

Draft

Great Founder Theory

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I. Key Concepts

Theories of History

Why was Barack Obama elected president in 2008? Was it because he ran a smart and successful campaign? Was it because George W. Bush had effectively ruined the bid of any Republican candidate? Or was it because the American tide was generally shifting in the direction of empowering African-Americans?

If you read the news articles of November 4th, 2008, you'll notice something interesting: journalists explain this historic event in many different ways. Some journalists attribute the campaign's success primarily to the individual leading the campaign; others focus more on the political environment the individual competed in; still others explain it in terms of a general cultural shift.

These explanations are revealing — not necessarily of what actually landed President Obama in office, but rather of how each individual journalist conceives of the way things happen in the world. Through their explanations for the outcome of the election, we can glean a bit of their implicit theories of history.

Concept & Importance

A **theory of history** is an explanation of how things generally happen in the world, both in the past and in the future. If, for example, you subscribe to the Great Man theory of history, then you might explain events by looking at the influential individuals who shaped them. If you subscribe to a technological determinist theory, on the other hand, you might explain events in terms of the technologies that allowed for them. So, someone who is operating under the Great Man paradigm might explain Obama's election as a product of his and his staff's exacting efforts, whereas someone who adheres to the technological determinist view might attribute the win to the unprecedented use of social media, which mobilized previously uninterested voters.

Everyone has a theory of history, an explanation of why the world is how it is, an understanding of how the world changes and has changed. Everyone has to: without an understanding of how the world works, no matter how faulty, we would be prohibited from acting in what we believe is a safe way to achieve our goals.

That is to say, we don't just explain things with our theories of history; we act on them. If you believe that individuals have the power to significantly shape history, for example, you might be more inclined to make things happen yourself. If, on the other hand, you believe that the fate of the world has already been decided, or if you believe that history is inevitably heading in a certain direction, you may be less inclined to take a stand. After all, if it's going to happen, then it's going to happen. Therefore, if we're trying to change the world in a major way, it's vital that we come to believe the true theory of history. We need the true theory of history in order to act in the right way to improve the world, and we need to accurately predict the results of our actions. If we have an incorrect theory of history, we run the risk of producing unknown and possibly catastrophic consequences.

It's important here to note the distinction between the true theory of history, and the "true" theory of history that we're aiming for. The true theory of history will be unmanageably complex, because the number of factors that actually influence what happens in the world is very large. Because of its complexity, the true theory of history will be difficult to use to explain what's going on in the world. In aiming for the "true" theory of history, we are assuming the power law: we are assuming that there will be a small number of factors that have disproportionately large effects on the world, or that can explain the existence of other factors. We are aiming for a theory that generally explains how things happen in the world. Going forth, we will stipulate that the true theory of history is the theory that takes into account the core causes contributing to the world as it exists.

No One Has It

No one in the world has figured out the true theory of history. If they did, we'd know: they'd be extremely, visibly, powerful. There are many reasons why no one has figured out the true theory of history, some psychological and some practical.

There are at least three psychological reasons for why most people are deterred from finding the true theory of history. The first is that the vast majority of people only have an implicit theory of history. (Which is to say: most people do not even have the *concept* of a theory of history.) Here's the problem with relying on your implicit theory of history: it's wrong, without a doubt. The world is complex, and your theory of history has to explain how everything

in the world works. So, without explicitly trying to improve your theory of history, there is no hope: there will be countless things that you have not had the time or the psychological freedom to take into account. Improving your theory of history implicitly is not systematic enough to work.

The second reason why no one has managed to achieve the true theory of history is that many people endorse one theory of history while unknowingly acting on another. For example, some people explicitly endorse the technological determinist view of history even as they implicitly act on the Great Man paradigm: believing that it will require the work of remarkable individuals to create the technology that will save the world, for example, instead of believing that the inevitable progress of technology will do so. There can be many belief-based reasons for why people fall into this trap, but on a more basic level, people simply don't have a good sense of what their implicit theories of history are, or know how to access them, which means they cannot reliably align their intellectual and emotional beliefs. To some extent, acting on your implicit theory of history while operating under a different explicit theory is fine — after all, your implicit theory will for a while be more nuanced than your explicit one. What is problematic is to unconsciously act on one theory of history and proclaim another; this makes it very difficult to improve your implicit theory of history, which you act on.

The third reason is that people tend to switch between theories of history in an unprincipled way, which prevents them from noticing theory-threatening anomalies. And if they can't notice and explain seeming anomalies in their theory of history, then they can't improve their theory. If someone largely adheres to the Great Man paradigm, for example, but resolves any contradictions by falling back on the technological determinist view, then they've prevented themselves from justifying their understanding of the Great Man Theory, or realizing that their justification is inadequate or incorrect. Theory-threatening anomalies have to be resolved, not rationalized.

These are just a few of the psychological barriers that prevent people from making progress towards the true theory of history. But there's a simpler, more practical problem: the world is complex. In order to understand it, you need the right methodology, and you need a huge amount of properly processed data.

Social Technology

Concept

Although people are relatively aware of the material technology that powers their lives, they are less aware of the non-material technology that influences them – namely, social technology. Just as HTTP is operating protocol for the web, politeness is operating protocol for our social interactions.

When people do talk about social technology, they are frequently referring to social software, like Reddit. In this essay we take social technology to mean social engineering, a meaning that came about at the end of the 19th century. So: Reddit itself is not social technology, but the use of moderators is. Similarly, rockets are not social technology, but people agreeing to throw you out of the rocket if you keep trying to open windows is social technology.

Social technology works by convincing people to knowingly or unknowingly take certain actions, and by directing people's actions, it reduces coordination costs between people, causing them to work together more effectively towards a goal.

Importance

Let's understand the impact and importance of social technology on an individual, institutional, and societal level.

On an Individual Level

Social technology makes it easier for individuals to operate in their environment. If there are high coordination costs, everything in life becomes harder. What would life be like, for example, if you couldn't trust that people would follow through on contracts? What would life be like if there were no clear consequences for causing physical harm to others? Without coordination mechanisms to enforce these things, there are substantial psychological and logistical costs for individuals.

It is important to notice the existence of social technology and understand the ways it benefits yet controls you and other individuals – awareness of how you are being influenced is a prerequisite to choosing not to be influenced in that way. Admittedly, this can be hard; we are constantly influenced by social technology and thus are frequently unaware of it. It's also hard to understand social technology in certain circumstances, e.g. when it is inherited or when its purpose is intentionally concealed.

Furthermore, it is powerful to be able to create social technology – if you can direct people's actions, you will have a much greater influence over the world.

On an Institutional Level

Social technology makes it easier to scale institutions. The more advanced your social technology, and the more you can reduce coordination costs, the more effective your institution becomes. If you're building a purpose-driven institution (that is, an institution that isn't effectively a social club), then you will need advanced social technology to actually get your collaborators to hit the goal. Consider this: if you're building a team to save the world, should you motivate them by paying them lots of money and penalizing them if they don't show up? Or should you develop ways to find people who are intrinsically motivated to save the world, and equip them with the skills they need to figure out what to do? Which more effectively gets people to work towards the goal?

On a Societal Level

Social technology is required for society to exist: the default state of society is violence, not peace. If there is no social technology, if there is no coordination whatsoever, you will never know what to expect from others, and therefore must protect yourself – sometimes by hurting others. A society without any social technology is a society where institutions do not exist, where groups do not exist, where *family* does not exist. A society without social technology is a society where the only possible accomplishments are individual accomplishments, bounded by the psychological and logistical costs of the individual protecting him- or herself from harm. What does this matter to us, given that we all live in society, regulated by social technology? It matters because it renders certain criticisms invalid. For example, it does not make sense to say that certain norms in the Middle East, which may appear backwards to us, are destroying a peaceful

default state. After all, the default state is not peaceful. Instead, it makes sense to understand these norms as very expensive ways of dealing with real problems – problems that we may not have to deal with because we live in a society where there is more, or more effective, social technology in place. It means that when we notice someone exhibiting extremely costly social behavior, we should ask: what coordination costs does this help to reduce?

We should be aware of the symbiotic relationship between social and material technology. That is, the failure of social technology can cause material technology to fail, and vice versa. This is because if the social technology fails, causing people to fail to coordinate, then people might not be able to coordinate effectively enough to produce material technology. The failure of social technology can cause technological dark ages. Rome is an example of this. Long story short: the Roman state lost tax revenue; large scale construction ceased; architecture of this kind fell out of use; engineers became worse and thus technological knowledge (e.g. how to build an arch) was lost.

It's important to note that social technology comes with costs. In the process of building coordination mechanisms, you can also accidentally or intentionally reduce other things, like diversity and freedom of thought. Scandinavia, for example, is extremely homogenous, and this is in part because of the social technology that is employed there, such as the Law of Jante, a set of norms discouraging individual achievement and non-conformity.

Some Examples

Strategy

If people know strategy, they can know whether actions are useful for the plan, and choose to take those actions. So, teaching people particular strategies can reduce coordination costs. We might expect, for example, that a country that teaches its people effective military and business strategy will outcompete other countries militarily and economically.

Political Theory

Political theory constitutes the engineering principles used to create government. So, political theory is social technology that allows people to build, monitor, and fix government –

and organizations that function similarly (there is a thin line between creating countries and creating companies). Political theory can also function as an ideology; see below.

Government

Government, which is just a group of people that society has agreed it will listen to, is social technology. It is a direct actor – it can change laws, and laws directly change society. It is also an indirect actor whose reach goes beyond laws. It can make public statements about what is or is not desirable; it can create spinoff institutions and invest directly into ventures. Government can grant legitimacy to ad hoc actions. It can also just act in illegal ways.

Law

Law is a particularly clear example of social technology. Different legal systems can promote very different kinds of behavior. Take Roman versus Chinese laws. In both cases, your family has large rights over you. However, under the Roman system parents have to enforce those laws themselves, and under the Chinese system the courts help parents enforce them. This leads to differing incentives, and thus differing behavior. Law can be enforced in different ways. Under institutionalized codes of law, laws are enforced via punishment by the central institution. Under distributed codes of law, laws are enforced via punishment by wider society.

Ideology

Ideology can take different forms – religion, social movement, political theory. If people believe an ideology, it will shape their actions. If a religion dictates that families have to read the word of God for themselves, for example, then adherents to that religion will have to learn how to read. In this way ideologies have notable effects on society, whether they are true or not. Max Weber notes that Protestant societies have higher literacy rates than Catholic ones.

Social Norms

Social norms are an often invisible form of social technology. It is a result of social norms that we wear clothing in public, wash our hands, and spend time with family. It is a result of social norms that we have certain expectations around what our work/life breakdown should be, and how members of each social class should act. Even the notion of being professional, or

professionalism, is a social norm.

Education

Education in the broad sense (i.e. state-sponsored systems and otherwise) is social technology. By delivering knowledge to other people, you can reduce coordination costs, or alter people's value systems, which then reduces coordination costs.

Credentials

Credentials are artificial markings that allow people to identify experts and sort others. An example of this is a college degree. A degree is something that allows you to get a job where you otherwise couldn't have gotten hired. It is a social construct that is sometimes converted to a legal construct; for example, it can be illegal to practice architecture, law, or medicine without the right degree.

Traditions of Knowledge

Let's say you are designing a research program, and you're realizing that the topic you're hoping to understand is too big to cover in your lifetime. How do you make sure that people continue your work after you're gone? Let's say you are trying to understand what Aristotle would think about artificial intelligence. Should you spend time reading and trying to understand Aristotle's works, or can you talk to modern Aristotelian scholars and defer to their opinion? How can you make this decision? Both of these situations require an understanding of traditions of knowledge – in particular, an understanding of whether a tradition of knowledge has been successfully or unsuccessfully transmitted. But first: what is a tradition of knowledge?

Concept

A **tradition of knowledge** is a body of a knowledge that has been successfully successively worked on. It is useful to classify traditions of knowledge into three types: living, dead, and lost traditions.

- A **living tradition of knowledge** is a tradition in which the body of knowledge has been successfully transferred, i.e. passed on to people who comprehend it (e.g. cryptography). Note that the content of the tradition's body of knowledge does not have to be strictly or fully accurate for the tradition to be living; it merely needs to be passed on.
- A **dead tradition of knowledge** is a tradition in which the body of knowledge has been unsuccessfully transferred, i.e. its external forms, its trappings, have been transferred, but not the understanding of its body of knowledge (e.g. scholars who can recite Aristotle but can't use arguments as he did; Buddhist monks who chant the instructions to meditation rather than doing meditation itself). Note that this means a tradition can be dead while people still read its texts.

- A **lost tradition of knowledge** is a tradition that has not been transferred at all (e.g. numerous schools during the Hundred Schools of Thought period in China; the theology of the Cathars, which is only preserved in the words of their critics). The people who had the knowledge died without leaving any successors or substantial record of their knowledge.

It can be difficult to distinguish between different traditions of knowledge. There are traditions within traditions, and there are traditions that become fellow travelers, in the sense that they are related to but merely adjacent to one another. There are also traditions that have a long history of arguing against each other.

Importance

It matters whether a tradition of knowledge is living or dead. This is obviously the case if you are starting a research program – you want the tradition you start to stay alive. Whether or not the Aristotelian tradition is dead also matters if you are trying to understand what Aristotle would have thought about artificial intelligence: it determines whether or not you can trust the "authorities" on Aristotle – if the tradition is dead, then their expertise will not be helpful to you. It also matters if a tradition of knowledge is lost: this will inform your understanding of what it is possible to know about that tradition. For this essay, we will focus on understanding how to distinguish between a living and a dead tradition. This can be tricky; it's hard to trace traditions of knowledge, so it's also hard to notice when they die.

