

Salvador as a startup state

"Reform is nationalization and centralization."

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People often ask me: what would I do with El Salvador? If I had durable and absolute executive authority over El Salvador? This sounds crazy—but is no different from the executive authority of Tim Cook over Apple. **And it's just *monarchy***—not a new idea.

I would make El Salvador a *startup state*. I would do this by creating a *new executive authority* that first *analyzed* the existing civil service, then *redesigned* it, then *supervised* it, then *incrementally replaced* it with its own wholly new organs—reusing the old staff only as *individuals, if at all*.

Such a startup regime would transform El Salvador beyond imagination. The only 20th-century comparables would be Singapore or the Gulf States.

This ambitious plan would work because the *whole* new authority would be staffed by international “thugs” (as Balaji Srinivasan likes to say) with world-class executive talent. These killers, who would mostly work remotely (Salvador is blessed by an American timezone), would be the best of North American YC founders, McKinsey veterans, Google engineers, SpaceX rocket scientists, hedge-fund masters, etc.

These kinds of people aren't cheap. **But they are efficient—and even they will work cheaply for an amazing mission. No mission is more amazing than a new regime.** Their startup regime would be the most efficient and effective government in history. Here is how it could work, and what they might do.

Caveat and situation

Obviously, it is by no means clear that the Bukele regime has anywhere near enough actual power to pull off plans like the ones below. In general, it's clear that it *doesn't*.

A true startup state can only exist because of some kind of *sovereign reboot*. In a full sovereign reboot, *no* laws, institutions or commitments of the old regime survive into the new regime, except those *positively* and *individually* enumerated. The new regime does not even need to pay the *debts* of the old regime, unless it has its own good practical reason for doing so. (But usually this is a good idea anyway.)

One standard of completeness in a reboot is the transition from Czarist Russia to the USSR. But violence is not required—another standard is the end of East Germany.

Such a revolution is *not* what Nayib Bukele's *Nuevas Ideas* regime in El Salvador is doing. It is not clear that President Bukele has the *power* to reboot El Salvador, even close to completely—even though he has far *more* power within the Salvadoran regime as a whole than any “normal” constitution in the American orbit would imply.

Moreover, the concept of a *nation* presumes independence—and the *objective* sovereignty and independence of El Salvador, or of any Latin American country—is unclear. **Just one instance: the classical concept of sovereignty includes the right to choose and make war; any country without this right is a protectorate, not a country.**

Above all, the one absolute prerequisite for the startup state is a unitary executive with stable plenary control of the government. Only such a leader (or leadership team—more than three cofounders is too many, unless they are related; Bukele has three brothers) can operate this kind of regime successfully. Until a startup level of unconditional responsibility is reached, every regime should prioritize increasing its long-term stability over reaping the fruits of its present authority.

This analysis requires us to remember that most global regimes that try to diverge from Washington's orbit are objectively *weak*—even if we have been educated to think of their leaders as “strongmen.” This also applies to Putin, for instance. Though much stronger than DC wants him to be, he is also much weaker than a true Czar of Russia would be. The form of dictatorship is always illegitimate, and its illegitimacy shines through it everywhere as weakness—everyone everywhere is always betting on its demise. Legitimacy is strength.

The policy ideas below really do depend on durable, centralized, absolute executive authority fully confident in its own legitimacy and permanence. The re-emergence of the monarchical form in the First World, after 250 years of experiments in disorder, is the only long-term hope for Europe and the European diaspora.

At present the First World is governed by durable, centralized *procedural* authority—an oligarchy. **The details vary, but the civil service of the postwar Western regimes is never under any meaningful democratic supervision. For instance, the American civil service is disconnected from democracy because its budget, policy and personnel are managed not in an executive way by the chief executive produced by our still fiercely contested Presidential elections, but in a procedural way by the Congress, a literally gerontocratic organ with 90%+ incumbency rates and a permanent staff, which is in no way a parliamentary body, whose elections are decided by lawn-sign budgets.**

The fundamental challenge of history in the early 21st century is this transition from the last sparks of 19th-century political democracy, now almost completely smothered by 20th-century procedural oligarchy, to some kind of new legitimate monarchy. The time, place, method and form of this emergence remains unclear. Can the Third World provide an example to the First? It would be help from an unexpected place.

The problem is not easy and certainly not safe. 20th-century dictatorship, even Napoleon in the early 19th, were failed intermediate forms. Their failures were not always pretty. The civil wars of Marius and Sulla in the late Roman Republic were not pretty, either.

Yet Rome completed its transition in the person of Augustus. If there is a meta-lesson here for the Bukele regime or any regime like it, the lesson is: be Augustus. If there is anything like a 20th-century equivalent, it might be—[Atatürk](#). Anything less is selling yourself short—and that's the last thing you can afford to do.

