fr is the factor reflecting the performance of the employee.

Economists will be responsible for setting the general base level of reward (Rb), the Fp for each profession, the Fh for each position in the hierarchy and the Re for each employer. A formula can be set for calculating the Re. As employers will only be able to control the Fe, this means that they can only control the bonus part of the reward. In the worst-case scenario for employees, with an infinite supply of employees and only one employer, the Fe can drop to 0.00. Yet, there will, at least, be the base level of reward.  
 Employees will earn the standard reward by working for an employer who sets the Fe at 1.00. A Fe of 1.20 means a 20% extra bonus will be received, whereas a Fe of 0.80 means only 80% of the standard bonus will be received. To stay competitive, employers would have to set the Fe at a reasonable level. To meet the target Points, employers can reduce the Fe, if needed; however, that would increase the risk of losing employees because employees will most likely want to work for an employer who has set the Fe higher.  
 A Fr of 1.00 reflects that the employee's performance was average. Values above (below) 1.00 signify better (lower) than average performance. This way of rewarding does not seem so difficult to understand and implement, it accounts for multiple factors, and it gives the economists, the employers and the employees a reasonable level of control over the Rt. Therefore, with some tweaking by the experts, this should be the ideal way of rewarding employees.

**Q. Why manually set rewarding formulas and factors when there is already the law of supply and demand?**  
A. "The sovereign is completely discharged from a duty [for which] no human wisdom or knowledge could ever be sufficient; the duty of superintending the industry of private people, and of directing it towards the employments most suitable to the interest of the society." - The Wealth of Nations, Book IV  
 Even though Adam Smith had the idea that no one can really direct the industry of private people "towards employments most suitable to the interest of the society," by the use of these formulas and factors, I believe we can direct the industry. It is quite reasonable to expect people to go into professions with higher rewarding factors. Likewise, industrialists are likely to prefer industries with higher rewarding factors. This control over the rewards can also help set a base level of reward for professionals and workers, regardless of the levels of supply and demand. Without any such control, remuneration in highly competitive environments can fall to a drastically low level.

**Q. How will financial leverage work in Rewardism, if at all?**  
A. BPs allotted to companies will essentially be pseudo-debt, in the sense that they do not have to be returned but they help RMs decide if a company is economical or not; not meeting the target can lead to dissolving just like a company not able to return debt would cease to exist. Since no kind of Point can be transferred, there can be no debt among people. No debt will be given by the RMs too because every reward given has to be justified, and only activity already done can justify a reward. A connected question then is, what shall become of the debt that people and governments owe to other entities. At the point of conversion from the previous system to Rewardism, the debt owed will have to be erased. Ideas about debt-erasing shall come later, in the "Deployment" chapter.

**Q. To have a negative balance is to be under debt, so will it not be possible under Rewardism?**A. It does not make much sense that someone should have less than zero "Reward" Points. The main idea is to reward people for their efforts and motivate them; how is a negative balance relevant then? Not allowing negative BPs balance can help control the damage caused by uneconomical companies, as the damage is limited to the BPs allotted to them. Without the possibility of a negative balance, there will be no need to keep a record of creditors. So, accounting and auditing would be relatively simple that way. As NPs can only be spent on necessities and they should normally be enough for getting the necessities of life, why should we allow a negative balance then?  
 I am not really an expert at cybersecurity or programming, but it seems rather obvious that a system without the possibility of having a negative balance will be more secure than a system with that possibility. I say so because without the possibility of a negative balance, it would be simply impossible to do any transaction without the Points to support it; this will not necessarily be the case if a negative balance is possible. In case we need to take actions against perpetrators who have no RPs to be burned, we can take more rehabilitative measures like making them do community service or imprisoning them to make them realize the value and cost of freedom.