Assessment

How can you tell whether a tradition of knowledge is living or dead? First, you have to be able to identify signs that indicate the existence of a tradition of knowledge. You have to be able to recognize signs that indicate the existence of a tradition at all, then determine whether those signs taken together indicate that the tradition is dead or that it is alive (the signs used to recognize the existence of a tradition are the same signs used to distinguish between living and dead traditions).

Signs that indicate the existence of a tradition of knowledge vary in the degree to which they indicate that a tradition is alive, that understanding has been passed on. A collection of signs that weakly or do not at all indicate continuity of understanding without any signs that strongly indicate continuity of understanding is a sign that the tradition under investigation is dead. Below are common signs.

Signs of traditions of knowledge:

(These are listed roughly in order from best to worst indicators of a living tradition)

- The production of a notable effect (e.g. powerful generals, well-balanced swords). It is possible for a notable effect to be produced without understanding, for example by following a set of instructions. In practice, though, the production of notable effects requires actual understanding because effective action is too complex to be captured in instructions.
- Shared methodology (even if not explicitly stated)
- Shared concepts (even if under a different name)
- Shared conceptual framework or theories
- Extension of the theory in the tradition (i.e. new ideas based on shared concepts)
- Master/apprentice relationships
- Explicit knowledge of specific arguments
- Shared terminology
- Accreditation (depends on quality of accreditation system)
- References to specific authors
- Familiarity with a person's works
- Existence of a physical location where the tradition is ostensibly kept (e.g. a prestigious university)

A Cautionary Note

It's important to remember that in order to trace traditions, *you have to investigate the actual transfer of knowledge*. This means that you can't, for example, rely on the existence of a physical location where the tradition is supposedly kept to justify that the tradition is alive. There are many possible scenarios in which a tradition has died or been lost, and yet the physical location has been preserved. A useful way of determining whether a tradition of knowledge exists and is living is by investigating chains of master/apprentice relationships. When looking at the works of masters and apprentices, you can tell whether there are shared methods, concepts, ideas, and so forth. Furthermore, the existence of master-apprentice relationships at all is an indicator of a living tradition, because master-apprentice relationships are especially effective means of knowledge transfer (this is borne out by the historical record).

Live Traditions

What keeps a tradition of knowledge alive? First, let's review our definition of a living tradition of knowledge: A **living tradition of knowledge** is a tradition in which the body of knowledge has been successfully transferred, i.e. passed on to people who comprehend it.

Features of living traditions

Apart from the transfer of the tradition's knowledge itself, there are features that traditions can have that promote their survival. For example:

- Transfer of verification mechanisms, i.e. mechanisms to check the body of knowledge against reality
- Transfer of mechanisms to check the transferred body of knowledge against the original body of knowledge so as to correct errors in transmission
- Transfer of the generating principles of the body of knowledge (which allows people to verify, correct, and extend the theory), like theorizing techniques
- Explication of the generating principles of the body of knowledge and transfer of this explicit knowledge. This is different from transferring the generating principles themselves, which must be understood implicitly to be truly transferred.

- The production of masters, as opposed to mediocrities or even experts. Masters are more likely to be capable of preserving, extending, or reconstructing the tradition as necessary.
- Teachers that can reliably assess whether students understand the knowledge, to prevent the Counterfeit Understanding Problem, explained below
- An institution dedicated to keeping the tradition alive
- Institutional defenses against the takeover of the institution, e.g. a test or requirement for entry

Remember: *traditions of knowledge are preserved intentionally*. It's hard to keep a tradition of knowledge alive.

Dead Traditions

The overwhelming odds are that traditions become lost or die. Decay is the default; entropy usually prevails. This can happen for many reasons, including:

Problems related to transferring a body of knowledge

The Problem of Counterfeit Understanding

Students of a tradition can appear to possess understanding of a tradition's body of knowledge despite actually lacking it. This is counterfeit understanding. This can happen if students merely reproduce the teacher's verbal behavior, are trying to guess the teacher's password, or are simply cheating. This can also happen if teachers cannot correctly assess whether the students have achieved real understanding.

Some types of knowledge are particularly vulnerable to counterfeit understanding, such as knowledge about introspection, which is quite difficult to verify. Even types of knowledge that we might think are robust to counterfeit understanding may not be. Don't make the mistake of thinking that institutions that produce material effects, for example, have an easier time transferring knowledge.

There are a number of sub-problems that exacerbate the problem of counterfeit understanding:

The Problem of Standardized Education

Standardized education is useful because, among other things, it is easily scalable, but standardized methods of education (e.g. standardized tests as a means of assessment rather than non-standardized evaluations by masters) tend to produce counterfeit understanding because education is too complex to be easily standardized.

The Problem of Purported Change of Purpose

Sometimes counterfeit understanding will be concealed by hiding the resulting loss of capacity as change of purpose. If a country has failed to keep the knowledge of how to make swords alive, for example, they might conceal it by saying, "We don't need to make swords! The style of combat has changed to favor spears."

The Difficulty of Recognizing Understanding

Being able to tell whether people have true or counterfeit knowledge is a difficult skill. Even a master in the tradition's knowledge itself may lack this ability.

The Lack of Awareness of Implicit Models

People who don't understand the distinction between implicit and explicit models, and who thus can't or don't transfer their implicit models, will fail to transfer the actual body of knowledge, unless the entire body of knowledge has been successfully made explicit, which is exceptionally difficult.

The Problem of Lost Generators

If the generating principles of a tradition's body of knowledge are not transferred, then students of this tradition won't be able to re-generate knowledge that has been lost (and the loss of some knowledge is practically unavoidable) or generate new knowledge that builds upon the tradition. Barring complete knowledge transfer by every generation, which is extremely difficult, this will result in the decay and eventual death of the tradition.

The Problem of Syncretism

Syncretism, or the amalgamation of different schools of thought, is a moderately negative sign that people may be failing to transfer a tradition of knowledge. While syncretism is fine if it is an upgrade to the tradition, it is often difficult to tell if it yields an upgrade. Syncretism indicates a dead tradition if: (1) people are trying to import something into a system that doesn't make sense, (2) people are importing things because the original tradition stopped making sense to them, or (3) if the institution which has served to transmit the knowledge has been captured (see below).

Problems related to creating an organization

The Problem of Creating a Single Point of Failure

Although creating an institution dedicated to transferring a tradition of knowledge is very useful, and is necessary to preserve a tradition in the long run, it can also be dangerous. By institutionalizing a tradition, you can also introduce single points of failure. The bad judgement of one teacher at an organization, for example, can yield a whole class of students whose thought is severely damaged.

The Problem of Institutional Capture

If an institution built to transfer a tradition of knowledge gains power or prestige, it will attract people who want to use the institution for other purposes than the preservation and development of the tradition. Once the institution is captured for the power it holds, and the goal of the organization is no longer to transfer the tradition, the body of knowledge can easily fail to be transferred. Some types of knowledge are extremely vulnerable to institutional takeover, e.g. traditions involving political theory, because every social theory is also an ideology.

There are various ways to defend a tradition from death by institutional capture. One way is simply to understand the tradition – it's much easier to defend it if you understand it, because others can't distort it while you're unaware. Another way is to tie resources to the propagation of the tradition, e.g. by dedicating a grant to fund people who only work on certain texts. Implementing these defenses, however, is tricky. If you overdo the defense mechanisms, they may prevent the successful transfer of knowledge. You can imagine a grant tying people to a

particular work being detrimental if actual understanding is achieved by reading a different work, and there is no financial incentive to read that work. On the other hand, if you underdo the defense mechanisms, and the institution is captured, the tradition will die just the same.

Live versus Dead Players

When looking out into the world, it's useful to distinguish between live versus dead players. A **live player** is a person or a tightly coordinated group of people that is able to do things they have not done before. A **dead player** is a person or a group of people that is working off a script, incapable of doing new things.

Importance

This distinction matters because it tells you how to act, offensively and defensively. Offensively, if you figure out whether a player is alive or dead, you can predict how they will respond to things and what that means you can do. If you find out that a player is dead, then you know that you can attack them in ways that are not known to them, and they will not be able to fight back. On the other hand, if you fail to figure out that a player has died, you might not realize that you can get away with replacing them. Defensively, paying attention to live players allows you to anticipate and prevent the grabbing of power, for instance.

The distinction between live and dead players also matters if you are trying to predict the future of society. If you pay attention to the landscape of live versus dead players in a society, you can predict what will happen in that society. Societies with few live players will stagnate; societies with many live players will develop and adapt.

Below we'll describe the characteristics of live versus dead players in greater detail, which will help in distinguishing between them.

Live Players

Let's review and explain the definition of live players. A **live player** is a person or a tightly coordinated group of people that is able to do things they have not done before.

Some Necessary Elements of Live Players

Tight Coordination

A group must be tightly coordinated in order to be flexible and responsive enough to do things they have not done before. This allows them to take moves outside of the formal structure of the group, go off script, modify themselves, continue acting even if the outer form dies (i.e. imagine a team of people being able to continue working together even if the company formally blows up), and so forth.

A Tradition of Knowledge

The generation of new tactics, strategies, coordination mechanisms, and so on entails the production of new, useful knowledge. Thus, a live player must have a living tradition of knowledge. For the tradition of knowledge to be living, it must have at least one theorist, among other things.

Signs

What are signs that a player is alive? One strong sign is a player doing things outside of their domain, which indicates that they can figure things out. Take Steve Jobs. Not too long ago, we saw Apple fighting against compliance with government backdoors. This means that Jobs had previously found a way around compliance, which means that Jobs was able to figure out ways to deal with the intelligence world. This was outside of his core domain of building companies. This is a strong sign that Apple, at least while piloted by Steve Jobs, was a live player. Another sign of a live player is exceptional individuals gravitating towards them. Such individuals tend to be good at assessing others, and will tend to seek out others who are also exceptional. If they cluster around a person or group, there is something exceptional about that person or group. Successfully reverse-engineering an attack is another, albeit weak, sign of a live player. Those who can make novel moves will also tend to be able to reverse-engineer moves, but those who can reverse-engineer moves often lack the ability to create novel ones.

Concealment

Live players frequently conceal themselves to avoid opposition from other live players or otherwise incite attacks. By concealing themselves, they delay other people's responses to them.

For example, Amazon branded itself as a book-selling company long after it stopped being merely a book-selling company. This helped it avoid having Walmart think of it as a competitor.

Note on Classification

Whether a player is alive or dead is always relative to themselves. Thus, a live player is not necessarily exceptional in its skill, although this is usually the case. So if a player has already done X, doing X again does not make them a live player, even if other players can't do X yet or X is an impressive move. The player would have to make a move that is new for them in order to be a live player.

For example, Putin is a live player. The Russian state is doing things they haven't done in a long time, things that were unthinkable a few years ago. They annexed Crimea, for example, and such a thing hasn't been done in Europe for decades. They also completed a military operation in Syria, notable in part because Syria is outside of Russia's sphere of influence (i.e. the post-Soviet sphere), where they achieved their foreign policy objective of stabilizing Assad. They didn't have much time to develop the plan for Syria – perhaps three years – which means they had to pull things together quickly. And so this is a very strong indicator that Russia can figure things out, and quickly at that. *However*, one country having this kind of influence over another country is nothing new – it's merely new for modern-day Russia, which is why we would deem Russia a live player. This same action taken by France in Mali would not indicate that France is a live player, for example, because France has routinely intervened in West Africa. A bureaucratized action, even if it is an impressive action, is not a sign that the player is alive.

Dead Players

We defined a **dead player** as a person or a group of people that is working off a script, incapable of doing new things.

Causes

What can cause a player to die? A player will die if their intellectual tradition dies and they are unable to replace their thinkers or theorists. Even if tight coordination remains, the player is dead. They will compete in old areas, but have a hard time expanding into new areas.

A player will also die if their tight coordination is replaced by formal structures, which can happen as members of an organization change. If you're stuck in formal structures, you have to follow the script, and this won't be adaptive enough. Remember, however, that tight coordination can be achieved by just one exceptional person.

Revival

How can you revive a dead player? It only takes one great person to revive a dead player. That said, reviving a dead player is challenging – more challenging than reviving a dead tradition of knowledge. In order to revive a dead player, you have to displace an existing power structure. It is frequently easier to do this by conquering the existing power structure with outside, owned power, than by trying to transform the player from dead to alive from the inside. This is because a dead player, if it is an organization, may contain mechanisms that preclude insiders from gaining enough power to restructure it into a live player.

Example

The FBI is a dead player. It became much less interesting and powerful after J. Edgar Hoover's death. At that time, it was almost an intelligence agency; now it is a glorified police force. It is incapable of adapting, grabbing power, and so forth.

Detection

It's much easier to detect live players than it is to detect dead players. This is because seemingly dead players might actually be alive (and playing dead).

Borrowed versus Owned Power

What this model is

Borrowed versus owned power is a classification system that distinguishes between power that can be taken versus power that cannot be taken.

