

1729

Lecture 5: Optimalism

Individual choice of collective purpose. Mission functions > mission statements.

Optimalism

1. Summary
2. Motivation
3. Implementation
4. Examples

Optimalism

1. **Summary**
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Problem: Bad Metrics

We have bad metrics for society. We aren't optimizing the right things.



Balaji Srinivasan ✓

@balajis

Health and Wealth

We have bad metrics as a society. Rather than GDP, GDP-per-capita, or the stock market perhaps we should have dashboards of:

- life expectancy (health)
- net worth (wealth)

A good leader is one who improves these metrics for individuals & society as a whole.

9:36 AM · Apr 16, 2020 · Twitter Web App

260 Retweets **43** Quote Tweets **1,516** Likes

Solution: Optimatism

An **explicit, quantifiable goal** for society is set via consensus. All public actions individual and collective are then measured against it.

$$\begin{array}{ll} \text{optimize:} & f(x) \\ \text{subject to:} & g(x) \leq 0 \\ & h(x) = 0 \end{array}$$

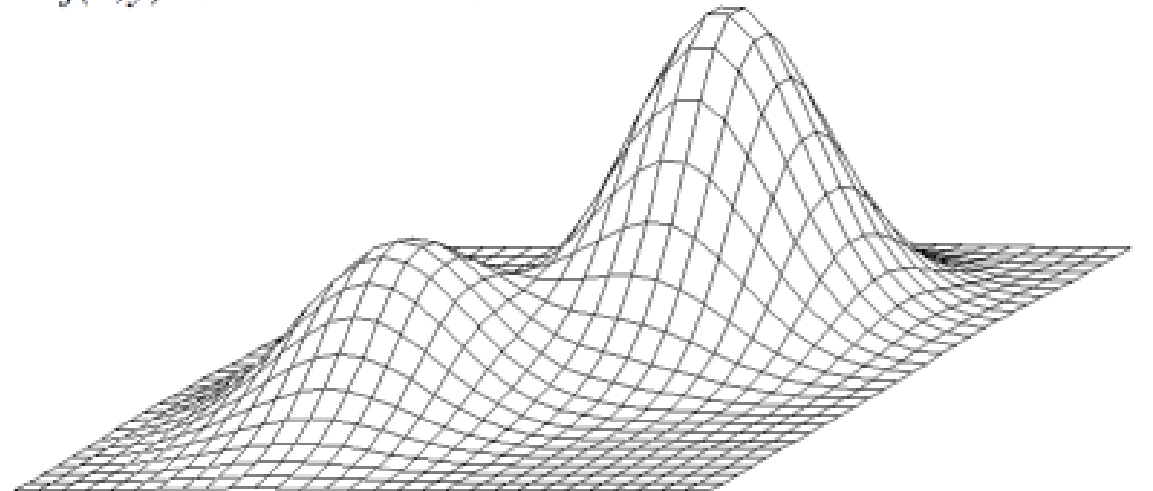
Solution: Optimatism

An **explicit, quantifiable goal** for society is set via consensus. All public actions individual and collective are then measured against it.

Concept: can be multiple optima.

$$\begin{aligned} \text{optimize: } & f(x) \\ \text{subject to: } & g(x) \leq 0 \\ & h(x) = 0 \end{aligned}$$

$$f(x,y)=e^{-(x^2+y^2)} + 2e^{-((x-1.7)^2+(y-1.7)^2)}$$

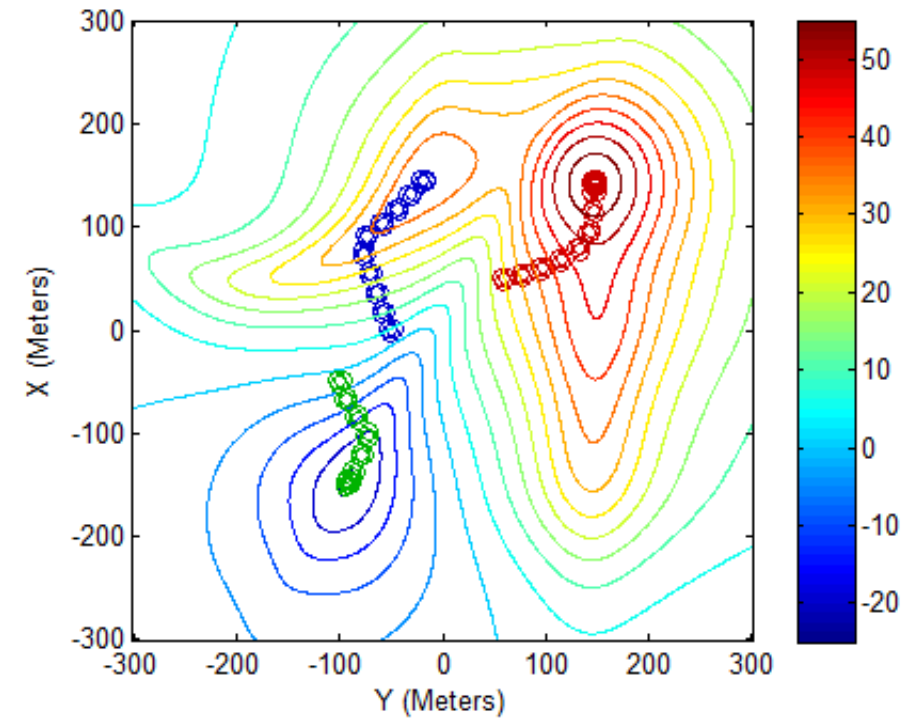


Solution: Optimatism

An **explicit, quantifiable goal** for society is set via consensus. All public actions individual and collective are then measured against it.