**Q. Hire purchase (HP) is essentially like taking a loan, so will this option not be enabled under Rewardism?**  
A. It is quite common to pay only for the nights stayed in at a luxurious hotel room, instead of buying the whole hotel or even just the room. Similarly, only the ticket price is paid for travelling, which is essentially the rent of using the asset. Likewise, people can just pay the rent of having the luxuries of life which would otherwise be unaffordable to own or would take years to save up for. In other words, people can take assets on lease. I understand there are many kinds of leases; for now, operating lease should be enough to highlight the significance of paying for only the use of an asset, as compared to owning it.  
 We can think of a HP payment as a total of the rent for using the asset and the saving for owning the asset later. What I want to bring your attention to is the fact that one does not really own the asset until the final payment is made. The asset is simply possessed by the hirer. Without the facility of HP and lease, people and companies on a strict budget would have to delay or forego the use of expensive assets. With advanced recording of transactions under Rewardism, credit ratings are likely to be very accurate. No RPs or BPs are given as a loan; they are earned the usual way. With HP option enabled and all other factors kept constant, the level of economic activity will obviously be higher. For these reasons, I believe HP option should be enabled.

**Q. Would banks become irrelevant?**A. Two major services provided by banks, providing capital to companies and managing accounts for individuals, will be provided by the WRMO; however, that will not make banks irrelevant. Banks can assist in hire purchases by buying the asset for the full price from the seller and selling it on instalments to the buyer. Banks are specialized in making investments, they can adapt to the changes and employ Research Analysts, Sell-side Analysts, Buy-side Analysts, Portfolio Managers, etc., to help individuals and institutions invest their Points to meet their goals.

**Q. What will be the power dynamics between a government and the WRMO?**A. What is a government but a representation of the will of the people or the ruler? To have power over a government is to be able to go against the will of the people or the ruler represented by that Government. I do not think any nation would want any organization to control its resources against its will. Although both the Government and the WRMO will be responsible for the peace and prosperity of their subjects, they are likely to have different values and opinions about the optimal way of fulfilling their responsibilities. Ideally, RMs should be able to manage resources the way they think is optimal; however, I understand that practically, the Government is likely to impose some restrictions which the RMs will have to account for. No one is above the law, even if the law leads to suboptimal utilization of resources.  
 I suggest respecting the laws and the power of the Government because this avoids disturbance of peace, increases trust in the WRMO and Rewardism in general, transfers some risk and reward of decision-making to the Government, and this way there will be an entity to which the WRMO will be answerable to. The WRMO will be mainly responsible for the management of resources, while the Government will be mainly responsible for the oversight of the WRMO. This should help reduce the likelihood of misuse of power as the RMs will be concerned about being arrested. Furthermore, the people will have some assurance that someone is watching over "this foreign organization".  
 You can think of accepting Rewardism as outsourcing the "Economics Department". In an outsourcing agreement, normally, to remain competitive, the hired company has to account for the demands of the hiring company. Likewise, the WRMO will have to account for the demands of the governments who trust them with their resources. This does not mean that negotiations cannot be made. Expert politicians are normally very good at convincing people and have excellent people skills. This makes them an excellent choice for acting as middlemen between the WRMO, the Government and the public. They can help each party understand the concerns of the other parties. They can help resolve conflicts and make negotiations more effective. The RMs might not be as good as the politicians at dealing with people because it's one thing to deal with numbers and another to deal with people.