What this model does

The distinction between borrowed and owned power is important for understanding power dynamics, which is important for understanding the world. It is a prerequisite for understanding what sorts of strategies do and do not work. As such, it is extremely useful for:

1. Personal strategy
2. Competitive strategy
3. Analysis of the strategic landscape
4. Institutional design

Theory

Borrowed vs. Owned Power

Power is the ability to realize your will, to affect the world in ways you desire, to achieve your goals. Some things are sources of power. **Borrowed power** is power that has been given to you and can be taken away by someone else. **Owned power** is a source of power that cannot easily be taken away. For example, say Bob was hired by the Janet the CEO to manage the office and can be fired by Janet. If Janet fires Bob, Bob loses the power to assign work to the employees at his office. As such, Bob's power to assign work was *borrowed power*. After Bob is fired, he might write an angry email to Janet. Janet cannot easily take away Bob's power to write angry emails, so Bob's ability to write angry emails is an example of *owned power*.

Whether or not power is owned or borrowed is relative to a competitive context. A person's job may be owned relative to their coworkers, but borrowed relative to their boss. Additionally,

borrowed vs. owned power is not a binary distinction but a spectrum. A source of power is owned to the extent that it can be defended. For example, money is in most contexts best thought of as owned power, even though it can be stolen.

Owned power is better than borrowed power

Owned power is superior to borrowed power for obvious reasons; it's better to have something that can't be taken away than something that can, as long as that thing is valuable and all else is held equal. Thus, one seeking power should prefer owned power. Furthermore, ambitious multi-step plans practically require owned power, and so one seeking to execute them must prioritize acquiring it. This is because for plans of sufficient length and ambition the plan you actually execute usually differs significantly from the plan you created at the start. This is the result of many overlapping factors. Executing a plan allows you to see more clearly whether parts of your plan will or will not work, yielding plan updates. Increases in power give you access to special information that would otherwise be inaccessible. As such, we should expect that any ambitious, long-term plan will change significantly over the course of its execution, even if the goal and the broad outlines of the plan do not change. Because these changes cannot be foreseen, power that is less constrained in its use is desirable, and so owned power, being less constrained in its use, is preferable to borrowed power.

Examples of sources of borrowed and owned power

Sources of borrowed power:

- Bureaucratic appointments
- “Professional” relationships

Sources of owned power:

- Knowledge
- Personal relationships
- Possessions
- Money

Methods for Categorizing Powers

To discern whether a source of power is borrowed or owned, check whether the source of power is at risk of being taken away. For example, consider Microsoft competing against other tech companies like Google and Apple. Are Microsoft's real estate assets an owned or borrowed source of power? In this case, the real estate assets are a source of owned power, because Microsoft is not at risk of having the assets taken from them. Microsoft's tech competitors cannot easily threaten Microsoft's ownership of the properties.

You can also check whether the source of power can be used in all strategic circumstances. Imagine that you are a post-doc researcher at a university and you receive funding by working on a 10-person project with a professor. Is your source of funding borrowed or owned power? In this case it is borrowed power, because your personal strategy is constrained by the risk of losing your funding. In particular, if you decided you wanted to work on a solo project instead, you would seriously risk losing your funding source. Since the source of power cannot be used for many strategies, it is borrowed power.

When using the previous two methods of analysis, we must keep in mind that the same source of power can be owned or can be borrowed depending upon the context of competition. For example, a programming job could be considered a source of owned power in the competitive context of a socially incompetent co-worker on your team, as they lack the necessary knowledge or skills for appealing to the people who could fire you. That said, if this person became aware that you have been feeding your company's strategy to the CEO of a competitor company where you have a large equity stake, your job would be best considered a source of borrowed power. As such, when analyzing a player's sources of borrowed and owned power, you must select a context of competition.

Let's return to the Microsoft example. We claimed that Microsoft's real estate assets were a source of owned power. This is true in the context of Microsoft competing against other tech companies. However, this is no longer true if we consider Microsoft in competition with the US government. Running the test of whether or not Microsoft is at risk of having their real estate taken away by the US government, we see that Microsoft would need to be able to physically defend their real estate to have it be a source of owned power when in competition with the US government. This is because the government can send police and military units to seize the

property. If Microsoft had a large militia willing to defend the property, it might be a source of owned power. Otherwise, in this context of competition, the real estate is borrowed power.

Ways to Gain Borrowed Power

There are several common routes to acquiring borrowed power. The first and most common is what people usually call “getting a job”. For instance, getting a job as an accountant at an insurance company gives you the borrowed power of managing that company's finances. Every official position confers borrowed powers, because official positions require you to render services for the group that hired you. The very right to render such services, the expectation of remuneration for such services, and access to the resources necessary to render the services are all borrowed powers, as they can be taken away by the employer.

Certain types of owned power are particularly useful for acquiring borrowed power, first and foremost persuasion. Since every occasion of acquiring borrowed power entails someone else *giving you* some of their power, they need to first believe that doing so is a good idea. Obviously, being able to convince people of things generally makes this much easier. Another is detailed knowledge about the system in which you hope to gain power. For example, knowing the interview questions you will be asked ahead of time makes it dramatically easier to get offered the position for which you are interviewing.

Developing specialized skills and then offering them to others is another way of acquiring borrowed power. An example of this is someone who employs themselves simply by offering their skill – for example, a music teacher or a hairdresser. Another instance of this is someone seeking employment as an executive assistant. People who are exceptionally organized, reliable, and socially skilled will often make good executive assistants. Such people can then reasonably ask to manage many aspects of powerful people's lives for them.

It is possible to choose sources of borrowed power that also provide some owned power. An executive assistant, for example, could learn from and about their employer, and such knowledge would be a source of owned power. Improving your understanding of and ability to acquire borrowed power is a great way to improve your plans for acquiring owned power.

Ways to Defend Borrowed Power

Remember from our definition of owned power earlier that owned power is just power that can't be taken away. As such, when we talk about defending borrowed power, we are really talking about turning borrowed power into owned power in a particular competitive context.

The first and most important way to turn borrowed power into owned power is by exploiting information asymmetries. When power is lent, a certain amount of owned power is given to the borrower due to the information asymmetry that practically inevitably comes to exist between the lender and the borrower. Let's say you get a job as a night security guard at a hotel. Nothing ever happens because the hotel is in an upscale neighborhood, so you spend all of your time reading comics instead. The person that hired you would probably fire you if they knew that you were spending all of your time reading rather than patrolling the hotel, but if they don't know and can't find out that you aren't on patrol (this is the information asymmetry), then they can't fire you for it, so the position is more a source of owned than borrowed power in this context.

More precisely, information asymmetry is created whenever power is lent, because the lender can never have complete knowledge about the actions of the borrower. Indeed, the whole reason why power is lent is often because the lender does not want to spend the time or resources necessary for dealing with a particular problem (in the hotel case, the hotel owner doesn't want to have to personally guard her hotel). As power borrowers are incentivized to maximize the information asymmetry between themselves and their lenders, borrowing and lending power is inherently adversarial. In response, power lenders are incentivized to spy on their borrowers. Stated slightly differently, power borrowers want to make borrowed power owned power. Power lenders want borrowed power to stay borrowed, as the power was theirs in the first place.

The ability of a system to lend power without losing ownership of it increases as the difficulty and cost of surveillance decreases. Likewise, the ability of a borrowed power system to accomplish the goals of its creator increases with the system's ability to minimize the information asymmetries within the organization. For example, if the hotel has a camera system that can automatically detect whether or not the security guard is on patrol, he will be much less able to spend the time reading comics (thus making the position more borrowed).

While exploiting information asymmetries is the most important method of defending borrowed power, there are other methods available as well (though many of them will exploit a similar mechanic). One is to change the lender that you are using for a particular power. Another is to do your job well, causing the lender to decrease the level of surveillance on you. A third is to make the lender unwilling to rescind the lent power (perhaps due to your having blackmail material or due to you being so skilled at your job that finding someone else to do it would be extremely difficult). There are many other strategies of this sort.

Ways to Gain Owned Power

How do you acquire owned power? One way, as we've discussed, is to convert borrowed power into owned power. For example, say you are a young software engineer planning to start your own company, but you are working at a startup to gain more expertise. Developing strong personal relationships with as many of your co-workers as possible can be an excellent way to capture owned power. This is converting borrowed power into owned power, because you currently have professional relationships with many of them due to your job. Developing personal relationships allows you to continue to use them as resources even after leaving the company. This is often known as “developing a network”, something which can be critically valuable for future ventures. Another way to acquire owned power is to acquire sources of power that are by their nature strongly fortified, like skills, personal relationships, and resources.

II. Core Theory

Competition for Power

Introduction

What this model is

This model is about competition for power. Combining an understanding of the people competing, the nature of the competition, and the nature of the power competed over, it extracts important principles about the competitive nature of our world. This yields insight into the competition one should expect as the size of one's presence in the world increases.

What this model does and who should care

This model is useful for understanding the global strategic landscape. As such, this model is useful for people crafting regional and global strategy, that is, strategists. It is also useful for aspiring strategists, and for crafting personal strategy.

On Competitors

There are certain common features of the people that compete for power. It is worth discussing these before we explore the nature of their competition.

1. Ambitious people usually end up more skilled than unambitious people

This is because ambitious goals require significantly more skill to achieve than unambitious goals. As such, ambitious people will be strongly motivated to develop the skills necessary for achieving their ambitious goals. Greater motivation to develop the necessary skills tends to yield greater skill levels.

2. Ambitious people will go to the places where power and prestige are concentrated

Ambitious people are often interested in winning resources, such as prestige, money, and power. As these resources are highly concentrated in particular places, skilled ambitious people tend to go to the same places and enter the same domains of competition. New York for finance, the Bay Area for tech, and Washington DC for politics are the three canonical examples of this in

the United States. We should expect to find a very large number of ambitious people in these places competing against one another, and we should expect to find relatively few ambitious people outside of these areas. Though, as I'll explain in more detail later, such places are not always or even often so well known as these examples.

3. There a Pareto distribution of skill.

Some people are dramatically more skilled than others and are thus able to accomplish things that others cannot. For example, very few people have the skill to found a company. Far fewer have the skill to found a successful company. Fewer still can found and run a successful company that does anything at all interesting. While the statement above is an empirical claim, there are two primary theoretical explanations for this phenomenon, the first dealing with absolute levels of skill and the second with relative levels of skill. Since these explanations are a bit lengthy and are not part of the thrust of this essay, I have left them to a comment at the end.

4. People that are both ambitious and strategic seek to acquire owned instead of borrowed power.

This is because owned power can be used for whatever strategic aim you might have, while borrowed power is significantly more limited in its usage. Furthermore, highly ambitious projects require owned power. For example, you need owned power to successfully found a company. You even need owned power to successfully climb the ladder in competitive borrowed power systems (e.g. government bureaucracies).

5. At any point in history, there are only a few good places to gain large amounts of owned power.

In the middle of the 18th and 19th centuries in the British Empire it was the colonies. At the turn of the 20th century in Texas, it was the burgeoning oil industry. While the details differ across time and place, it has always been the case that there are relatively few at any given time.

6. The best places to gain owned power are very difficult to find, and thus those who find them are highly skilled.

The best places to gain owned power are new places. Those that have been good for gaining owned power for a while are better known and thus more competitive, and sometimes they aren't actually good places anymore; the source of power that they centered around has

dried up or been locked up by earlier players. This is especially true of great centers of power like Washington D.C. today or Rome during the time of Caesar. As a result, the best places to gain owned power will be far from the center and not prestigious. For example, moving to Texas to compete in the burgeoning oil industry was less prestigious than competing in finance in New York or politics in DC at the time, despite being a much better route to owned power. Julius Caesar conquered Gaul to win the allegiance of his legion such that he could return to Rome with enough owned power to be named Dictator by the Senate. Leading an army to conquer Gaul is grueling work compared to residing in Rome in relative comfort. Gaining owned power is dirty. To make matters worse, good places are deliberately concealed by those going there gain power, as they want to avoid additional competitors. All of this means that the best places to gain owned power are very difficult to find.

The sum of all of the previous claims is the following: **people that are ambitious, strategic, and highly skilled will converge on the few available routes to gaining owned power.** These people will be among the most skilled and competitive players that exist. As such, if you are aiming at gaining large amounts of owned power, you should expect to reach the maximum level of difficulty and intensity of competition very quickly. Since sources of owned power are usually away from the center, this means that some of the most vicious competition will occur in unusual places (both geographically and intellectually).

On Competition

Now that we have some understanding of the players competing for power, let us explore some of the important features of competition itself.

Limited vs. unlimited action

We can draw a distinction between two types of actions in competition – limited action and unlimited action. **Limited actions** are competitive actions taken to compete that pertain directly to the competed domain and that stick to the “rules” of the competition. For example, if competing in an essay competition, a limited action would be trying to write a *really good* essay.

Most people only compete using limited actions. **Unlimited actions** are actions taken to compete that do not pertain directly to the competed domain or do not stick to the rules.

Unlimited actions are usually directly aimed at competitors in the domain. Befriending the judges of the essay competition to make them positively biased towards your essay is an example of unlimited action. Unlimited actions are often considered to be unfair. Most people do not take unlimited actions when competing.

Four limitations on competitive action

There are four primary ways in which players' competitive actions can be limited. First, some means of competition are **monopolized**. For example, most national governments have a monopoly over the legitimate use of violence. As such, competitors in an essay competition are unlikely to murder one another to increase their odds of winning, because they would likely suffer the punishment of the US government.

Second, some methods of competition cannot be accessed due to players being **insufficiently skilled**. For example, it takes some amount of skill to use proxy warfare against a competitor. It is unlikely that low-level players will be aware of the possibility to do this, and if they did attempt the strategy, they would fail to execute it. Many competitive strategies only become available once a player has reached a sufficient level of sophistication.

