

## Incentives and Success

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Governments have a vast influence on the quality of their citizens' lives. The role of government is to establish systems that are just and therefore allow people to live successfully. The summation of a government's systems influences the quality of life that its citizens experience. These various systems provide a set of incentives that can influence and change the behavior of a nation's citizens. Incentives in a democracy inspire citizens to work hard as they seek to attain their goals, whereas totalitarian governments do not provide similar opportunities. Additionally, free enterprise provides individuals with choice, a tool they easily understand as vital to the foundation of their progress. The goal of an effective government should be to establish an incentive system that inspires individuals to make progress, which will then lead to higher standards of living for the benefit of everyone.

Governments choose how much importance they place on the individual. A government's chosen system of rule can either proportion power equally among all its citizens or remove a portion or all of that power and instead assign it to an authority or ruler. Thinkers such as Thomas Jefferson and Carl Becker declare that to continue placing importance on the individual is the best way to sustain a true democracy: "The source of political authority must be and remain in the people and not in the ruler" (Becker 106). It is logical that the highest standards of living exist in nations where the people hold political authority. In a democratic system, open for all to share and spread ideas, all individuals have the opportunity to voice their concerns and opinions. When everyone contributes his or her best ideas, the outcome is of the highest possible quality that the democratic state can conceive (Becker 117). Citizens can shape the government of their country to "accommodate itself in some fashion to the prevailing world view" (Becker

115). Because of this accommodation, a democratic government sees constant sculpting and reshaping. The world is growing and changing at a rapid rate; moreover, democracy is effective because participating individuals share ideas to help it keep pace.

Conversely, fascist and totalitarian regimes, such as those described by Hannah Arendt, a German-born political theorist, place little or no importance on the individual. In these governments, one leader or a small, exclusive group assumes power and asserts control over the remainder of the population. Power is no longer divided equally, but skewed so that the group in control possesses an extremely large amount of power. This imbalanced division of power results in “the isolation of the fictitious world of the movement from the outside world” (Arendt 125). No longer can all citizens contribute to the shaping of their government to fit the current, ever-changing circumstances. Consequently, fewer ideas are considered, lessening the chance and prospect of their refinement. The result is a less effective system than the government could otherwise have achieved if all the people had been encouraged to contribute. Isolation of a population is a key step in preventing a group’s progress and in lowering their quality of life.

On the other hand, governments that place importance on individuals inspire those individuals to work hard and to support themselves. Citizens realize the bearing of their own choices on the outcomes in their lives. For this reason, capitalism and democracy go hand-in-hand. In a free economy, citizens are able to obtain possessions of value as a “measure of economic security” (Becker 109). Even Machiavelli in *The Prince*, a work that describes a prince with the power of a dictator, understands how important it is for citizens to be commercially sovereign. Conversely, a government that prohibits free commerce will “burden the people with excessive taxes,” making the dictator or government “hateful to his subjects” (Machiavelli 43). When people, who by nature always want more, learn that they can work hard and be paid

appropriately for their hard work, they will devote themselves to hard work, success, and progress. Individualism fosters an incentive system that allows citizens to improve their standard of living if they so choose. This knowledge inspires citizens to create and invent, and their efforts then lead to more efficient systems of trade, manufacturing, and consumption, as well as rapid technological change. This process makes life easier for citizens, brings about progress, and leads to a better quality of life for all. Efficiency and technological progress not only lead to well-off individuals within a society but also improve the economy of the entire nation. This, in turn, allows for the nation to provide more for its citizens and elevates the nation over others in the global economy.

Fascist and totalitarian governments do not have free markets and economies. These governments have economic planners, who dictate how the country will use its resources, what goods the firms are allowed to produce, as well as when and where these goods will be used. These systems are horribly inefficient. It may take months or years for businesses and people to receive the tools they need. If, for example, a plumbing company needed a new fleet of trucks for its plumbers, it would first submit a request to the central planner. This request would be queued behind numerous other requests. Weeks or months later, it would reach the desk of a planner who would choose either to confirm or to deny the request. If confirmed, the planner, regardless of the price or quality of the trucks, would then pick a company to produce the trucks. The truck company, guaranteed an order, would have no incentive to make high quality trucks or to complete the order in a reasonable amount of time. After a length of time, lower quality, more expensive trucks would reach the plumbing company. The inefficiency and lack of challenge faced by producers slow or destroy all competition and all progress that the plumbers and truck makers could have had as a result of the order.

There are numerous other pitfalls of fascist and totalitarian systems. In the Declaration of Independence, Jefferson expresses disgust for governments who plunder their citizens and impose taxes without their consent (82). Taxes, when imposed without the consent of the people, disturb their natural rights and freedoms. Citizens are left with less discretion as to how they can spend, save, or invest. By reducing citizens' capacity to choose, unwarranted taxes stifle the ability of individuals to make progress and thereby detract from the well being of the whole country.

In the past some totalitarian regimes attempted to convince the general public that their forced-labor camps were producing adequately for the country as a way to justify their means. Arendt knows otherwise. She dissects the system of forced-labor and concentration camps and determines that they are inefficient because "any work that has been performed could have been done much better and more cheaply under different conditions" (Arendt 131). The underlying reason for this gross inefficiency is that the workers in forced-labor camps have no incentive to do their jobs well. They complete their tasks merely so that they can eat that night or so that their lives will be spared one day more.

Democracy sets up a system of incentives that pushes citizens to become involved in ways that fascist and totalitarian governments can never achieve. Under democracy, a nation's citizens realize that it is in their best interests to become active and to work hard. In the long term, progress is created when individuals are taken seriously and provided with incentives. In this way, free economies lead to nations of people who continuously strive to improve their standards of living.

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