Concept: changing direction en route to optima.

$$\begin{aligned} \text{optimize: } & f(x) \\ \text{subject to: } & g(x) \leq 0 \\ & h(x) = 0 \end{aligned}$$

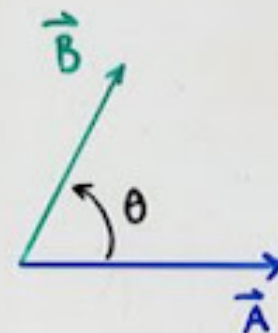


Solution: Optimatism

An explicit, quantifiable goal for society is set via consensus. All public actions individual and collective are then **measured against it**.

Concept: the dot product.

The Dot Product



$$\vec{A} = (8, 0)$$

$$\vec{B} = (3, 6)$$

$$\theta = 63.4$$

Given two vectors, one can calculate the dot product in 2 ways:

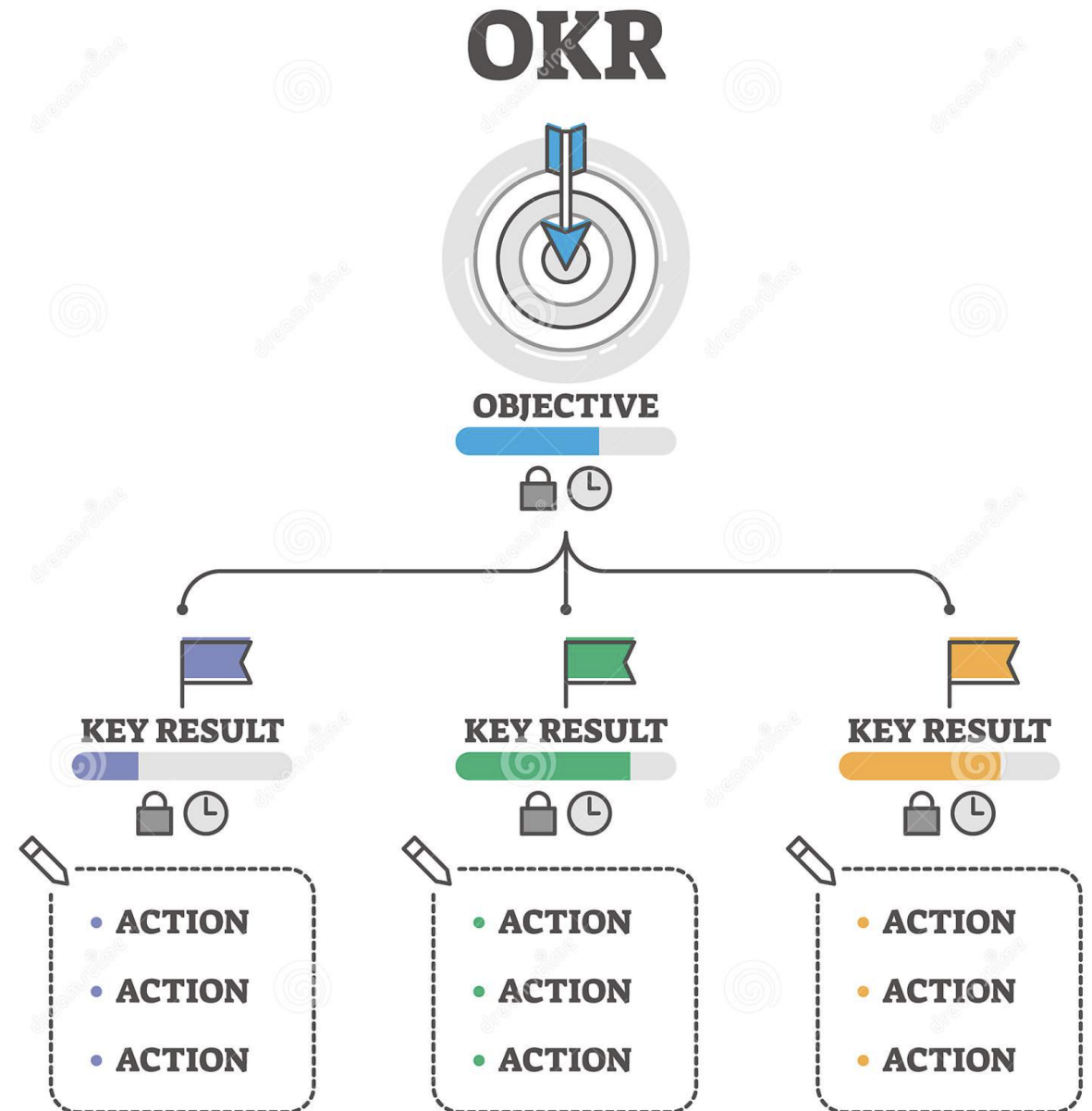
$$\begin{aligned}\vec{A} \cdot \vec{B} &= A_x B_x + A_y B_y \\ &= 8 \cdot 3 + 0 \cdot 6 \\ &= 24 + 0 \\ &= 24\end{aligned}$$

(Note that the result is a scalar: no direction)

Solution: Optimatism

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Precedent: OKRs.