Third, some actions that would otherwise increase a player's chance of victory are deemed **off-limits** by the competitors themselves. For example, most competitors in the essay competition will be unwilling to consider ways to sabotage their competitors. Not sabotaging opponents in this case might be the correct move as there might be no good way to do so without a high risk of getting caught. However, this is not the point. The point is that the competitors do not even consider these strategies, such that if there were a safe and reliable way to sabotage the competitors, they would not find it.

Fourth, competitive action can be limited by **personal incentives**. Players will pursue strategies that best accomplish their goals. An action may be effective with regard to the competition, but not with regard to a competitor's broader goals. For example, President Truman may have been able to achieve global American hegemony by nuking the Soviet Union after World War II, but have chosen not to because he did not want to kill millions of people. It might be a bad idea to sabotage competitors in an essay contest due to the potential reputational damage if caught and the meager benefit of winning the competition.

Competition between people who are ambitious, strategic, and skilled will tend to be particularly vicious because the second, third, and fourth constraints will either not apply or only apply in a limited way. First, since the players are highly skilled, competitive strategies that require high levels of skill are accessible. Second, these players will limit their strategic actions much less than other players, because the stakes of their competition are usually higher.

There are two remaining important features of competition: the tendency for competition to become symmetrical and the importance of good public relations.

Symmetric, escalating competition

Competition among strategic players tends to become symmetrical because strategic players will reverse engineer strategies that their opponents use. As such, as soon as a single competitor uses a strategy, all other competitors gain that strategy as well. For example, if one company gains an advantage over competitors by reducing costs using a Pakistani programming company for basic coding tasks, other companies will then rush to imitate the strategy to remain competitive.

Offensive moves in competitive environments result in escalation. For example, imagine two companies dominate an industry in a particular country. One provides to the eastern half of the country while the other provides to the western half. If one of the companies contests the other's territory, the other must contest in return, lest they lose too much business and demonstrate an unwillingness to fight, inviting further attacks. Such escalation would be net-negative for both companies. To avoid this, they will sometimes not contest the other's territory. These dynamics will be common in situations where no competitor has a clear advantage, and will often result in spoken or unspoken agreements among competitors to not engage in certain types of competition.

Nonetheless, competition among strategic players will tend to escalate because victory requires escalation. If a competitor wants to win, as such competitors often do, they will not indefinitely tolerate a stalemate like that in the example above. They will seek novel strategies to defeat their opponents, and they will find them. Executing new strategies is an escalation in itself, and if opponents reverse-engineer them, as they often do, there will be further escalation. Thus competition at the highest levels tends to escalate.

Competition is hard to spot

Finally, competition among ambitious, strategic, and skilled players is usually hard to spot due to good PR. Being strategic is necessary for acquiring power, because the places and methods for acquiring power are not obvious. Once strategic players locate these areas, they will seek to conceal their existence so as to minimize the entry of other players into the area. Since competition is a sign of these areas' existence, they will seek to conceal competition. They will also seek to conceal that they are strategic players.

There are three consequences of this. First, the paths to power available to the naive aspirant are mostly false paths. Second, the actual paths to power pursued by strategic players are very surprising to a naive observer. Third, it is very difficult to develop a correct understanding of the strategic landscape.

Conclusion

Along the path to power, it is necessary to take competition seriously. Ambitious, strategic, and skilled people gather in the places where power is available. This means that if one is on track, one will encounter extreme competition. It is important to postpone such competition as long as possible, to be ready for it when it does arrive, and to be able to discern between innocuous and actually threatening attacks. In a world in which vicious competition is real, it makes sense to be paranoid.

Ending Note: Two Theories on the Pareto Distribution of Skill

The first explanation for the Pareto distribution of skill is the Completeness Hypothesis. It is the idea that having *all* of the important pieces for producing an effect makes that effect much, much larger than having *most* of the pieces. For example, having 100% of the pieces for a car produces a very different effect than having 90% of the pieces. The four important pieces for producing mastery in a domain are good feedback mechanisms, extreme motivation, the right equipment, and sufficient time. According the Completeness Hypothesis, people that stably have all four of these pieces will have orders-of-magnitude greater skill than people that have only two or three of the components. This produces the Pareto distribution we observe.

The second explanation is the Efficacy Arms Race Hypothesis. This theory claims that for many things, one's ability to accomplish them is determined by relative rather than absolute skill; to succeed in competitive domains, beyond a basic threshold of skill you just need to be better than everyone you are competing against. Consider for example the skill required to create a successful restaurant. Beyond the relatively low level necessary to make the restaurant not terrible, the skill required will be determined by the skill of one's competitors. It will be a lot lower in Boise than in New York City. If everyone in the ancient world had been as skilled as Alexander the Great, he wouldn't have been Great. Certain players can hugely out-compete others due to their greater *relative* level of skill rather than their absolute level of skill.

Empire Theory

Introduction

What this model is

Empire Theory is a framework for understanding and practicing competitive strategy. Competitive strategy is the art of defeating opponents. Competitive strategy is not for choosing where to compete, but once you have chosen where to compete, competitive strategy is how you *win*.

This model describes and predicts some patterns in how actors behave depending on their position in a strategic landscape. Knowledge of these patterns allows us to understand and predict the actions of others and choose the best course of action for ourselves.

What this model does

The two primary ways we can use this model are:

1. To develop a clearer understanding of our strategic landscape
2. To craft competitive strategy

We can use it to develop our understanding of a strategic landscape because knowledge of the patterns of players in a strategic landscape allows us to infer a lot about the strategic landscape using relatively little evidence. We can use it to craft strategy because a deeper understanding of common strategic moves and opponents' incentives allows us to better predict, plan for, and respond to their behavior.

Part I: Basic Ideas

Empire

An **empire** is a group of coordinated actors that operate around some central power. By coordinated actors I mean actors that have discernible mechanisms for aligning their actions to achieve particular goals. By a central power, I mean some actor or actors causing other actors in the region to coordinate. The actual central power may not be the ostensible central power. For example, a startup might be de facto run by its CTO rather than its CEO. Note that in this essay, I use the terms “actor” and “player” interchangeably.

Examples of empires

- A company
 - **Coordinated actors:** Employees, business partners, customers
 - **Central power:** The CEO / executives
- A government
 - **Coordinated actors:** The civil service, the military, corporations, citizens
 - **Central power:** the king / the president / the legislature
- The Muskiverse
 - **Coordinated actors:** People at SpaceX, Tesla, Solar City, and the Boring Company, perhaps others
 - **Central power:** Elon Musk

The fractal nature of empires

Empires are fractal. This means that when you look at an empire, there will be sub-empires within that empire. For example, consider the Catholic church. In the Catholic church, we could consider the coordinated actors to be the global Catholic clergy and lay people and the central power to be the leaders at the Vatican. However, it also makes sense to consider a single parish as an empire where the coordinated actors are the members of the parish and the central

power is perhaps the priest. Likewise, a social movement like Effective Altruism could be considered an empire where the coordinated actors are the members of the movement and the central power is the cluster of people and organizations guiding the ideology and strategies of the rest. That said, an individual organization within the movement could also be considered an empire.

It can be helpful to think about what coordination mechanisms are at work when identifying empires. An empire can be identified either by noticing a group of actors coordinating, or by identifying a coordination mechanism and then identifying the coordinated actors using it. The fractal nature of empires emerges from this, as there will be different coordination mechanisms present at various places within an empire, and thus sub-clusters of tighter coordination.

The contents of empires

Empires are composed of players, resources, and other empires. Players are all of the individuals that have enough power to be relevant for the overall functioning of the empire. Resources are assets that can be drawn upon for the empire to function. This is a broad category, and includes many things other than just physical resources, such as money, information, and personal relationships. It also includes coordination mechanisms (both natural and constructed) and people that are not sufficiently powerful to be relevant for the overall functioning of the empire. Finally, empires contain other empires due to the aforementioned fractal nature of empires.

The Problem of Local Focus

In a given empire, the dynamics of the most central sub-empire have a large effect on the rest of the empire, and control of the central sub-empire is important to top strategic players for control of the rest of the empire. As a result, the top players in an empire tend to prioritize controlling the central sub-empire. This repeats in a fractal manner until one gets to a very local level. To illustrate, consider the United States as an empire, and the president of the United States as a player seeking to control the empire. Within the United States, let's say the central sub-empire is the executive branch. Within the executive branch, let's say the central sub-empire is the cabinet. If the president cannot control the cabinet, then it will be much more difficult for

him to control the executive branch. And if he cannot control the executive branch, then it will be much more difficult to control the United States government.

This is a problem because a great deal of resources then tends to be spent on control of the central sub-empire. This detracts from the proper functioning of the rest of the empire and from the empire's expansion, as more spent on central infighting means less spent on these other things. This outsized expenditure is not the result of corruption and whimsy, but political necessity (a lot of what we usually call "corruption" is political necessity). The problem of local focus is one of strongest limiting factors on the size of empires, as the problem tends to get worse as an empire gets larger. This is because the larger the empire is, the more power it has, and the more power it has, the more skilled players are attracted to it, and the more skilled players are attracted to it, the more difficult it is to control the central sub-empire, and the more difficult it is to control the central sub-empire, the more difficult it is to preserve and expand the empire.

Power Classes

The coordinated actors in an empire will have differing amounts of power. For example, consider a tech startup as an empire. The founder can hire and fire people, will usually play the lead role in determining the startup's strategy, and can also contribute directly to the creation of whatever product the company is offering. A newly hired programmer may only be able to contribute to the product. As such, the founder has more power in the empire than the newly hired employee. Power classes are a typology of the coordinated actors in an empire on the basis of their relative power levels.

High is the central power that defines the empire's zone of coordination. Without high, the empire would not exist and the other actors would not be coordinated. High also plays the largest role in determining the distribution of resources within the empire. High can be an individual (e.g. a forceful CEO) or a group (e.g. the board of directors of a foundation). It will often make sense to model high as an empire in itself. This is because there are naturally occurring coordination mechanisms that cause high to be its own cluster of coordination within the empire, and there are usually a small number of individuals in high that mostly coordinate the other high players (a high within high). These natural coordination mechanisms include that high players are mutually threatened by middle players and by aggressive outside empires.

Mid is the collection of individuals or groups that have sufficient power to challenge high's control. Mid players will often have smaller empires of their own. Mid also plays an important role in constraining the action of high. In our tech startup example, mid players might be the managers of the engineering and sales teams. It does not usually make sense to model mid as an empire, because mid players will usually have fewer natural coordination mechanisms and coordination costs are higher due to the greater number of players.

Low is the collection of players that can challenge mid players but cannot challenge high. Low also has the largest population and the least power. In our tech startup example, the low players would be individual programmers or sales people. The programmers on an engineering team could plausibly challenge their manager, but they could not plausibly challenge the founder. Like mid, it does not make sense to model low as an empire.

Outside is any actor that is not coordinated by the high power. In our example, this could be an employee at another company or the mayor of a town in France. Outside players may seek to affect an empire, including by meddling in its internal affairs.

As mentioned earlier, certain actors are best modeled as **resources**. Any actor that cannot independently challenge mid is best understood as a resource, because these actors will not be relevant for understanding the empire. They can be understood as resources, because they will be used by low, mid, and high players to accomplish their objectives. For example, they might provide labor. At other times, resource actors can be weaponized by players against each other.

Several examples of high/mid/low/outside classification

These are not based upon specific reads but are for the purpose of illustration.

- The United States
 - *High*: top federal agencies
 - *Mid*: heads of major institutions (companies, banks, universities), governors
 - *Low*: state officials, heads of local groups and smaller organizations
 - *Resource*: everyone else
 - *Relevant outside*: foreign governments

- Harvard University
 - *High*: the president, provost, deans, vice presidents, trustees
 - *Mid*: relevant professors, heads of departments, major donors
 - *Low*: student leaders, less relevant professors
 - *Resource*: other students, professors, staff, smaller donors
 - *Relevant outside*: companies that recruit from the university, local city government

Power classes are also fractal

Like empires, power classes are fractal. The same actor can be classified as low, mid, or high depending on the frame of reference. For example, a parish priest in New York might be low if considering the entire Catholic church, mid if considering the Archdiocese of New York, and high if considering the priest's church.

Cautions in classification

The official story of who is and is not powerful is not always the actual story. For example, it might be that the president of Harvard has only moderate influence internally and that one of the deans has by far the most. In this case, the president might be better classified as a mid-player. When assigning individuals and groups to power classes in an empire, be skeptical of your assessments, as it is easy to assume power distributions based on weak evidence like the official story.

Strategic Landscapes

A **strategic landscape** is a domain of competition among players. Let's unpack this. A strategic landscape must refer to some **domain of competition**. A domain of competition is a region in which scarce resources are being competed over. For instance, competing companies in an industry occupy a domain of competition in which the scarce resource is customers. Trying to analyze a strategic landscape without specifying a domain of competition will yield confusion and error. For example, it does not make sense to analyze the strategic landscape that includes the oil industry and the social justice movement without specifying a resource they are competing over, but it might make sense to analyze them as a part of strategic landscape in

which the resource competed over is the allegiance of a particular congressman. Empires are domains of competition, and domains of competition tend to be empires; empires are always domains of competition in which players are competing for power, and domains of competition almost always have coordinating mechanisms binding the competitors together (for example, competitors in the oil industry coordinating to defeat clean-air legislation).