**Q. Will a Rewardist country be able to utilize the resources of another Rewardist country? In other words, will all Rewardist countries be considered as a whole for the purpose of management of resources?**A. "In general, if any branch of trade, or any division of labour, be advantageous to the public, the freer and more general the competition, it will always be the more so." - The Wealth of Nations, Book II  
The question of utilization of foreign resources deals with the resources controlled by the WRMO, not the resources owned by individuals, companies or organizations. If a country A was rich with a resource X but lacked the talent to optimally utilize it, and a foreign country B had the talent and resources to optimally utilize the resource X, then ideally, B should be given access to the resource X. A would want something in return for giving access to the resource. But what if B had nothing substantial to offer in return? Should X be wasted? An economic system that allows wastage of a resource is clearly not the ideal economic system, as the whole point is to optimally utilize resources. Ideally, resources should be utilized by those who can best utilize them instead of those who happen to find them; practically, however, governments would be able to override decisions. There are two main ways a resource can be utilized by a foreign company: The resource can be transported to the foreign country and used there, or the resource can be used locally. An easy way to avoid the wastage of X would be to treat the national branch of a multinational company from B like a local company, and give it access to the resource. However, if it is necessary to transport X out of the country, then the RMs, company representatives and government officials would have to discuss terms and come to an agreement. RMs will have to consider the various possible ways of utilizing a resource, this includes the possibility of the resource being utilized by a foreign country. By communicating with foreign RMs and global economists, RMs should be able to identify the best use of a resource from an international perspective. To allow foreigners to utilize resources locally is to expose the locals to international competition and expertise. Readers of Adam Smith would know the significance of overcoming monopolies and enabling competition. RMs would best fulfill their responsibilities by convincing government officials and coming to optimal agreements from an economic perspective.

**Q. How will systems like Defence System, whose activity cannot really be measured reliably, work?**A. We can broadly categorize the expenditures of systems like the Defence System into "Remuneration Expenses", "Overheads" and "Investments". Let us look into each one by one.

- *Remuneration Expenses*: Everyone who deserves a remuneration will be rewarded just like professionals are rewarded on the basis of their profession, where they work, and other factors. The rewarding factors and formulas will be predefined to help avoid excessive rewarding. These rewards will be given by the WRMO. The same rules and regulations apply as mentioned earlier.

- *Overheads*: BPs will be allotted on the basis of previously set budgets and new factors. These BPs can be used to get the supplies needed from suppliers, just like a company would use BPs. Since there are no RPs or NPs burned or IDs scanned against the services provided by systems like the Defence System, and also because you cannot really "dissolve" them, there will have to be some other form of quality-control measures. Perhaps, people can be asked how satisfied they are with the services being provided to them. Financial managers of these systems can be inquired about the reasons behind different expenditures. Audits can be done to identify anomalies. Instead of "dissolving", we can educate and train the key-players; if that does not work, we can replace them.

- *Investments*: BPs will be used in the normal way for investing in assets, however, investments will have to be reported separately from overheads. This will allow reviewers to better understand how resources are being utilized. For example, they will be able to know if too much or too less is being "invested in the future". By resources "invested in the future", I mean those resources which do not necessarily provide a benefit in the present moment, but which are likely to provide benefits in the future. For example, doing research on cancer or developing a spacecraft. Quality-control measures will be necessary to give people assurance that some future benefit will flow to them. These can include audits, reviews, appraisals, etc.

**Q. How will the market value of an asset be updated in the asset register?**A. At this point, we must be aware of two significant risks: bribery, and money-laundering. To understand how we are exposed to these risks when it comes to the valuation of assets, consider the following example:

*A person X wants to bribe Y—a key decision-maker. Y has a painting that he bought for just 20 RPs. Without proper control procedures in place to manage the risk of money-laundering or bribery, the painting could be revalued at 20 million RPs. Although X cannot directly transfer the RPs to Y, she could buy the asset from Y, and Y would, rightfully, get the 20 million. Interestingly, this would be recorded as a legitimate transaction in the profiles of both X, and Y.*

This highlights how significant it is to value assets objectively. Not only is there a need for a strong basis for the market value of an asset, there is also a need for auditing asset valuations and detecting anomolous market values. Audits are likely to deter professional asset valuers from valuing assets unfairly. Using modern data science tools and statistical tools can help detect anomolous market values, which can act as signals or indicators for auditors and investigators.

To answer your question now, if the asset, or a similar asset, is actively traded then the market value can be updated quite easily. For example, if the asset is a share that is traded on some stock exchange, the value of the share can be updated by getting the latest value from the stock exchange. Even in the case of assets that are not as actively traded as public shares, any recent sale of the same, or a similar asset, will indicate what the current market value of the asset is.