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Precedent: Business Equation

The Business Equation

Every business, as Keith Rabois of Founders Fund is fond of saying, can be distilled into a simple equation.

And as we move from observing a 5-person investment firm like Benchmark to looking at the levers that drive complex companies like PayPal or Peloton — with faster feedback loops, more operational data, and a far greater number of people who need to walk around with the core business equation in their head every day — the recipe necessarily gets more quantitative. This doesn't, however, mean it should get more complicated.

A good business equation meets three straightforward criteria:

1. It focuses on isolating *controllable high-leverage inputs*
2. It is deeply tied to value delivery (user engagement)
3. It maps directly to a company's accumulating advantage

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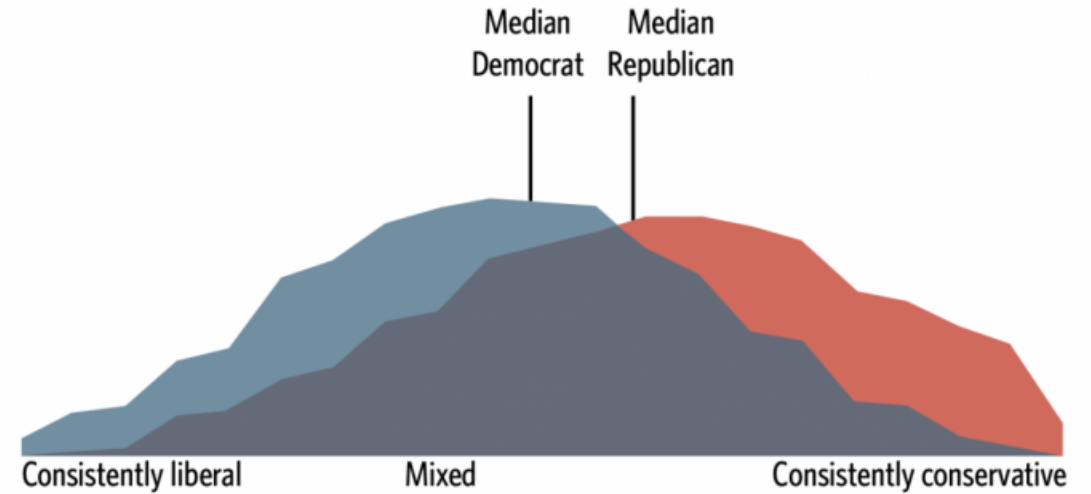
Society is disaligned

- Low trust in institutions.
- High polarization
- Entropic social media

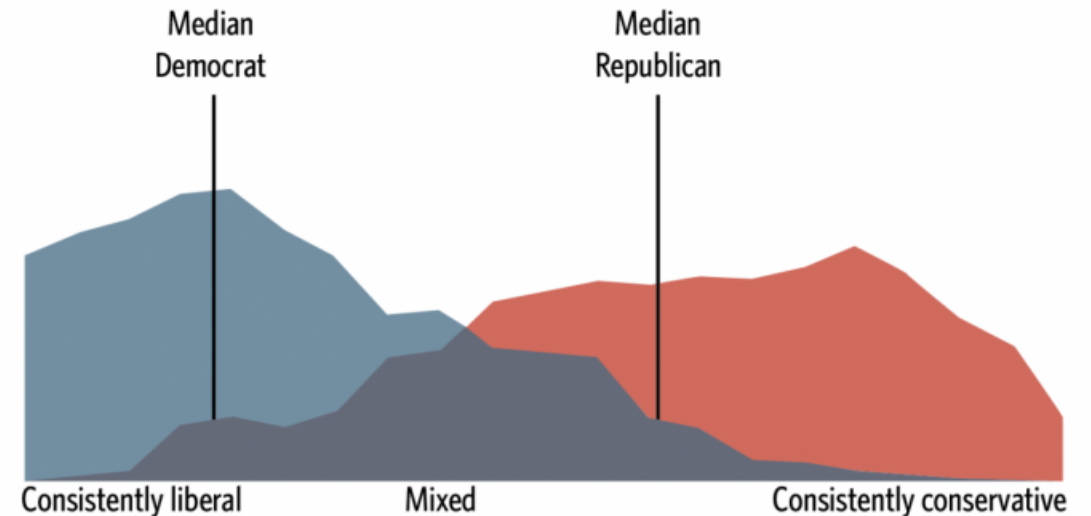
Political polarization in 1994 and 2017

The viewpoints of the median Democrat and median Republican in 2017 have moved further apart since 1994.