I use the term “landscape” because it is useful to use such a metaphor when thinking about such domains of competition. You can think of the terrain of a strategic landscape as being determined by the competitors and their relative power. Imagine yourself standing on a precipice overlooking a strategic landscape of a university. You see rolling hills off to the left, some of which are larger than others, representing the heads of the various humanities’ departments. In the middle is a tower mountain representing the central administration, upon which there is high rocky outcrop representing the president of the university. The landscape is not static, but dynamic, with the terrain shifting as players make moves and gain or lose power. If you want to compete in this strategic landscape, you will have to navigate it, taking into account the powers of the other players in determining your path, your competitive strategy. The same goes for the other competitors.

Conclusion

Earlier I claimed that actors exhibit common patterns of behavior depending upon their relative position in a strategic landscape. Now we can parse this. In a domain of competition, aspects of the behavior of high, mid, and low players will be consistent and recognizable. This means, for instance, that there are patterns of interaction between high and mid, and that, if we identify high and mid in a particular domain, we will immediately learn much about how those players will behave. The common behaviors of players given their position is isomorphic to what works and does not work for players given their position. Understanding such patterns thus substantially broadens one’s range of available strategic options. We will explore these dynamics in detail in part two.

Assumptions

There are a number of assumptions underpinning this model that are worth pointing out before we continue.

1. Power is a convergent, instrumental good
 - a. Power can be used to accomplish a very broad range of goals. As such, a large number of actors will aim to acquire power in the pursuit of their goals
2. Power is Pareto-distributed
 - a. The most powerful players are orders of magnitude more powerful than all other players. This is observed in many, many places, ranging from land ownership to income to political contacts to personal effectiveness.
3. The competitive nature of reality
 - a. Everyone is locked in a state of de-facto competition against all others trying to access the same scarce resources as they are (e.g. companies in Silicon Valley competing for talent). Power is a scarce resource, and, as noted above, it will be pursued by many actors. Thus pursuing power will often quickly result in reaching the maximum level of competitive difficulty.
4. The deceptive nature of reality
 - a. There is a nearly universal incentive to obscure the true story. For example, vicious competition is not socially acceptable. As we will see later, high will frequently ally with low in order to attack mid players. However, such alliances will rarely be messaged as such. For instance, progressive taxation systems could be seen as an alliance between high (the US government) and low (the general population) against mid (very wealthy individuals). In this example, the particular tax structure exists because it is strategically favorable for high. It is messaged as “government for the people.”
5. Difficulty of coordination
 - a. Coordination is difficult. More specifically, it takes a large amount of skill and resources to successfully coordinate large numbers of people.
6. Insufficiency of inherited models
 - a. Society doesn't equip people with correct ideas of how the social world works. A

lot of political and social common sense is wrong or contradictory. For example, many people talk about decision making through consensus, but many people also say that committees are utterly ineffective. Inherited models are insufficient for effective action.

Part II: Power Dynamics

Power classes are a useful typology for players in an empire, because each group is subject to consistent incentives. This results in there being consistent patterns of interaction between these groups. Understanding of these patterns enables deeper understanding of the strategic landscape and better crafting of strategy. In this section, we will explore these dynamics in detail.

The dynamics of power classes

General dynamics of each group and their interactions

High

As we said earlier, high is the central power in an empire and the cause of coordination within that region. High is generally concerned with maintaining its power in the empire; since high is already in the most powerful position, high has a lot to lose and less to gain locally (remember that the high power can be a low power when considering another empire). Due to its concern with maintaining power, high will consistently be concerned about mid players growing strong enough to overthrow and replace it. As such, high will seek to control mid, usually through distribution or denial of resources. High will also seek to expand its empire as a means of further securing its position. There is an important difference between resources high directly owns versus resources in the empire. While high can benefit from having powerful middle players with a lot of resources, high cannot directly use these resources. The total power of an empire is always larger than the power of high.

Mid

Mid is the group of players that can challenge the high power. Like all players, mid players will be interested in increasing their own power. Mid will often fight with other mid players, both to destroy competitors, and to add those mid players' resources to their own empire. Mid will also often make alliances with high by specializing to perform services which high cannot or will not provide. Businesses, banks, and universities are good examples of this.

Mid players, in pursuit of increasing their own power, will be strongly incentivized to challenge high (as high is the most obvious concentration of resources). As such, mid needs to receive something very valuable from high in order to not challenge it. The tense interaction between mid and high is the most important thing to focus on when trying to understand an empire.

Low

Low usually matters little as an independent force within an empire, although it will sometimes contest mid players. Instead, low is important because it will very often be used as a proxy by both mid and high players for their own purposes. As such, it will be commonplace to observe low powers being picked up and discarded by stronger powers. Low players will rarely demonstrate agency in their strategic moves.

Outside

Outside is the group that is not within high's empire. Outside is composed of all empires and players outside of high's zone of coordination. As such, outside will include competitors of high, as high will be competing with other empires for expansion. Sometimes outside empires will invade and try to take over an empire in their quest for growth. Other times outside will opportunistically ally with players inside the empire (at different times high, mid and low will ally with outside).

The dynamics of interactions

The following sections will discuss all pair-wise interactions between high, mid, low, and outside players. In this discussion, there is an important distinction made between degrees of cooperation. When two players are cooperating, they are working together to achieve a particular goal, but they are not necessarily generally aligned. Two players can be cooperating in one domain while battling one another in a different domain. I call this a **narrow alliance**. When two players are coordinating to achieve most of their goals and are no longer contesting one another, I call this a **broad alliance**. Narrow alliances are the default between most players in an empire, whereas broad alliances are unusual.

High/high

High can be made up of many individuals. Each of these individuals will be seeking to expand their own power and increase the size of their personal empire. High/high alliances will emerge when individual high players discern that the best way to grow their personal empire is if high can act in a unified manner. As high can do things that no other player can do because of the large pool of resources available to it, there will often be large rewards for high acting in a unified manner. For example, in many countries, the only organization that can successfully execute large engineering projects is the central government, because they are the only group with sufficient resources and coordination power. The construction of the US highway system beginning in the 1950s is an excellent example of this.

What do I mean by the internal unity of high? In considering the dynamics within high (when it is composed of multiple individuals), it can be useful to model high as an empire unto itself (yielding low high, mid high, and high high players). High is in a state of unification when high high and mid high are broadly allied. If high high and mid high are not broadly allied, then high is disunified.

High will tend to be unified when it has the ability and opportunity to expand the empire. This is due to individual high players perceiving that the best way to grow their personal empires is to help the larger empire to expand. If these opportunities dry up, high will often become disunified, because the best strategy available to individual high players is to contest the other high players' power.

High disunity is especially problematic when considered in the context of the problem of local focus. When high is disunified, high players will be contesting one another's personal empires. This means that the focus of each high player will be on defense of their personal empire. In order to transition back to a unified high, the attention of high players needs to return to expansion of the broader empire. This can be very difficult, because each high player will need to simultaneously stop contesting each other high player's empire such that their attention can focus on the larger empire. High disunity is an equilibrium that is extremely difficult to break out of. High unity is unstable, because any outbreak of internal strife can lead to stable disunity.

High/mid

Mid usually gains a lot by being in the empire's domain of coordination. If this were not the case then mid would be incentivized to leave the empire. For example, two dukes can resolve a border dispute by going to the king instead of having to resort to violent conflict. Similarly, national governments can enforce contracts for mid players in modern states. Mid players are often in narrow alliances with high like in the previous two examples.

Likewise, high gains from having mid players because there are things high cannot do without the cooperation of mid. For example, consider a tech startup in which the founder is the sole high. Since the founder's time is scarce, he cannot personally manage each programmer once the company grows beyond a certain size. As such, he will cooperate with mid players (programming team managers) to manage the lower-level employees.

For broad alliances to occur between mid and high, mid needs to get something from the alliance that's valuable enough for mid to not challenge the high power. Since mid players will always seek to expand their personal empires and high has the most resources in the empire, the default state is for mid players to challenge high. High will usually coordinate mid players by controlling the distribution of resources in an empire. For example, a central government can bribe mid players to not challenge it by distributing industrial contracts. A totalitarian state can coordinate mid players by giving them the opportunity to not be sent to a prison camp.

In general, if an empire is not expanding, broad alliances between high/mid will be fragile. A high coordinating mid players primarily with threats will usually not be able to coordinate mid players for the long term. For example, a CEO that is constantly threatening to

fire his managers due to the company's poor performance will not be able to stably coordinate those managers. As such, the most stable high/mid broad alliance is one in which mid is receiving resources from high (e.g. colonies, subsidies, commissions, etc.). High can give its own resources to mid in exchange for cooperation, or high can get resources from outside the empire and give some of these to mid. Obviously the latter is much more stable than the former, as it allows high to maintain the relative distribution of resources to high's advantage while the former does not.

High and mid achieving broad alliances like those described above is important for handling the problem of local focus. If both high and mid players do not need to focus on defense of their personal empires against adversaries within the broader empire, more effort can be put into expansion of the empire. This is an extremely effective internal structure for empire expansion.

High and mid can also ally to attack other mid players. High will often narrowly ally with a mid player to attack a more threatening mid player. For example, consider a university in which an influential tenured professor is rallying other professors to question the budget decisions of the administration. The administration can ally with a different set of professors (who will usually be weaker or less politically savvy) to challenge the original professor. The professors allying with the administration can get pay increases, promotions, desired policy changes, or departmental budget increases in return for their cooperation.

Finally, high will sometimes scrap mid players to add their resources to those under high's direct control. We have previously mentioned the important difference between resources that are at high's direct disposal versus resources that are in direct control of other players in the empire. One way high can increase the amount of resources at its direct disposal is to take all of a mid player's resources. For example, a government can nationalize a particular industry as a legally held monopoly.

High/low

As we have previously said, low players are mostly irrelevant to high players. They don't have enough power to effectively attack high, and they don't have enough resources to be worth scrapping. They are also more difficult to usefully coordinate with than mid or outside players. Since they are individually weak, a large number of them must be coordinated in order to make it

worthwhile. This is often very difficult to achieve. For example, if the CEO of a tech company is working to launch a big new feature, it is much easier for him to work with three lieutenants to manage the project than break it up among 50 programmers himself and manage them personally. The major reason for this is the cost of coordinating low players.

Given this, why would high ally with low? High will ally with low because low can be weaponized against high's adversaries. A common offensive move for high is to ally with a low player to attack a mid player. Low players are strong enough to attack mid players but are not strong enough to be dangerous to high, making this alliance very safe for high. For example, say the CEO of a tech startup wants to get rid of one of his managers but doesn't have sufficient legal ground to fire them. The CEO could ally with one of the lower-level programmers managed by this person who has been doing poorly on recent work performance reviews. The programmer is tasked with filling a harassment complaint against the manager with HR in exchange for leniency in work reviews.

There are two important observations about this common type of offensive alliance. First, it helps explain the seemingly irrational paranoia that can be found among strategically savvy individuals. Attacks by powerful players will often appear to be random harassment by low players. Second, all alliances between high and low are very asymmetrical. Since low cannot challenge high, the relationship is almost completely in high's control. The low player is *disposable* in high/low alliances, something important to keep in mind if engaged in an alliance with high as a low player.

High will also often ally with low players to avoid empowering mid players. For example, say the president of a university has to choose a professor each year to give a speech in front of the entire school. The president may pick an obscure professor so as to avoid giving a notable and powerful professor, a mid player, resources (in this case, public acclaim), since the president consider such professors a threat to his influence over the university. These sorts of alliances can appear extremely puzzling, because it will seem like high either has poor judgment or is wasting time with low players. In reality, though, it may be a prudent maneuver against mid.

It is useful to be aware of high's predisposition to ally with low if you are a low player within an empire. Low players can position themselves to ally with high in order to destroy a mid

player and achieve mutually beneficial aims. “Grassroots movements” are an example of this. Take, for example, the Little Rock Nine. After the historic *Brown v. Board of Education* Supreme Court case in which the racial segregation of schools was declared unconstitutional, the Governor of Arkansas deployed the Arkansas National Guard to physically prevent black students from attending previously all-white schools. In response, President Eisenhower nationalized control of the Arkansas National Guard and sent the 101st Airborne Division to enforce the racial integration of the schools. One way of describing this event is that the grassroots desegregation movement won a major victory against segregationists. An alternate description is that high (the US Government) took a resource (the Arkansas National Guard) from a mid player (the governor of Arkansas) using a conflict between low and mid which had been incited by high (the desegregation of schools, incited by the Supreme Court verdict) as justification.

High/outside

There are four major ways in which high interacts with outside players. First, high can attack them to expand and gain resources. Second, high can use them for fighting internal political battles. Third, high’s empire can be invaded by them. Fourth, high can ally with them to attack other outside players.

High is incentivized to expand the empire as a means of increasing its own power and as a means of coordinating mid players through the dispersal of resources. Sometimes it will do this by acquiring an outside empire. A good example of this is Google acquiring a startup. Google will often do this because there is something that the outside empire can do which it cannot do (similar to how mid players specialize to coordinate with high). When an empire is acquired, it usually retains its original structure and some power, but becomes coordinated by and subordinate to high. In this case, the acquired company might maintain its internal structure and some powers like hiring, but what it produces will be owned by Google. Acquisition can also be less cooperative, like for example military conquest.