In the case of very illiquid assets, there is a real difficulty. This is where the exposure to the risks, mentioned earlier, is the highest. In such cases, an authorized professional asset valuer will be needed to revalue the assets. I am not really an expert at valuing such illiquid assets, however, such assets must be valued such that the valuer is able to explain to an auditor why such and such a value was set. If a reasonable basis cannot be determined, the asset shall remain at its original cost.

Just like no one should be able to reward themselves, likewise, no one should be able to value their own assets. This applies to authorized professional valuers as well. This is necessary to deal with the significant threat to objectivity. Also, this is likely to help us avoid the problems associated with behavioral biases like “Endowment Bias”—ascribing more value to assets already owned, and “Anchoring Bias”—clinging to arbitrary price levels.

**Q. What if the elite let decision makers use their property, instead of selling or transferring it to them, as a means to bribe them?**A. Imagine a decision maker starts driving a brand-new sports car, and someone becomes suspicious that the decision maker might have been bribed. An investigation would be quite easy to perform under Rewardism as the investigators need only look at the records of assets owned by the one under investigation. If they do not find any sports car in the records, it would be obvious that the sports car is a bribe. However, if they do find it in the records, and the purchase seems legitimate, then the investigation can be concluded. As each transaction will be recorded in the accounts of all the parties involved, there will be little point in getting bribes in the form of assets; how will the perpetrators get away with liquidating those assets? When it comes to assets that can be used in hiding and which do not really need to be liquidated for them to influence the decision maker, there is a real difficulty. We cannot really restrict the lives of decision makers so much that we keep an eye on them all the time, nor can we stop them from having the pleasures of life with "friends". Education, training, benefits and pressure from society can influence the decision makers to remain loyal to the stakeholders of their decision-making. Bonus rewards can be given for making decisions that prove to be in the best interests of the stakeholders. Furthermore, competition with other decision makers and potential decision makers can make decision makers focus on results instead of pure self-interest. Establishing proper review protocols and taking disciplinary actions accordingly would further strengthen the control over decision-making.

**Q. What if the personal beliefs of a RM do not allow her to fund or support a company of a specific nature of business?**A. Ideally, professionals should keep their professional-life and personal-life separate. Practically though, if funding or supporting a company is too stressful for someone, a change in assignment can be requested. For example, a vegan could ask his manager to not assign to him companies and potential companies that disgust him. In case there is no one willing to support a company, someone should make the sacrifice and do the "dirty work," or the company would have to find support elsewhere. RMs' Managers will have to know their RMs so that they know what task is suitable for each RM. RMs will not be allowed to reject proposals on subjective grounds. Reasoning objectively will help ensure that valid reasons are given for accepting or rejecting proposals; this way the probability of basing decisions on illusions, feelings or personal agendas would be quite low. This would also make it easier to audit decisions, as for every substantial decision made there would be proper reasoning to support it. Establishing proper review protocols and taking disciplinary actions accordingly would further strengthen the control over decision-making.

**Q. Suppose there's a substance X, which is without doubt harmful, and there is a high demand for this substance for hedonic reasons; obviously, investors will be attracted to meet this demand to increase their wealth. Under Rewardism, if the company gets high rating from consumers and helps burn a significant amount of RP, then wouldn't they benefit from others' demise just like in the older system?**  
A. Well, they will benefit but the rewarding factor for such an industry would be much lower than other more useful industries. This would deter people from investing time and effort in providing a harmful product. An economic system is not like the government, in terms of authority, so it cannot ban the production of such a substance. People will still have the freedom to produce and consume what they like. Although, given the authority, resource managers can refuse to fund such companies, on the grounds that the resources needed by such companies can be better utilized elsewhere. Without funds, such companies will not survive. Refusals will have to be justified to avoid injustice. People will be able to challenge refusals in court.

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Chapter 6: Risks and Control Procedures

**Risks**

Rewardism, like other man-made systems, has some risks because of our inability to completely predict the future, and all its problems. By risks I mean the threats to the optimal functioning of the system. Proactively dealing with the risks is likely to make the implementation phase smoother. The following approach seems reasonable: first, highlight a risk and explain why it is a point of concern; then, suggest control procedures to manage the risk. These steps should be taken after the deployment of the system as well, to help mitigate newer risks as they emerge.