1994



2017



Disalignment is bad

- aimless, purposeless
- conflict invented to fill the void

Francis Fukuyama > Quotes > Quotable Quote



“But supposing the world has become “filled up”, so to speak, with liberal democracies, such as there exist no tyranny and oppression worthy of the name against which to struggle? Experience suggests that if men cannot struggle on behalf of a just cause because that just cause was victorious in an earlier generation, then they will struggle against the just cause. They will struggle for the sake of struggle. They will struggle, in other words, out of a certain boredom: for they cannot imagine living in a world without struggle. And if the greater part of the world in which they live is characterized by peaceful and prosperous liberal democracy, then they will struggle against that peace and prosperity, and against democracy.”

— Francis Fukuyama, *The End of History and the Last Man*

Coercive alignment is also bad

- being forced to a bad purpose is also, of course, bad
- leadership good, dictatorship bad



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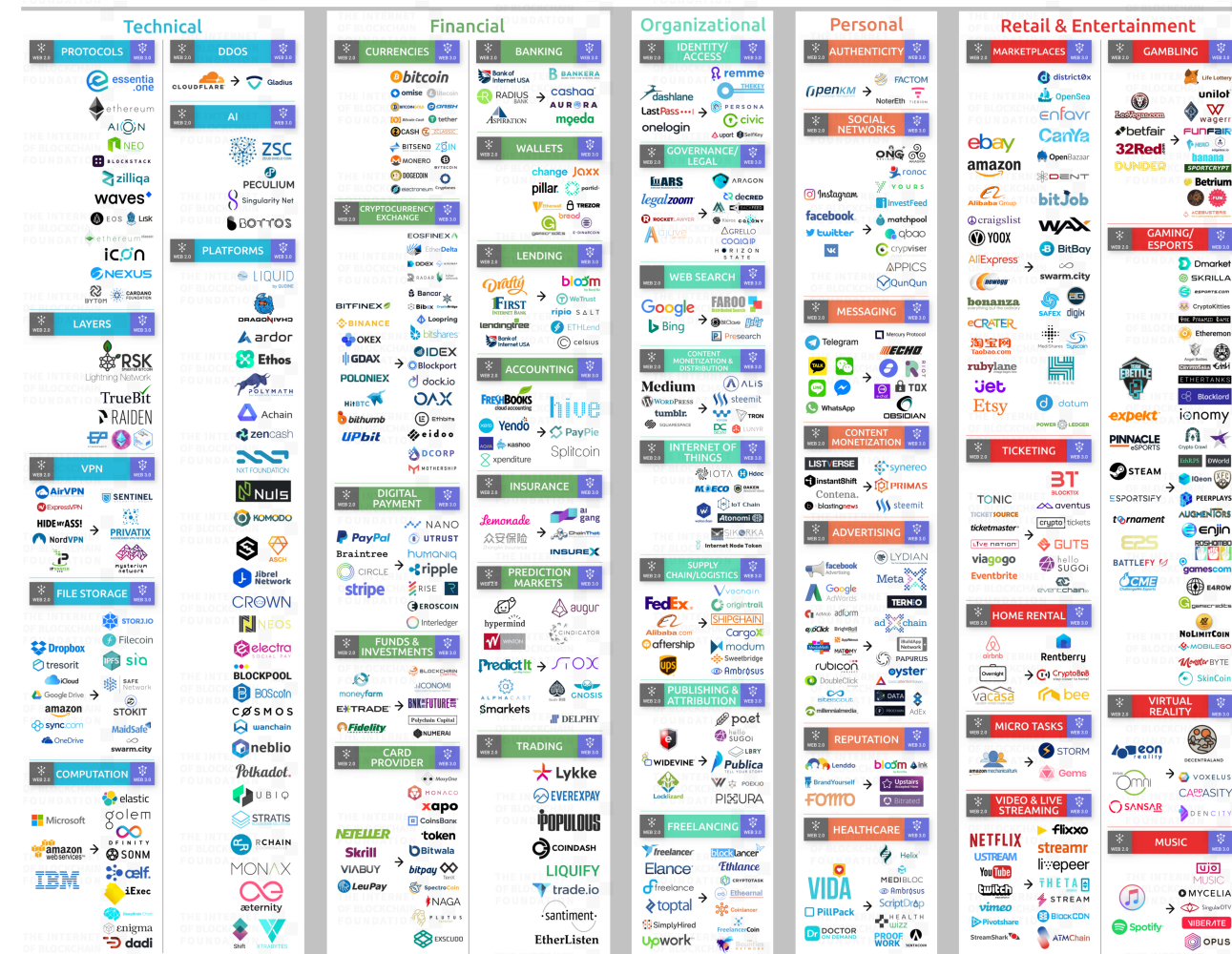


WEB 2.0 → WEB 3.0 COMPARISON LANDSCAPE.