Similar to how high can ally with low or mid players to defeat opponents in the empire, high can also ally with the outside to defeat its internal opponents. Take for example a tech startup in which the CTO and CEO disagree about strategy and the board is split on which to support. The CEO might hire a prestigious, supposedly unbiased consulting firm to rubber-stamp

his decision in the hope of swinging the board. Another example is the hiring of foreign mercenaries by rulers to quell local rebellions. These sorts of alliances are basically always narrow alliances. It will rarely be the case that high and outside enter a broad alliance.

Just as high can attack other empires to gain resources, other empires can attack high's empire. Outside attack are common because there is intense competition for power, so empires must defend against them. A simple example of this is competition in a market. If your company locates a previously unserved market, you shouldn't expect to be alone for long if you see any success. Other companies will soon seek to chip away at your empire. For example, Keurig's success with the pod coffee design rapidly led to many copycat competitors.

A final high/outside interaction to be aware of is that outside players invited into an empire by high can turn on it and try to take over the empire. Outside players will learn a lot about high and the rest of the empire when they are invited in, because they need that information in order to coordinate with high. However, high won't necessarily learn very much about the invited player. This information asymmetry can be extremely dangerous for high. For example, in 1169, the King of Leinster invited Norman mercenaries to help settle a rebellion in his kingdom. Instead, the Norman mercenaries ended up seizing the territory for themselves, deposing the king. When inviting players from the outside, it is easy to misjudge their power due a lack of information about that player. Even a single, highly persuasive individual can be dangerous to invite into an empire if they cannot be controlled.

Mid/mid

Mid players will often behave antagonistically towards one another because other mid players are their primary competitors for gaining power. For example, the US government often offers competitive contracts for construction projects. Mid players (large construction companies) will have to battle one another for the contract. That said, there are two ways in which mid players will sometimes coordinate. First, mid players will ally to create an anti-high coalition. This is the only common mid/mid broad alliance. Second, mid players will narrowly ally to attack other mid players.

There are four common types of anti-high coalitions: conservative coalitions, coup coalitions, secession coalitions, and suicide coalitions. A conservative coalition is when mid players coordinate to oppose the actions of high in an empire. For example, if the federal

government is trying to pass a law curtailing the power of state governments, state governors might ally to oppose the legislation. Or if the CEO of a startup tries to push for the adoption of particular code testing policies, the engineering team leaders might collectively reject the CEO's policy. In both cases, the mid coalition may succeed; conservative coalitions can block attempted changes by high, but will often succeed only at *slowing* high rather than halting them altogether.

A coup coalition is an alliance in which mid players coordinate to depose high with the aim of having the group become high themselves. A classic example of this is when a king's ministers depose the king and install a patsy as the new king. When this sort of transition happens, the empire will usually remain intact but with a new high.

The third anti-high coalition is the secession coalition. Mid players will often have their own empires within the larger empire. If the benefits of being coordinated by the high power are not worth the costs, then mid powers will be incentivized to exit the empire. Sometimes mid players will simply leave the empire, although frequently this will be blocked by coordination mechanisms (e.g. military force in the context of a local government breaking off from a national government or social pressure in the context of a manager leaving a tech startup). In these cases, mid players can ally to aid each other in breaking away from the empire. The US civil war is a classic example of this.

The final anti-high coalition is the suicide coalition. Sometimes, instead of mid players coordinating to leave the empire, they will simply destroy the empire. If a collection of state governments collaborates to destroy the national government, then sovereignty will devolve to the individual states. The risk of mids creating a suicide coalition provides strong motivation for high to distribute valuable resources to mid players so as to make the empire's continued existence preferable to them.

The remaining mid/mid alliance is against other mid players. Mid players are in competition for power. Some mids can ally with each other to defeat mid competitors. Fewer strong competitors means more resources available for the remaining players.

Mid/low

There are four main ways in which mid and low players interact. First, low players can be weaponized by high to attack mid. See the section on high/mid dynamics for a discussion of this.

Second, low players can be weaponized by mid players against mid opponents. Third, mid players will sometimes ally with low players in order to expand their own empires. For example, the manager of a team of programmers might notice a talented programmer on another team. The manager could befriend that programmer and convince him to join her team as a means of improving her own team's performance.

Fourth, low players will sometimes aim to ally with mid players in hopes of becoming mid players themselves. This usually occurs either by low players riding on mid's coattails as mid increases in power or by low directly gaining power through their alliance with mid. A good example of coattail-riding occurs in US presidential elections. Campaign staffers (low) ally with a presidential candidate (mid) in the hopes that that mid player will win the election and then become high. If this occurs, the new president will repay the campaign staffers by delivering White House appointments, making the staffers mid players. An example of low directly gaining power through a mid alliance is mentorship. A mid player invests in a low player in the hopes that the low player becomes a tightly coordinated mid player.

Mid/outside

Interactions between mid and outside are often tense because it is often very risky for mid players to interact with outside players. Mid will primarily interact with outside in two contexts: when outside is attacking mid's empire and when mid is going outside of the empire for resources.

Aggressive outside empires will often try to ally with mid players in an empire they are invading. Mid players can be extremely valuable to an invading empire because they will often have useful information on the target empire. Also, stealing them both increases the invader's power and decrease's the target's power. For example, consider two website-builder tech startups competing with one another. It is very useful for one company to steal a highly skilled manager from the other company, because it gains a highly skilled manager, the opposing company loses a highly skilled manager, and the manager brings with her detailed knowledge of the opposing company's strategy and internal dynamics. Due to the damage defection can cause, punishments are usually harsh. In the context of competing states, treason is punishable by death. Further, defectors are usually completely socially ostracized after being discovered. Even between competing companies, defecting to the opposing company will often result in total social

ostracization from the first company. Defection of mid players is a rare and destructive event.

After an empire has conquered another empire, they will attempt to ally with the conquered mid players in order to preserve basic working order of that empire. Much of the value of an empire comes from the local players' ability to coordinate with one another. Setting up the structures necessary for effective coordination is very difficult. As such, when an empire is conquered, the conquering empire will often simply reuse the coordination structures that have already been set up by the previous leaders of that empire. Mid players are also incentivized to ally with the new regime, as the alternative is usually destruction (although sometimes mid players will attempt to break off from the empire during the chaotic period of high's replacement). This pattern of reusing existing coordination structures leads to such structures being surprisingly durable, usually lasting far longer than any single empire.

Low/low

Low is generally unimportant except for being used by mid and high. As such, low/low interactions are mostly unimportant at the empire level. That said, there is one circumstance worth mentioning. A low player will sometimes assemble a cluster of other low players into a local empire, making the organizing low power a new mid power. For example, consider the situation in which a town is passing new zoning laws setting a minimum size for plots of land in a county. Low-income residents of the county would be hurt by this, because plots of land would be notably more expensive if they could not be further sub-divided. One low-income resident might rally other low income residents to fight the zoning law, with the organizer becoming the group's leader. In this case, the organizer has suddenly risen from low to mid by coordinating low players using a new coordination mechanism (low-income homes' personal incentive to oppose the zoning law). As the primary difficulty among low players is the cost of coordination, it is common to see the creation of new mid players when the strategic landscape changes and there are newly available coordination mechanisms for low players.

Low/outside

Low/outside dynamics are usually unimportant, but there are a few things worth mentioning. First, low will sometimes coordinate with an invading empire by being weaponized by them against mid players, and after a conquest they may coordinate with the new high. Second, low will sometimes leave the empire. It will usually be easier for low players to leave

the empire than mid players, because an empire losing a mid player is both costlier and riskier than losing a low player, so the coordination mechanisms tend to be weaker

A categorization system for empires

For any empire, we can ask how centralized it is, that is, the degree to which high is coordinating and coordinated with the rest of the empire, specifically mid. Though the level of centralization is a continuum, we can draw a line somewhere in the middle and say that an empire on one side is centralized, and an empire on the other is decentralized. We can also ask whether the empire is expanding, that is, gaining resources from outside, or declining. Combining the answer to both questions yields four types. Typing empires in this way allows one to rapidly understand their basic internal dynamics.

Centralized expanding empire

In a centralized expanding empire, the central power (i.e. high) is broadly allied with the middle powers, often by buying them off with resources acquired from outside of the empire. The coordination thus bought is then directed towards keeping the empire growing. Growth can take the form of captured provinces, new trade routes, acquired competitors, new technologies, and so on. Since high is driving the growth, the empire tends to expand decisively in one direction at a time. This type of empire can usually be discerned by its decisive manner of expansion.

Centralized declining empire

In a centralized declining empire, the central power is keeping the mid players coordinated by denying them resources and preventing them from acquiring resources from outside. Such an empire will either shrink gradually or suddenly and catastrophically implode. This type of empire can be discerned by observing a tightly coordinated empire that has shrunk over time but hasn't had any major parts of the empire break off and become independent.

Decentralized expanding empire

In a decentralized expanding empire, the central power isn't strong enough to prevent middle powers from going outside for resources. High maintains its position by acquiring resources for its direct control from the outside without the help of middle powers and by

occasionally scrapping weaker mid players. In this state, the empire is growing. It grows in multiple directions in a patchy manner. This type of empire can be discerned by its multi-directional expansion pattern.

Decentralized declining empire

In a decentralized declining empire, the central power is failing and isn't strong enough to keep middle powers coordinated. In particular, it isn't strong enough to prevent their growth. The empire is fragmenting, with no clear successor to the dying high. This type of empire can be discerned by observing an empire that is shrinking and has significant parts breaking off and becoming independent.

Functional Institutions are the Exception

Every great company is unique, but there are a few things that every business must get right at the beginning. I stress this so often that friends have teasingly nicknamed it "Thiel's Law": A startup messed up at its foundation cannot be fixed.

-Peter Thiel, Zero to One, page 107

Within nearly every institution bigger than a dozen people, insiders are resigned to how hard it is to get things done. They maintain a coordinated competence only barely above the level necessary to keep the institution in existence. Perhaps worse, many institutions persist for a surprisingly long time despite failing at their formal purposes; they've fallen, unwittingly or not, into new reasons for being. Unprofitable companies & declining nations often last longer than their critics remain solvent.

Most things fail. Things that exist have avoided failure. So far. That institutions we do see are functional enough to persist is because of selection effects, not because humans are particularly good at making them work.

In my research, I found something that puzzled me: in any given type of institution: state, church, for profit or non-profit, there are some that outperform the others by orders of magnitude. This is true even when comparing only those that have similar material wealth, human capital, and formal structures. I usually compare them in their ability to reshape the world, either in service of their formal purpose, their informal purpose, or just perpetuating themselves. Sometimes the artifacts they produce as side effects or instruments differ exceptionally in quality. Regardless of the exact measure, exceptional institutions do exist, but they are rare...

An elegant explanation that matches noted observations is that everything is broken. When something works the way it should, it appears exceptional. It's not that it started off with more material wealth or higher quality people than its competitors. It is simply put together properly; the cogs and gears fit.

A tornado cannot assemble a Boeing 747 by passing through a junkyard. Functional institutions are not spontaneously generated. The machinery, if it functions, was assembled by someone with good judgment: the Founder. It was also probably assembled properly from the start, rather than made functional over time. This is because it is much more difficult to make a dysfunctional institution functional than to create a functional institution from scratch, in part because institutions will nearly always have internal forces that resist change, and in part because diagnosing institutional dysfunction is usually very hard. If an institution is broken, it's usually broken in many ways, not just one, and so discerning what's going wrong is very hard, and so figuring out what needs to be done to fix it is very hard. This explains Thiel's law: a founder's best shot at creating a functional institution is to get it from the start.

This is not to say, however, that fixing dysfunctional institutions is impossible. A talented founder can do it, but it is hard. He must defeat everyone else at the relevant conflicts in such a one-sided way that he establishes peace, a peace in which he can build. He must then build well.

Most institutions are broken

Normal institutions don't effectively pursue their formal goal, but spasm ineffectively in its general direction. Often, however, like in education or medicine, this doesn't appear to be the case. From afar, the institution looks functional. Research is being done, children are being inspired - there are even pictures! This provides a challenge to our theory of rare functionality. How do we explain this? By positing that the appearances are deceiving. The reality, under the organization's facade, is by default one of a poorly run social club--a group of people with no stronger drive than fulfilling some of their social needs. Unfortunately, it usually isn't well optimized even for that; the formal purpose, when too weak to exert pull, becomes an obstacle. Many members don't notice this or pretend not to notice. Specialization is haphazard; people often choose their fields based on social needs or other goals that are not tightly correlated with achieving the goals or the preservation of the institutions they find themselves in. Bottlenecks result in much wasted effort and local information being thrown away needlessly. Much effort is also lost in communication and political struggles. The number of people involved is usually also too small to organize via market mechanisms, at least internally, and market mechanisms require certain working institutions to maintain them anyway.

In such an institution, efforts don't multiply each other, but merely accumulate linearly. The sum of this activity is a noticeable but very weak optimization force. The optimization force, together with naturally occurring hierarchies, is quite sufficient to govern small tribes under conditions similar to those prevailing for most of our evolutionary history. But most institutions try to be something different.

Working order is fragile

When order emerges it can be a dysfunctional one. A functioning machine can still be a poorly designed one, based on faulty assumptions or incomplete knowledge. It can also be unlucky. Often, when there appears to be an outgrowth of impressive order without impressive results, it is a deception. Depending on the scale, this is sometimes maintained by charismatic individuals or by a smaller and less impressive order of coordinated and enforced deception. "Comrades, we have outperformed our quota!"