[**Note:** Internal Risks, or risks that are within the system, have already been accounted for, more or less, in the previous two chapters. The risks and control procedures in this chapter mainly focus on risks outside the system that can affect it.]

**Risk I: Human Risk**

For a system to function optimally, all of its parts have to work optimally. If the system is not completely automated, perhaps because it is impossible for it to be automated, then part of it is the human element. Now, no matter how flawless the rest of the system is, if the human element fails, then the whole system fails. However, the right humans can even modify and make a flawed system work. So, if we let the best humans make the best system work, would it be anything less than the best?

What can make the human element of the system fail?

A) Incompetence  
No matter how concerned or ethical managers are, what good are they if they are incompetent? What good are ideas if they are not communicated? What good is a leader who cannot lead? What good are planners that cannot implement their plans, and what good is all their planning? What good is all my writing if no one is competent enough to understand, criticize and implement it to its full extent?

B) Indifference  
Even if we found the most competent people to make the system work, what if they did not care? I do not necessarily mean people who are driven purely by self-interest, because they can still prove useful if you align their interests with the interests of others. The risk I am highlighting here is that of an unethical approach to solving problems. People who are not concerned about sustainability or the well-being of others are unlikely to take such factors into account when making a decision.

**Risk II: Compatibility Risk**

Even if we built the ideal economic system, what good would it be if we did not have the authority to run it? Suppose you claimed that the best use of a piece of land was to ranch there, and you even had the evidence to support your claim but the government, for some reason, banned ranching there, what good was your claim then? There is a risk that the optimal solutions according to the professionals might not be acceptable by the government. In the worst-case scenario, a government or the people living in an area might not allow any operation at all in that area.

**Risk III: Input Risk**

INPUT -> REWARDISM -> OUTPUT

If we look at the process of managing resources as there being a system which takes in input and gives some output, then if we want the best output and we already have the best system, what we really need to focus on is the input. There is a risk of basing decisions on incorrect data or poorly processed data. Just like machine learning models depend on the quality of the input data for their performance, so do economists and the models they use. If we agree that there are always some causes behind effects, then, it should be obvious why we should take the causes seriously.

**Control Procedures**

We can learn from successful companies like Google, Netflix, Tesla, etc., how to manage the Human Risk. Normally, there is a Code of Conduct which guide the professionals, and some explicit or implicit standards which they must meet. Misconduct results in some disciplinary action normally. There is also a body of knowledge from which the employees benefit and to which they contribute as well. These companies are quite difficult to get into, mainly due to high competition, high requirements and difficult interviews.

It makes sense to form an organization responsible for the developement, deployment, maintenance and improvement of Rewardism. We can change the name later, but for now let us call it "World Resources Management Organization" (WRMO). Since Rewardism depends heavily on a strong IT infrastructure and a broad range of specializations for it to work optimally, it is natural then that people specializing in different fields like cybersecurity, app development, economics, asset management, etc., should become members of the WRMO.

Regardless of their chosen specialization, every individual has to follow a Code of Ethics and meet the standards set by the leaders of the WRMO. Inspiration can be taken from other professional bodies to prepare strict, but not unnecessarily strict, code and standards. Professionals should be able to understand the reasoning behind such code and standards; in other words, the whole process should not become "Kafkaesque". Complying with rules should not feel like "box-ticking," as that can adversely affect motivation to "do the right thing."

**Code of Ethics**I must:

* Think objectively.
* Develop my professional skills to be able to perform my duties effectively and efficiently.
* Consider the consequences of my actions and should try my best to avoid, any and all undesirable consequences.
* Keep the long-term goals of humans in mind before deciding.
* Support my decisions and claims with sound logic, and evidence.
* Respect the power I temporarily have, instead of abusing it.