WELCOME INTERNET OF BLOCKCHAINS

Solution: individual choice of collective purpose

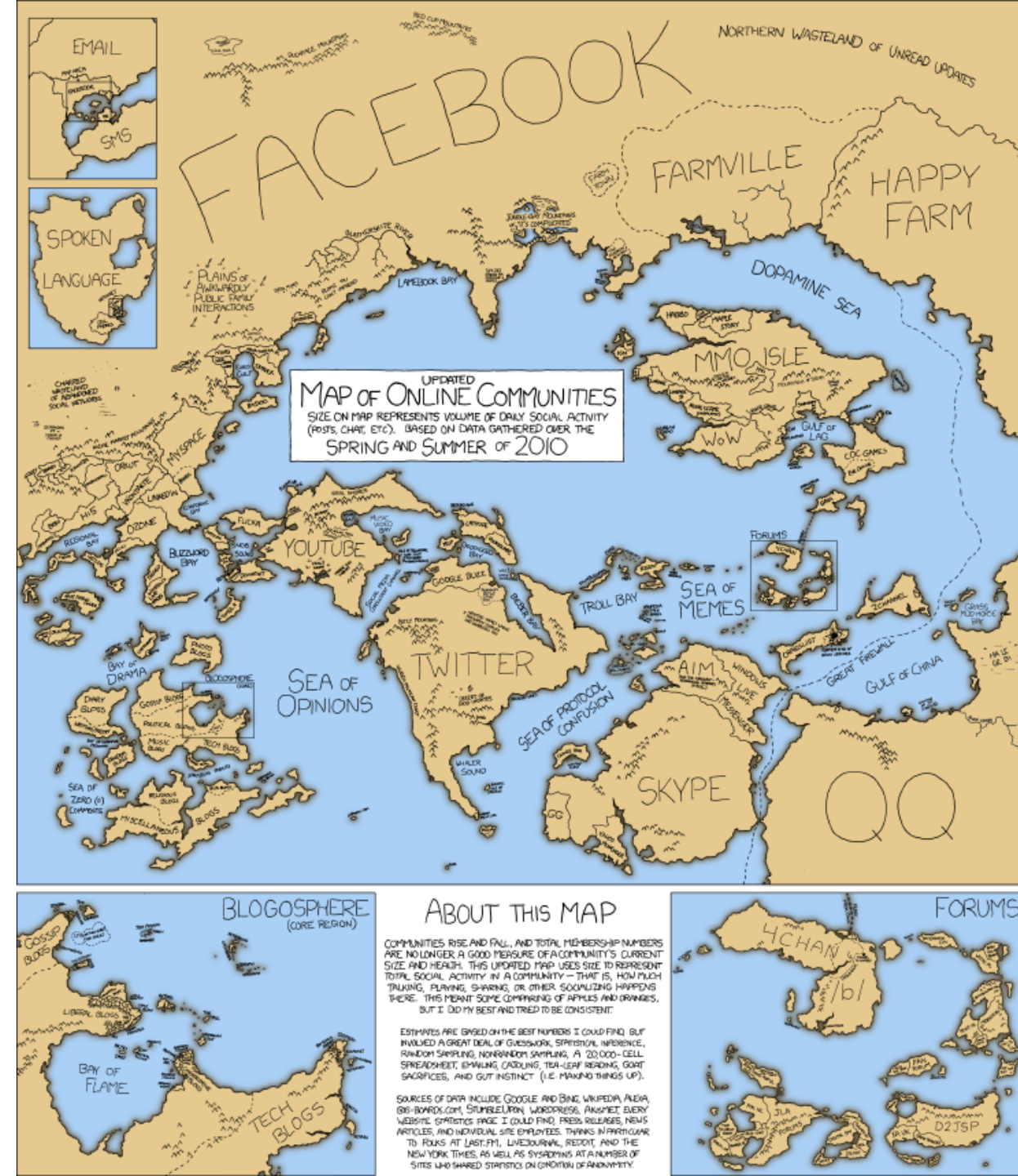
- many different *purposes* to choose from
- pick one of these
- apply this to countries



Matteo Gianpietro Zago

Solution: individual choice of collective purpose

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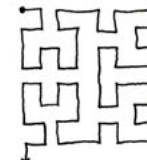
Solution: individual choice of collective purpose

- many different *purposes* to choose from
- pick one of these
- apply this to countries



THIS CHART SHOWS THE IP ADDRESS SPACE ON A PLANE USING A FRACTAL MAPPING WHICH PRESERVES GROUPING -- ANY CONSECUTIVE STRING OF IP_s WILL TRANSLATE TO A SINGLE COMPACT, CONTIGUOUS REGION ON THE MAP. EACH OF THE 256 NUMBERED BLOCKS REPRESENTS ONE /8 SUBNET (CONTAINING ALL IP_s THAT START WITH THAT NUMBER). THE UPPER LEFT SECTION SHOWS THE BLOCKS SOLD DIRECTLY TO CORPORATIONS AND GOVERNMENTS IN THE 1990'S BEFORE THE RIR_s TOOK OVER ALLOCATION.

0	1	14	15	16	19 →
3	2	13	12	17	18
4	7	8	11		
5	6	9	10		



 = UNALLOCATED BLOCK

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How to implement?

Key question is how to scale OKRs beyond company level. Tools include:

- **On-chain metrics**
- DAO dashboards
- Economic alignment
- Ideological alignment

Summary

On-chain metrics which are taken directly from the various crypto assets' blockchains provide investors with adoption measurements and unique price signals related to user motivation and intention. Looking at active address counts, which has been positively correlated to price movement, shows a significant recent increase. And Bitcoin transaction and payment

How to implement?