The order around us is also fragile and often more an illusion than a reality. Examples of this are numerous. The formal charters of companies never capture the reality of the office politics actually constraining and initiating actions. Areas that rely only on the police for safety tend to be dangerous. An army's morale is fickle. Should it falter, it reveals that the command structure has rested on quicksand. Soon after, it becomes unable to function.

Why are there so few true founders that can assemble good institutional machinery? There are many preconditions, but I think the key one is planning, defined here as considering your actions in advance and improving the entire sequence, rather than just one step at a time. This activity is the exception rather than the rule.

We usually fail at it for many reasons. One is that we don't have much time to figure things out. The world is large, and each of us has only a few decades at best in our prime. To make matters more difficult, much of the thought we do engage in is about making other humans treat us nicely or give us the things we want, rather than about discovering what is true. Desperate for social survival, we explicitly or implicitly agree to pay the long-term price for immediate improvement. Thus, the "plans" we do make are not maps of actual future action towards the goals they claim to have. Rather, they become an agreed-upon lie, aimed at solving the immediate political problems of the people collaborating. This means the activity called

"planning" is often an exercise in persuasion rather than engineering, with predictably bad results.

Given relevant knowledge, complying even with a benevolent plan, one that eventually fulfills our needs, requires us to postpone their gratification. The self-domestication of mankind has barely begun to imprint this ability on the feral human animal. On the other hand, self-domestication has imparted a strong urge towards conformity in thought. This is a useful feature in the components of the machine, as I will explain, but a bug for any would-be designer.

How we control coordination costs

Uncertainty about people's behavior is an obstacle local planning. How can we overcome it without paying the high cost of deeply understanding others? We sometimes work around it by simplifying our behavior -- that is, making it match a highly formulaic and even ritualized form, in order to increase predictability and standardize interactions. One example of this is what is usually called *professionalism*, another would be *courtesy*, another, the notion of being *law-abiding*. The most important, quite complicated in itself, is *virtue*. Failure to maintain all of these is apparent and common. When a community does merely marginally better at them compared to most, the pay-off is large. Judging a society by the quality of its people, especially its best, is a reliable proxy for civilizational adequacy.

When we do manage to basically understand strangers, we still can't be sure they don't mean us ill. So we tend to assume that they do. In the absence of forces pushing against this, this is usually correct. We try and ameliorate this by self-sorting: making sure those we talk and interact with are as similar to us as possible. This can work well, since even slight preferences for similarity end up almost perfectly sorting people into self-similar groups. We also put effort into standardizing other humans, either by capture or manufacture, with measures like schooling and rewarding conformity.

Difficult communication and imperfect models of others entail uncertainty about behavior. Scarcity as well as justified assumptions of ill intent result in conflict. Ultimately, if no other means suffice, people reach first for local politics and then violence. As those struggles proceed, a costly process of reducing uncertainty takes place. Three men can keep a secret if two are dead. Even if we understand how they tend to think and what they are like, our allies remain

hard to understand -- especially if they have thought about a subject with which we are unfamiliar. Enemies will try to disguise themselves as allies. Our coordination costs are typically high, and we pay them in forms so familiar that they are usually not noticed. There are also high costs to figuring out who is competent and who isn't. Relying on others to help map out how the world works-- a workaround to the limitations of our short-lived, small minds-- is only a sporadically good idea and has failures that are hard to detect from the inside. *Epistemically sound collaboration is rare.*

A great man is someone with a secret and a plan

Our puzzle leads us to an interesting conclusion. Starting at exceptional institutions as unexplainable anomalies, we saw that functionality is the anomaly, and then concluded the founder capable of bypassing some of the limitations of a typical human mind, himself an anomaly, produces this functionality. Only once assembled and functional does *the machine* possess the capacity for purposeful self-improvement beyond the founder's design. Sufficiently ancient and long-lived ones, radically so. Improvements in social technology could accelerate this process. Social science is powerful when real.

Great man history, disparaged in academic consensus starting in the late 19th century in favor of socio-economic forces history, deserves a second look. Great forces are perhaps only unleashed by particular great minds. The recasting of the pre-modern approach as “great minds history” provides a prophecy -- one that extends beyond the human era. Those who find secrets, that is, correct and special knowledge about the world, and have the ability to plan, possess the building blocks of the next machine.

Great Founder Theory

Great Founder Theory is my current paradigm. It is a great man theory of history. Like all true theories of history, it has to explain current as well as past events. Great Founder Theory says that we can explain social events by the actions of exceptional individuals and tightly coordinated groups of individuals who have created functional institutions.

What is an institution? It is a zone of close coordination with automated systems. There is a spectrum of automation, however, and it is more useful to call something an institution the more automated it becomes. It is not the same thing as an empire, though it is similar. I use “empire” here in the technical sense, to mean a region of coordination around a central power, in which the central power is causing the region of coordination to exist. An institution can be someone's empire. An empire can have multiple institutions. Indeed, Great Founders frequently create multiple functional institutions within their empire. Functional institutions enable their empire to be larger and more centralized.

We can understand the world as a landscape of functional and non-functional institutions. Functional institutions are the exception. Non-functional institutions, which frequently unsuccessfully imitate functional institutions, are the norm. Functional institutions require a founder that knows how to coordinate people to achieve a purpose, and who uses this knowledge to build new institutions, or dismantle and rebuild existing ones. *The actions and capabilities of these founders determine the future social landscape, and thus the future of the world.* For obvious reasons, societies with living traditions of knowledge relating to social technology will have more Great Founders – although it is certainly possible for individuals to come to the necessary knowledge themselves.

Implications of Great Founder Theory

Great Founder Theory has many interesting implications, some of which I will now describe.

Great Founders determine the fortunes of their societies.

Great Founder Theory predicts that societies with many Great Founders will innovate and flourish, while societies with few Great Founders will stagnate and deteriorate. To make more specific predictions about society, we should first look for functioning institutions in the world (a simple way to do this is to look for businesses, religions, governments, and so forth that are radically outperforming their competitors) and seek out the founders of these institutions. Then, we can look at the distribution of Great Founders in society to make predictions about the future of specific fields and industries. We can make even more specific predictions about how the world will change by investigating the plans of Great Founders, and modeling how successful their plans will be.

Effects are Pareto-distributed, even among Great Founders

According to the theory, people's impact on the world follows a Pareto-like distribution, with the most impactful people having a far greater impact than the rest. The creation of functional institutions is the means by which people are hugely impactful; people who build institutions are far more impactful than people who don't, and among those, people who build functional institutions are by far the most impactful. Furthermore, among those who build functional institutions, those who build the most functional institutions are much more impactful than the rest. For example, Muhammad, who founded a religion with today 1.6 billion followers, is arguably more impactful than Charles de Gaulle, even though the latter overthrew and ran the government of France. Institutions magnify impact in several ways, for example by facilitating the transmission of knowledge. Although it is possible to transmit knowledge without building an institution, for example by relying on an existing institution like academia, it is substantially less reliable.

If you want to improve the world, build functional institutions directed towards the right purpose.

It follows from the above that the best way to have large, lasting positive effects on the world is to create or cause the creation of functional institutions that are aimed in the right direction. This is an extremely difficult task, and getting it wrong can be catastrophic. History provides many proofs of this. Thus the aspiring world-improver should carefully and with humility study institution-craft. Become worthy first.

The Succession Problem

A functional institution always begins with a pilot (i.e. the founder), that is someone who can alter the institution and direct it. The founder is always a skilled pilot, that is he can alter and direct the institution in a way that preserves or improves its functionality. If he weren't, he would not have been able to create a functional institution. The problem is that the founder cannot remain the pilot forever unless he beats death, something no one has done so far, and so in order for an institution to remain piloted another pilot, a successor, has to at some point step in and take the reins. Furthermore, in order for the institution to remain functional and a live player, this new pilot must also be skilled. This is the succession problem. As we see it has two components: power succession (handing off the reins of the institution, keeping it piloted) and skill succession (transferring the skill needed to pilot the institution well, keeping it a live player).

If the founder handles both parts of the succession problem, successfully handing off the institution to a person who can skillfully alter it as necessary, then the institution remains piloted and a live player. Of course, even if it is handled once, the succession problem always returns. If neither part of the succession problem is handled, then the institution becomes unpiloted and a dead player. If power succession is successful but not skill succession, then the institution remains piloted but not a live player. Someone is at the controls but they don't really know how to use them. There are a number of things that can happen in this scenario. At worst, the pilot aggressively mismanages the institution. This can of course be catastrophic; he might crash the plane. At best, the unskilled pilot remains at the controls but intervenes minimally, allowing the institution to function while also defending his *ability* to alter and direct it, which will require mitigating the conversion of borrowed into owned power by bureaucrats. Of course, if the pilot is also not skilled enough to do this then the institution will eventually become unpiloted unless a

skilled pilot steps in.

If skill succession is successful but not power succession, then the institution becomes unpiloted and a dead player unless and until the skilled person gains the necessary institutional power to pilot it. This may never happen, because the person who has skill but not institutional power may leave. Gaining control of institutions that have become unpiloted is often more difficult than founding one's own institution. Even after becoming unpiloted, a functional institution can stay functioning for a while, but it will decay and eventually cease to be functional or cease even to exist unless someone captures it and starts piloting it.

II. Supplementary Documents

Bureaucracies

When we encounter unsavory features of reality, it can be tempting to look away. Instead, what if we asked, “What purpose does this serve?” With this in mind, let’s look at bureaucracies. Some people fear bureaucracies; they fear "the Machine." Other people are annoyed by them and their apparent dysfunction. Both of these responses can be resolved with a better understanding of bureaucracies – what they are, why they're here, and how they work. Because the reality is this: bureaucracies aren't altogether bad. In fact, they can be incredibly useful for getting things done.

The Model

Concept

A **bureaucracy** is an automated system of people created to accomplish something. It is a mech suit made of people. The **owner** of a bureaucracy, if one exists, is the person who can effectively shape the bureaucracy, for example its creator. **Bureaucrats** are people who are part of a bureaucracy (excluding its owner).

Not all organizations are bureaucracies. Most organizations are mixed – they have both bureaucratic and non-bureaucratic elements.

Purpose

The purpose of a bureaucracy is to save the time of a competent person. Put another way: some competent people will create a bureaucracy in order to save time by creating a system that is meant to do exactly what they want – nothing more and nothing less. In particular, it's necessary to create a bureaucracy when you are both (a) trying to do something that you do not have the capacity to do on your own, and (b) unable to find a competent, aligned person to handle the project for you. Bureaucracies ameliorate the problem of harsh talent and alignment scarcity.

Features

Bureaucrats are expected to act according to a script, or a set of procedures – and that’s it.

This is because owners don't trust that bureaucrats will be competent or aligned enough to act of their own accord as the owner wants. Due to this lack of trust, owners *should* be trying to disempower bureaucrats. Bureaucracies are built to align people and make them sufficiently competent by chaining them with rules. This means, then, that when bureaucracies deliberately restrict innovation, they are doing it for good reason.

So bureaucrats are meant to have only borrowed power, power that is given to them by the owner or operator of the bureaucracy, power that can easily be taken away. In practice this may not be the case. In practice, bureaucrats can convert borrowed power into owned power via information asymmetries. Well-designed bureaucracies will thus contain fewer such information asymmetries.

Bureaucracies can get things done if owners effectively build and guide them.

Successful bureaucracies, or effective, owned bureaucracies, must have been properly set up by a competent individual or tightly coordinated group of individuals, as per “Functional Institutions are the Exception”. Bureaucracies cannot set up other effective bureaucracies, although they can set up ineffective bureaucracies. But what is an effective, owned bureaucracy? To understand this, we must make two important distinctions: one between **owned and abandoned** bureaucracies, and one between **effective and ineffective** bureaucracies.

Owned bureaucracies are bureaucracies that someone can shape. **Abandoned bureaucracies** are bureaucracies for which no such person exists. If a bureaucracy is owned, it is likely that the owner of the bureaucracy is also its creator. This is because the creator will have knowledge about the setup of the bureaucracy that is necessary for properly reforming it. Others, unless given this information, will not understand the bureaucracy well enough to properly reform it. This is why the operator of a bureaucracy (e.g. the C.E.O. of a company who is not its founder) might not be its owner – because they don’t have the necessary information about the bureaucracy’s setup. Instead, the operator may just be another bureaucrat. So how can you tell

whether a bureaucracy is owned or abandoned? A good heuristic: if someone can stop those who are trying to game the system, then they own it. If they can't, they don't.

Effective bureaucracies are bureaucracies that are handling the project they were created to handle. **Ineffective bureaucracies** are bureaucracies that are not handling that project. Bureaucracies that are properly set up will be effective at the start. Over time, however, bureaucracies decay: changes in reality require changes in procedures. At that time, the bureaucracy's procedures need to be altered appropriately for it to remain an effective bureaucracy. Abandoned bureaucracies, having no person who can make this change, quickly become ineffective bureaucracies. Owned bureaucracies, on the other hand, can be sorted into effective and ineffective bureaucracies, depending on the capabilities of the owner.

Bureaucracies are a source of power, but they can be lost.

Bureaucracies are best thought of as an extension of their creator and as a source of power for them. However, as we noted above, the owner can lose control of the bureaucracy over time as bureaucrats convert borrowed power into owned power by exploiting information asymmetries.

Under certain circumstances, bureaucracies should be dismantled.