**Standards**  
Since most professionals, like Asset Manager, Auditor, Accountant, etc., have some standards to meet, it seems unnecessary to write down more standards at this stage. What we can do is, we can ensure that all members have some standards, specific to their respective fields, to meet. As for those who do not have any standards to meet, we can set the standards for them. Instead of reinventing the wheel, we can just verify whether the wheel is reliable and use it if it is. This will save us time and effort which can be better utilized for other more important tasks.

**Exams**  
We do not really have to do the examination of professionals because they already have to pass technical exams to earn their credentials. What we can do instead is verify their credentials and assess whether they are acceptable according to a predefined criterion. As for any new kind of profession created for which a new kind of examination might be necessary, the pioneers can create tough exams and assess candidates objectively. Should the candidates perform satisfactorily, they can be given the new credentials.

**Experience**  
Every professional must have a predefined minimum level of experience to be able to become a member of the WRMO. This minimum level should be in accordance with the profession. For example, for an Asset Manager, the requirement can be four years but for an Accountant the requirement can be three years. Having practical experience is likely to equip professionals with practical knowledge, skills and insights, which would make them more capable than if they had no practical experience.

**Interview**Human Resource Experts can be hired for taking the final interview before giving membership, as they can best judge who is worthy of being a member. Inspiration can be taken from other top companies, or we can even outsource this task to them to ensure that only the most capable and concerned individuals become members of this organization. The barrier to entry should be high and the life at the WRMO afterwards should be equally worth it. Difficulty of interview should be in accordance with the level of responsibility to be undertaken by the candidate.

**Proof**  
Any membership given should be backed up by proof of identity, credentials, experience and commitment to follow the code and standards. Audits can help identify any act of nepotism or fraud. Even if they fail to identify all instances of deceit, audits help instil fear of consequences among potential perpetrators. Members are also expected to keep evidence with them, in case their membership is under doubt. Disciplinary actions against perpetrators can range from providing training sessions to bans.

**Other Considerations**

"People respect personal qualities such as strength, wisdom, prudence and virtue; and they respect maturity and age." - The Condensed Wealth of Nations, Page 61  
  
The above quote should be kept in mind when selecting the leaders of the WRMO. Facilitation of whistleblowing can help highlight misconduct. Training sessions and webinars for the Continued Professional Development of members can help maintain professional competence in a way that is relevant to the maintenance and development of Rewardism. Feedback can be taken and acted upon to incorporate the ideas of members. Gratitude can be shown in the form of events and dinners to make members feel at home.

**The WRMO**



**Figure 1:** Organizational Chart

**Governance**

Main Purpose:

* "To govern ‘Enterprise Risk Management’."

Responsible for:

* Setting the optimal culture of the organization.
* Setting the goals of the organization.
* Setting the risk tolerance of the organization.
* Communicating the goals and the risk tolerance of the organization to management.
* Providing guidance on achieving the goals to management.
* Overseeing the whole organization and the world in general, including understanding the concerns of leaders, and helping them solve their significant problems.
* Rewarding (punishing) above (below) average performance.
* Making adjustments in goals and risk tolerance as the conditions change.
* Enabling whistleblowers to highlight key problems in the organization.

Ideal Experts:

* Enterprise Risk Management Experts
* Corporate Governance Experts
* Philosopher Kings & Queens

**Public Relations**

Main Purpose:

* "To manage the Compatability Risk."

Responsible for:

* Understanding the concerns of each government.
* Understanding the concerns of the Governance Division.
* Understandign the concerns of the its sub-divisions.
* Finding the best middle way and reaching reasonable agreements.
* Maintaining a high reputation and goodwill of the WRMO in the world.
* Reporting performance, key-decisions, and reasoning behind decisions taken, or to be taken, to the relevant governments, and to the Governance Division.