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Balaji Srinivasan ✓
@balajis

Any company beyond a certain scale has a set of dashboards that the CEO and all execs review each day. Examples below.

What if you did that for a community, like a DAO?
geckoboard.com/dashboard-exam...



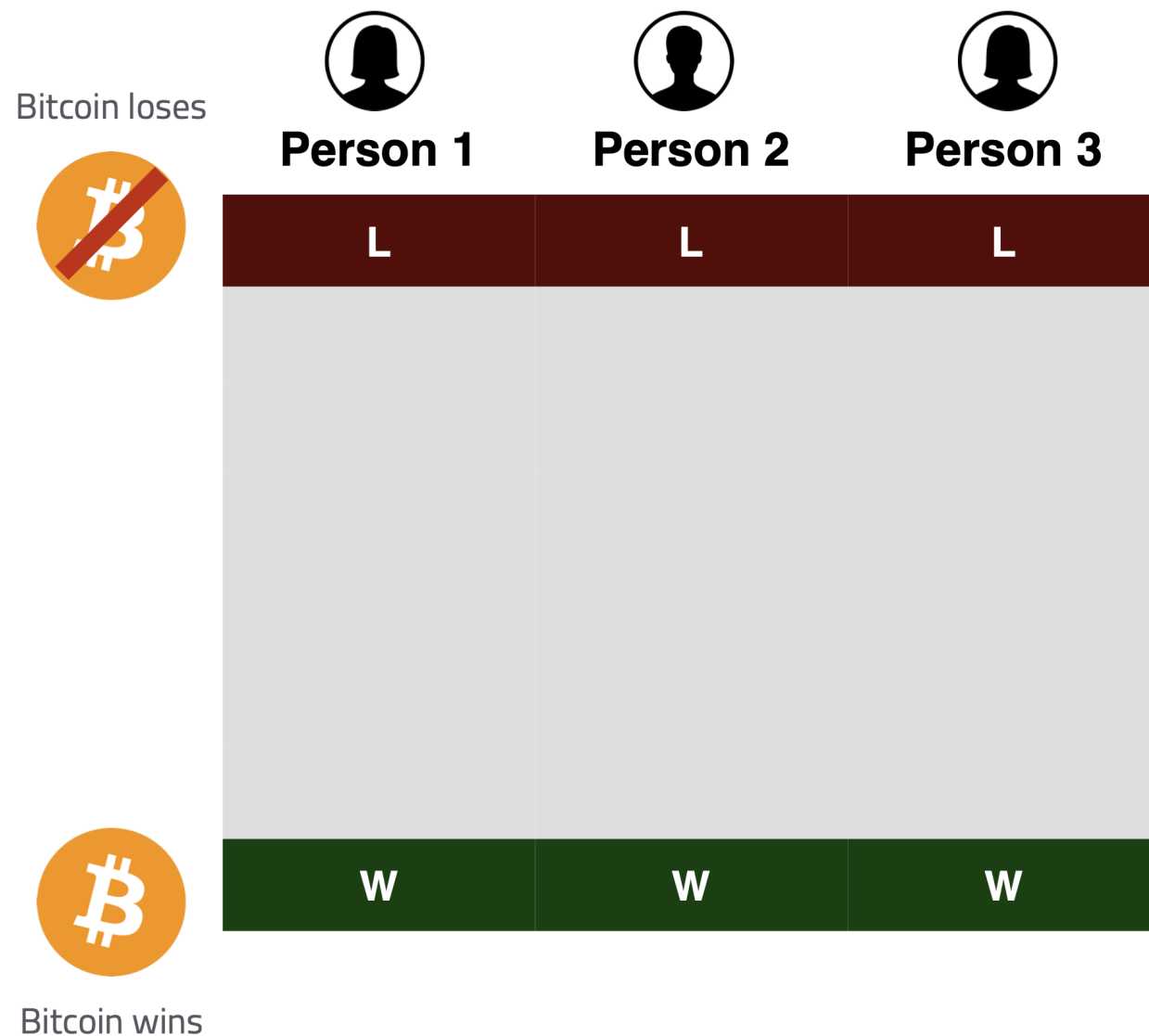
10:49 PM · Sep 28, 2021 · Twitter Web App

39 Retweets 13 Quote Tweets 464 Likes

How to implement?