It is often beneficial for owners to dismantle bureaucracies after they have served their purpose, to avoid losing ownership of them due to increasing information asymmetries between the owner and the bureaucrats. It is also useful to dismantle old, abandoned bureaucracies if it is too hard to regain ownership over them to make the necessary procedural changes.

Usefulness of The Model

This model can be used for at least three things: (1) for figuring out the best way to get things done, (2) for understanding the world around you, and (3) for effectively interacting with existing organizations.

Figuring Out the Best Way to Get Things Done

Building a bureaucracy is an effective way to get things done under the right circumstances. But it's not the *best* option. In order of effectiveness, here are general options for getting things done:

1. Delegate

If you can find a competent, aligned person who will do the project in question for you – let's call them a **delegate** – then do that. This person can then create a bureaucracy *for* you, if necessary, as projects of a certain scale will require bureaucratization. Unfortunately, because of the harsh talent and alignment scarcity mentioned earlier, finding delegates can be challenging. Furthermore, correctly assessing whether someone is a worthy delegate takes skill. Frequently people will accidentally delegate a project to someone who is not competent, or not aligned. This is a case of **failed delegation**, and doing this is worse than building your own bureaucracy (because then your project fails).

If you have access to a delegate, don't treat them like a bureaucrat. Doing so may cause them to become misaligned. They don't need a script – if they're competent enough for your purposes, they'll be able to figure out how to do the project. Given them owned power, otherwise you might run them off.

2. Bureaucratize

If you can't find a delegate, then building your own bureaucracy (it can be small) is the best bet. Remember that usually the answer is to bureaucratize some things and not others. Don't bureaucratize everything, but also don't bureaucratize nothing. Figure out when an automated system is the most effective option.

3. Do it yourself

This may be the option most likely to result in the project being done well, but it is not always feasible – you have limited time and capacity.

4. Don't do it

Some things, though useful, aren't worth doing.

Understanding the World Around You

Assessing People

You can use this model to analyze a person's power: is someone acting as a delegate or a bureaucrat? Is someone *creating* delegates or bureaucrats? If someone has created a bureaucracy, do they understand the function of bureaucracies? Do they own their bureaucracy, or is it abandoned? If they own their bureaucracy, is it effective or ineffective? Are they creating bureaucracies under the right conditions? What is the role of bureaucracies in their plan?

If someone is powerful, what does it mean if they've created many bureaucracies? It can mean that they are extremely good at building automated systems. It can also mean that they have trouble delegating – either because they can't find competent, aligned people, or because they can't assess people well, or for a litany of other reasons. People who can work well with others, and have access to sufficiently talented and aligned people, need fewer bureaucracies. They can just delegate the project to others, who can either do the project themselves or create a bureaucracy of their own to get it done. This is why informal networks of power can get things done.

If someone is powerful, what does it mean if they've created few or no bureaucracies? If they aren't delegating, it means that they're doing everything themselves, and possibly don't know how to design automated systems. If they are delegating, then they might just be good enough at finding competent, aligned people that they never need to build a bureaucracy themselves. Because of this, it's useful to note that powerful people who don't create bureaucracies might be just as powerful as people who do.

Assessing Organizations

First we should ask: is it a bureaucracy? Remember that not all organizations are bureaucracies. Some are tightly coordinated groups, where there is a lot of delegation and deference. Most organizations contain bureaucratic and non-bureaucratic elements. Then we can ask: is it an owned or abandoned bureaucracy? Is it an effective or ineffective bureaucracy?

Understanding History

This model also explains the churn of states, or why it is that over the course of history, states have had to continuously reform themselves in major ways. If the creator of a state bureaucracy dies, then the bureaucracy becomes abandoned and ineffective unless ownership of the bureaucracy is appropriately transferred. Future state leaders may not be able to pilot the bureaucracies built by their predecessors, yet need to handle the functions that those bureaucracies have monopolized. So, they must dismantle the existing bureaucracies and/or create their own.

Effectively Interacting with Existing Organizations

If an organization is not a bureaucracy but rather a tightly coordinated group, talk to the delegates if you want to get things done.

If it's a bureaucracy, you can either (1) go along with it, (2) figure out how to bypass it, or (3) coordinate with its owner, if it is owned. You may prefer to bypass (or game) the bureaucracy if it is abandoned and thus dysfunctional, or if you aren't aligned with its owner.

Institutional Failure as Surprise

Realizing an institution is near failure is an epistemic problem. There are many outwardly visible pieces of institutions that do not reflect their actual health. Before the collapse of financial institutions starting in 1929, naive observers were optimistic on the basis of soaring stock prices. Even after the Black Tuesday stock market crash, most observers expected a normal depression and recovery. Instead, the system continued to deteriorate, bank failures wiped out savings, the gold standard was abandoned internationally, and the Great Depression ensued.

Particularly in mature organizations there are many automated systems handling tasks. There are a number of reasons why such systems can persist and even fulfill their function, while the institution as a whole is failing.

The default is decay, growth of new abilities is rare, and maintenance of old abilities is difficult. One must look at what features of the institution reflect the indicate current health of the core organization itself, carefully distinguishing these from features reflective of past health and support from outside institutions. Enduring defeat is a strategy that can only last for so long, no matter how large or well established the retreating organization. Eventually the inability to win dooms all institutions.

Robots outlive their makers.

Institutions often proceduralize tasks, that is, they create sets of instructions for completing tasks. This is where bureaucracies come from; bureaucratization is proceduralization. If you've ever worked in or with an institution of some size, you've encountered proceduralization. Getting a driver's license at the DMV is a great example. You've got to follow a rigid set of instructions to do it.

Proceduralization is a powerful process. The DMV's procedures are annoying, but they get the job done - millions of Californians have gotten licenses. However, it delivers very effective results at the cost of fragility. Human intelligence is a general process capable of solving problems. Applying it to any given task produces an approximate, context appropriate solution. You can greatly improve this solution by adapting it more and more to the particular context in which it is used. However, it is nearly impossible to also have the solution remain

generalizable, let alone contain the full set of instructions necessary to fit it to all situations.

A basic building block of bureaucracy is the creation of incentive schemes and responsibility distributions that allow you to have many people reliably follow a procedure of some kind. For this kind of proceduralization to be practical, there are many requirements that we won't discuss. For now, let us take it as a given they are sometimes fulfilled.

This kind of proceduralization pervades much of the modern workplace and institutional landscape. We encounter it every time we have to fill out a form.

Because it is in the basic nature of such institutions to motivate with incentives and constraints, it is exceedingly difficult to change them from the inside. Knowledge of the principles they were built on will inevitably fade and the humans working in them don't need to understand them in order to fulfill their tasks. Understanding beyond what is needed to play your role is not necessarily penalized, but it certainly isn't rewarded.

Systems of incentives often do not incentivize their own preservation. When they do they are notably sticky and have a tendency towards self-exaggeration. A system of rules tied to a system of incentives requires active maintenance to perform the task it was designed to perform, to counteract the inevitable decay that ensues as individuals fight to turn the organization's resources to their own ends. This is the fundamental problem of bureaucracy: A system devoid of judgement results in constant politicking, and constant politicking results in decay.

It is best to think of such institutions as machines with human parts. They can be constructed and designed by humans who are at the helm, but can easily outlast the humans that created them, even with no replacement at the helm. In this situation, they will not automatically fail, but will shamle along in the preordained direction, sometimes continuing to accumulate material wealth or even ever greater numbers of employees. Their agility and adaptability will vanish, however.

In this way, a powerful institution can be brought down by attacks or changing circumstances it cannot adapt to. For example, major newspapers struggled to adapt to the internet and the subsequent rise of online news. They have not recovered their previous profitability or effectiveness at shaping opinion.

The proceduralized actions such rigidified institutions perform, even if they are functioning well and not diminished by the usual transformations and distortions that arise in bureaucracies, are powerful but context dependent. As such, the institution as a whole is powerful but context dependent. Those that generate such institutions are powerful and not context dependent.

Leaning on the outside

Some of the many automated systems are not truly part of the institution itself at all, but rather an interface with an outside institution.

An interesting example might be the simple sign of keeping the lights on in the office. We can simplify it to requiring members of the organization to work in a well maintained building that is connected to a well-functioning power grid, while keeping up with payments for the service. The building can be maintained by an appropriate service provider. That the provider is doing their job is a sign of the health of the provider, not the organization hiring them. That the power grid is functional also doesn't reflect the health of the organization under consideration, unless it is the city or national government. That the payments are being made is in itself a weak or moderately strong sign depending on the size of the organization. Generally if it is a very large or established one, it is a weaker sign. When large entities go bankrupt, they keep the lights on until the end.

Thinking about the example, you should generalize it to all the relevant ways in which the institution relies on others to maintain its appearance. If it is using simple contracts to acquire these, you should simplify this to the problem of funding, and not consider it a sign of competence beyond having funding. This is important because there exist several kinds of institutions that will reliably have enough funding until their very end. Notable examples are large companies and government institutions.

If the institution is relying on non-monetary agreements, such as perhaps other institutions being legally required to provide them with a relevant service, you should ask yourself whether the organization could survive or at least oppose an attack on these services. Could the institution maneuver itself into having such guarantees, if it didn't already have them? If the answer is no, this means the institution has lost an important ability. After all, it must have

had it in the past. That the deal continues to endure is not strong evidence that the ability to create or even permanently secure it endures.

Official trappings are easy to maintain.

Under conditions of widespread institutional dysfunction, formal trappings can be disconnected from the core competence they are supposedly associated with. Sometimes they can even begin to anti-correlate. But assuming the institution in question doesn't exist in such a dysfunctional context, the formal trappings of an organization actually do indicate competence. A crucial consideration is that such trappings are in general easier to maintain than set up anew.

Naive intuitions are easily misled on this. It is tempting to equate the difficulty of setting up a new, well positioned organization with that of keeping an existing organization well positioned, but this is not the case. When labor unions were established in the early 20th century, they organized striking workers to endure near-starvation levels of hardship and violent reprisals from factory owners, and eventually achieved a stable position. Now, unions maintain that position with bureaucratic and legalistic tactics, and strikes are resolved with contracts instead of truncheons and pipe bombs.

An example of this would be reputation. Reputations generally remain, unless spoiled. A very easy way to avoid spoiling a reputation is never failing at a task. An easy way to never fail at an externally visible task is to never engage in a task. In this way, an institution that is notably inactive and perhaps incapable of new or effective action can maintain its prestige long after demonstrations of the power, ability or knowledge that earned this prestige in the first place are beyond its reach. NASA relies heavily on the reputation it earned from the moon landings. This mostly persists today, even though the last manned moon landing was in 1972 and NASA's last soft landing on the moon was in 1976.

In many areas of human activity, the most valuable thing you can bring with you is a past track record of achievement. Yet to be allowed entry, you must already have a track record. Such arrangements sometimes arise naturally and rationally, as there are no good alternative signs to judge relevant competence. Other times they are the result of cartel-like rent seeking, intended to protect incumbents. Certain permits have harsh entry conditions but lax inspection for compliance. These are a good example of such barriers to entry. Once gained, they are hard to

lose. These formal trappings show the organization was capable of acquiring the permits at the time of acquisition, but not later.

Unless recent, past success should not be taken as evidence of an organization's future endurance.

Fighting Institutions Do Not Fail.

An organization engaged in ongoing conflict is actually surprisingly likely to be healthy, simply because surviving attacks requires some health. Under conditions of real opposition, even retaining past resources, like prestige, should be understood as a sign of activity.

After all, should opposition be serious in pursuing its conflict, it will attempt to disrupt, attack, sabotage or disable crucial automated processes and individuals. It will also attempt to wear out, destroy or steal notable accumulated resources. If the institution does not degrade, there is someone repairing the damage, and that someone has to be effectively working with the reality of the institution under repair. There are two important considerations that must be considered before going with this read, however: 'How real is the conflict?' And 'How big is the besieged organization?'

Not all apparent opposition is real opposition. A classic example of this are apparent competitors that collude for cartel-like behavior. Should the public or crucial decision makers have the impression of conflict among the companies, this is an asset rather than a liability for the companies. A crucial feature that reveals this, is that in the final analysis the defeat of the other side isn't actually desired. If the defeat of the other side isn't desired, then the attacks and counter-attacks can be, despite appearances, quite benign. This means that a longstanding fake conflict isn't strong evidence of an institution's vitality.

A very large institution can survive real opposition, even if it is a mostly hollow organization. It absorbs organizational damage, never truly recovering, but still persisting. As it is unlikely to simply outlast a determined opponent, in order to survive it must have some automated defense mechanism in place that can permanently disable or deter opposition. An example of this would be a security organization's ability to launch investigations finding compromising material on their opponent. It is something that is part of their core functionality and can easily be deployed. Such automated attacks will not be innovative, but rather merely

exercising one of the many organs the organization developed long ago.

Conclusion

Peaceful, integrated and long lasting institutions are often seen as healthy and likely to endure. However, precisely these conditions are what allow their gradual hollowing out and descent into dysfunction to remain unnoticed. Their ancient nature might signify a fully automated machine. Their integration with the rest of society and other institutions can signal they are getting by on the health of their environment rather than their own remaining functionality. And finally a lack of serious conflict means their resources and positions aren't honest signals of current ability.

Although they are more vulnerable to destruction by greater powers, fighting, self-contained and young organizations are far likelier to be active. Should one manage to find new domains into which to expand, this offers an exceptionally fertile space to build. The question of whether any such spaces exist in current society at all arises naturally, but is best considered another time.