Ideal Experts:

* Experienced Economists
* Experienced Statisticians
* Experienced Financial Analysts
* Experienced Investment Analysts
* Experienced Project Managers
* Experienced Auditors
* Experienced Accountants
* Experienced Computer Scientists
* Cybersecurity Experts
* Experienced Application Developers
* Experienced UX Designers
* Database Experts
* BigData Experts
* Experienced Data Scientists
* AI Experts
* Experienced Psychologists
* Experienced Psychiatrists
* Experienced Human Resource Managers
* Experienced Teachers
* Experienced Politicians

**Application Development**

Main Purpose:

* "To manage the Input Risk."

Responsible for:

* Understanding the concerns of the backend.
* Understanding the concerns of the frontend.
* Connecting the backend to the frontend.
* Testing the applications and programs to identify problems, and for highlighting any missing functionality.
* Communicating all points of concerns to the leaders of its sub-divisions.
* Reporting the current, past, and forecasted status of applications to the Public Relations Division.

Ideal Experts:

* Experienced Application Developers
* Experienced UX Designers
* Experienced Computer Scientists
* Database Experts
* BigData Experts
* Cybersecurity Experts
* Experienced Project Managers

**- Frontend**

Main Purpose:

* "To help the main division manage the Input Risk, and to provide a seamless user experience."

Responsible for:

* Developing state of the art applications for helping people interact with the database in a controlled manner.
* Taking feedback from users and adjusting the applications accordingly.
* Collaborating with Backend in the smooth development of applications.
* Reporting relevant information to the main division.

Ideal Experts:

* Experienced UX Designers
* Experienced App Developers
* Experienced Computer Scientists
* Cybersecurity Experts

**- Backend**

Main Purpose:

* "To help the main division—Application Development—manage the Input Risk."

Responsible for:

* Setting the structure of each database according to how it is intended to be used.
* Collecting data.
* Securing the data collected.
* Pruning the database.
* Making the data available in a useable form as needed.
* Establishing control procedures to help detect anomolies.
* Collaborating with Frontend in the smooth development of applications.
* Reporting relevant information to the main division.

Ideal Experts:

* Database Experts
* Experienced Computer Scientists
* BigData Experts
* Cybersecurity Experts

**Automation**

Main Purpose:

* “To help manage the Human Risk by controlled automation, and by the use of Expert Systems.”

Responsible for:

* Communicating with the relevant divisions and sub-divisions for understanding the technicalities, and for building the knowledge-base.
* Collaborating with the Application Development Division in developing the programs needed for successful management of the Human Risk, and in developing applications in a way that they support automation.
* Communicating with the Governance Division and the Public Relations Division to understand where human involvment is necessary, so that automation can be done in a controlled manner.
* Ensuring that the guidance from other divisions is accounted for, and that the relevant control procedures are in place for managing risks.
* Reporting the current, past, and forecasted status of automation to the Public Relations Division.

Ideal Experts:

* Experts of AI
* Experienced Computer Scientists
* Experienced Data Scientists

**- Accounting**

Main Purpose:

* “To add relevant information about accounting to the knowledge-base.”

Responsible for:

* Understanding the latest standards, research, and developments in the accountancy field.
* Updating the knowledge-base with the latest knowledge.
* Answering the queries of other divisions and sub-divisions regarding accountancy.

Ideal Experts:

* Experienced Accountants
* Experienced Auditors

**Resource Allocation**

Introduction

Resource allocation is not limited to the allocation of a resource to the right company, but also to the right cause, and to the right era. Allocation to the right company is necessary because even if you allocate a resource to the right cause and era, the wrong company will not be able to utilize it properly. The right company, then, is that company which knows how to optimally utilize the resource, mainly because of its experience with the same or similar resources and associated projects. The right cause is the highest cause, that which has the highest significance according to its urgency and potential for impact on the world. The right era is the era till which the resource must be preserved, for mainly the reason that the resource is scarce, and earlier consumption will deprive future generations of access to it. Since, with time technology generally improves, it is better to wait for technology to advance enough to utilize the scarce resource optimally.

[**Note:** Resources mentioned in the explanation of this division refer to the resources of the Rewardist countries, unless mentioned otherwise. Also, the ideal experts are the same in the Resource Allocation division and all its sub-divisions.]