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Person 1



Person 2



Person 3

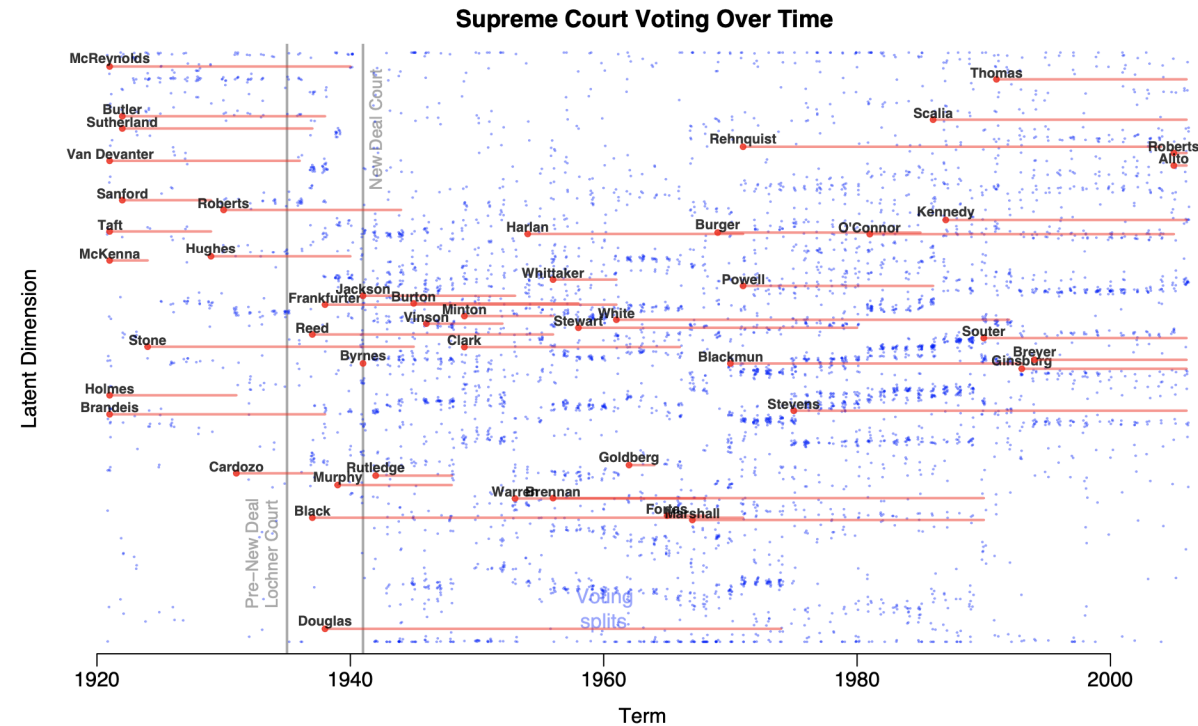
L	L	L
L	L	W
L	W	L
L	W	W
W	L	L
W	L	W
W	W	L
W	W	W

The US Supreme Court

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Non-Example: Twitter

No measure of collective progress.
Like an NBA game where individual scores only shown.



Balaji Srinivasan ✓
@balajis

Imagine an NBA game where players imagine they're playing for the same team, but only see their own points. That's how ideological movements work on social media today: only individual profiles, no team dashboards.

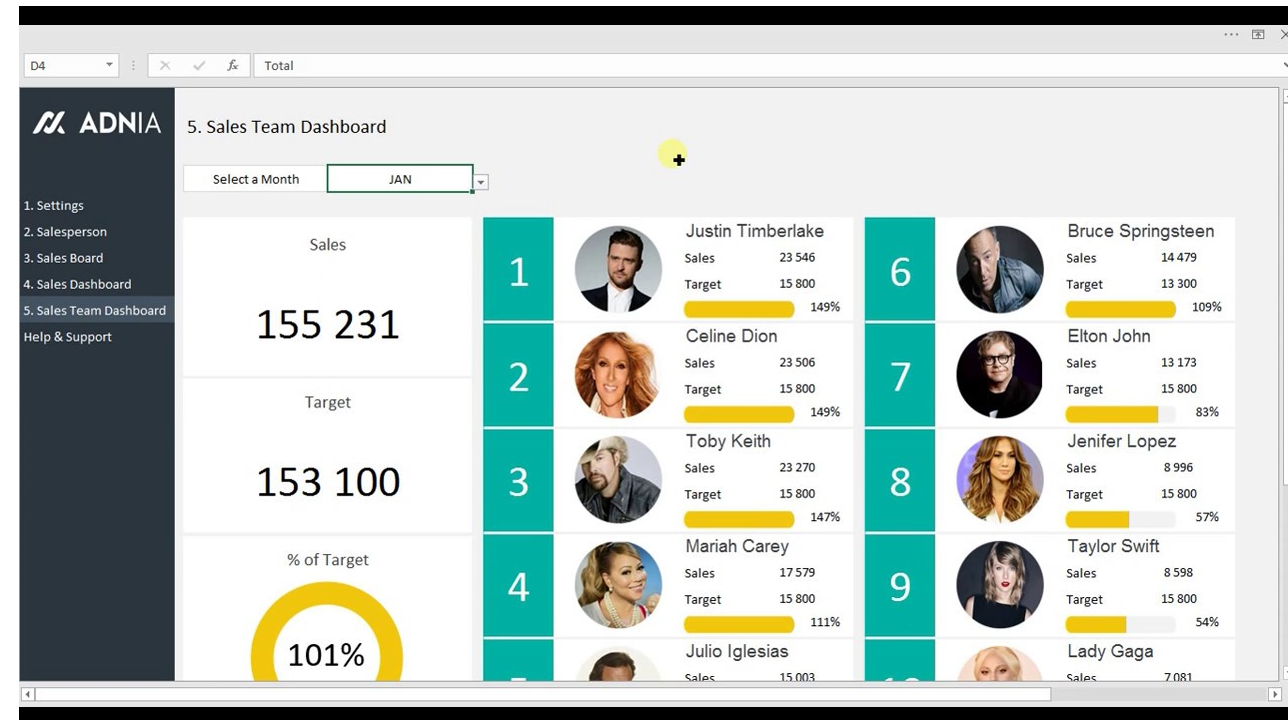
DAOs change this. Number go up means movement goes up.