Main Purpose:

* “To govern the resource allocation process.”

Responsible for:

* Identifying the different necessities and desires of the world, and then ranking them according to their significance.
* Setting the standards for resource allocation such that the meeting of those standards results in resources being optimally utilized.
* Communicating the different necessities, desires, their respective rankings, and the standards to the leaders of the RMs, and educating them about the best practices of resource allocation.
* Communicating with its sub-divisions to get a clear picture of the state of the resource allocation process. This state includes:
* what, and where, resources are, or will be, available,
* how resources have been allocated, and used so far,
* what the results of past allocations are, and whether they are better, equal, or worse than expected,
* what the intended future use of resources is,
* the opportunity costs, and
* how satisfied people and governments are with the services of the RMs.
* Further optimizing the resource allocation process according to the analysis and evaluation of the information received from the sub-divisions, while keeping in mind the previous decisions made, and their results.
* Reporting the current, past, and forecasted status of the resource allocation process to the Public Relations Division.

Ideal Experts:

* Experienced Economists
* Experienced Financial Analysts
* Experienced Investment Analysts
* Experienced Stasticians
* Experienced Computer Scientists
* Experienced Data Scientists
* Experienced Project Managers

**- Rewarding Formulas**

Main Purpose:

* “To formulate optimal formulas for optimal rewarding.”

Responsible for:

* Distinguishing the factors relevant to optimal rewarding from the irrelevant ones.
* Using different models to estimate the optimal weights of reward factors, where applicable.
* Running simulations, doing scenario analyses, and running stress tests to find out the ex ante effects of the formulas on the economy.
* Finding out the ex post effects of the formulas on the economy.
* Taking feedback from reasonable individuals about the appropriateness of the “difficulty level”, the effects of the formulas on their motivation and other aspects of life.
* Reporting the findings to the main division.

**- Companies**

Main Purpose:

* “To ensure that only the best companies are given access to the resources, and to enable the new companies to rise.”

Responsible for:

* Ensuring that uneconomical companies are not funded, and economical ones are.
* Reviewing performance of companies that were funded and acting accordingly.
* Governing RMs.
* Reporting performance of companies funded to the main division, along with the opportunity costs.

**- Forecasts**

Main Purpose:

* “Forecasting the state of the resource allocation process.”

Responsible for:

* Figuring out what, and where, resources will be available in the future.
* Figuring out how resources will be allocated in the future.
* Estimating the opportunity costs of future allocations.
* Estimating the ratings of people and governments, given to RMs, in the future.
* Communicating the findings to the main division—Resource Allocation.

**Talent**

Main Purpose:

* "To help humans realize their true potential."

Responsible for:

* Collaborating with other divisions in optimizing the whole process of the provision of necessities to people, so that people can focus on their life, instead of merely surviving.
* Taking feedback from people whether their needs are being fulfilled or not, and what improvements would they like to see, and reporting the feedback to the Public Relations Division.
* Understanding the optimal environment specific to each individual and helping them get that environment to help them perform optimally; kind of like Master Shifu understanding the best way to train Po.
* Preventing the violation of the rights of people.
* Highlighting any violation of the rights of people by asking them if they were forced to do anything, reviewing relevant documents, and reporting the findings to the Public Relations Division. People should not be forced to do anything, generally speaking, they can only be requested to do so. Exceptions can be made for army officers, and similar professionals. People also includes the people working in the WRMO.
* Recording the performance of the supervised talent.
* Reporting the current, past, and forecasted performance of supervised talent to the Public Relations Division.

Ideal Experts:

* Experienced Psychologists
* Experienced Psychiatrists
* Experienced Human Resource Managers
* Experienced Teachers

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Chapter 7: Deployment

So, if you gotta deploy a system, you gotta make sure that you first really understand what the system is. Plan should be so broad and yet, specific, that no ground should be left uncovered. Then it's just a matter of execution.

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Chapter 8: Why Rewardism