8:20 AM · Sep 19, 2021 · Twitter Web App

95 Retweets **6** Quote Tweets **954** Likes

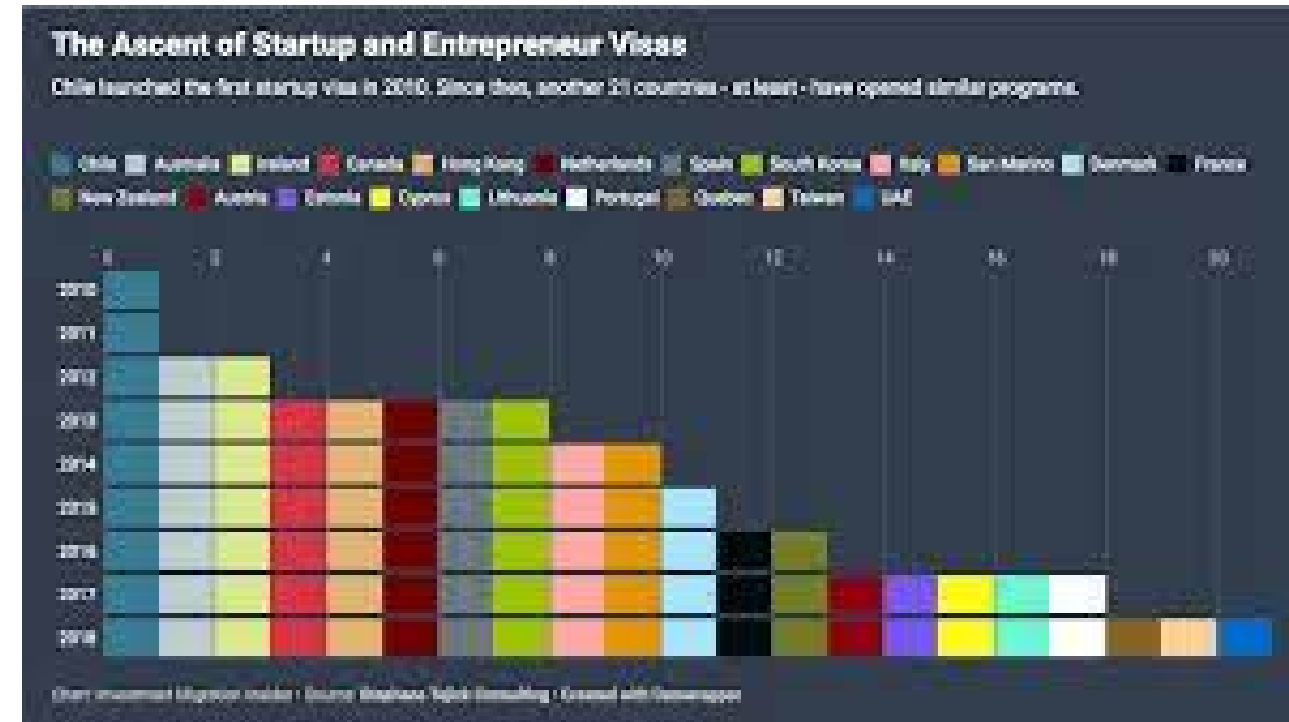
Example: Sales

A sales dashboard is a much better example. Collective goal is just sum of individual goals.



Example: Recruiting

Can we generalize to a recruiting dashboard for the network state?



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Can we generalize to a recruiting dashboard for the network state?

Main applicants by year: Residence by investment programs

	2018	2017	2016	2015	2014	2013	2012	2011
US EB-5	2637	2589	1758	1067	1603	844	736	1067
Spain	2306	1091	1011	674				
Quebec IIP*	1460	1444	1476	1704	1221	1264	1478	1235
Portugal	1409	1351	1414	766	1526	494	2	
Greece	1399	961	583	505	423	21		
Malaysia	1113	2065	1116	737	1025	1225	1076	796
South Korea	637	501	717	565	593	921	793	840
Thailand Elite	560	340	238	155	51			
UK Tier 1 Investor	376	355	215	192	1172	565	470	331
New Zealand IV	310	447	344	181	185	120	58	42
Australia	183	405	552	400	300	100	79	
Latvia	124	119	191	327	2395	1647		
Ireland	54	294	272	65	30	18	5	

**For QIIP and Malaysia, only data on total visas (including dependents) are available. We've presumed a family size of 3 to arrive at a main applicant figure. For Spain, the US, and Australia, figures are reported per fiscal year, so '2018' is more accurately read as FY2017-18.*

Chart: Investment Migration Insider • Created with Datawrapper

Summary

1. We have bad metrics
2. Optimatism sets up explicit goals for society
3. Choose society based on its objective
4. Score all actions against that objective
5. Change objectives, but change them explicitly

Next Steps

Please fill out the feedback form.

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