The maximal state

When we think about how government works, we are used to thinking of the public sector as inherently *less* energetic and efficient than the private sector. While this is *often* true, it is not *inherently* true. It is a specific, contingent situation, resulting from specific prerequisites both public and private.

When the government is properly rebooted, the energy of the public sector becomes greater than the energy of any startup ever. This energy *may* still be inefficient. It is not *inherently* inefficient, though.

Under the old regime, the public sector does not *have* to be inefficient. It just has to be both *old* and *uncompetitive*. Together, these make it inefficient. The private sector *may* be competitive, in which case it will be efficient; but it *need not be*. It *could be* cloistered, protected, monopolized. Isn't it? What would we expect?

The best private corporations in the Third World would be weak competitors in the First. Without any disrespect to Salvadoran business, finance and agriculture, there is no sense that El Salvador is unique among its peers in private-sector efficiency.

Under a startup regime in an old Third World country—possibly even an old First World country—the central government is the *most* energetic and efficient way to accomplish *anything*. This runs contrary to almost every expert's political intuition.

A startup regime is the *absolute opposite* of libertarianism. It is not the minimal state. It is the *maximal* state. It is not like the Industrial Revolution. It is more like the Cuban Revolution.

But *sane*—but still, with something like the same collective energy of building a whole new world.

The most fundamental principle of comparative constitutional law since Aristotle is that *no one constitution* is right for all governments of all countries in all times.

In an old, modern and liberal country like America—or at least, like the America that America believes itself to be—*classical liberalism* is optimal. The best government is a *minimal* government. Anything that can be done privately *should* be done privately. Reform is *privatization* and *decentralization*—a la Margaret Thatcher.

In the true startup state, in El Salvador or any country like it—in any poorly governed former European colony—*classical monarchism* is optimal; the best government is a *maximal* government. Anything that *can* be done publicly *should* be done publicly. Reform is *nationalization* and *centralization*—a la Frederick the Great.

The state as a startup

Obviously, some organizations are much more effective than others. Apple is much more effective than the US Department of Energy, which is probably more effective than the Argentine Ministry of Defense.

Most people who think about this kind of question have a simple rubric: the private sector is good, the public sector is bad. If asked to explain why this rubric works, they will ponder a bit, then answer that private-sector organizations are kept healthy by natural selection: the Darwinian competitive pressure to survive and profit and grow.

But natural selection is a collective force. It does not operate at the individual level, except through survivorship bias. The need for success does not by itself produce success. The success comes from the sector *as a whole*—a professional culture of knowing how to succeed, which is the hiring pool the organization draws from.

Part of this professional culture is a *structural* template for effective organizations. Across the private sector, this is of course the classic joint-stock company. Silicon Valley's startup structure has reused this flexible form, with the variation of “two in a box” cofounder leadership—perhaps inspired by the consuls of the Roman Republic.

The most important aspect of the Anglo-American corporate form is its *executive* structure. The corporation is shaped like an army: as a top-down command pyramid. The concept of *Auftragstaktik* or “mission orders” is fundamental.

Auftragstaktik is just the opposite of micromanagement—it just means everyone at every level in the pyramid should receive goals from their supervisor, interpret them into methods, and

interpret those methods into goals for their subordinates. What is bad is giving your subordinates not goals, but methods. The captain decides what hill his lieutenant must take; the lieutenant decides how to take it.

Bureaucratic organizations use the opposite of *Auftragstaktik*—*Beamtentaktik*, we might call it. In a *procedural* bureaucracy, both the goals and methods of every officer are set by *regulation*. The same organization pyramid exists, but it is solely concerned with reconciling the regulations with messy reality. Your supervisor is an exception handler, whom you call whenever there is a strange case for which the rules don't make sense. This is a fundamentally *reactive* structure.

If an organization is staffed by experienced and capable people and organized on the right pattern, as a pyramid animated by *Auftragstaktik*, it will be successful. Technical knowledge of the domain may be essential—but domain knowledge is usually easy to acquire by hiring. In some cases it can even be conveyed by consultant.

A startup state in Salvador

A *startup state* is a government-run on the executive pattern by a startup-grade team. How can El Salvador become a startup state?

Again, the absolute prerequisite for creating a regime of this quality—or of any quality, as Machiavelli points out—is a single executive with unilateral control of the government.

There are two obvious problems. First, the quality of Salvadoran civil servants is not up to the quality of Palo Alto startup jockeys. Second, the Salvadoran civil service—like any 20th-century civil service—is reactive, not executive, in nature. While there are many ways to ameliorate this problem, there are no ways to solve it. The obvious solution is not to reuse the existing civil service at all—but create a new one.

President Bukele can do exactly what FDR did in the New Deal. At first, new agencies operate in new areas of government currently not well-addressed by existing agencies. Later, the old agencies can be either replaced and shut down, or restructured in place. Careful when restructuring—it is easy to give too superficial a makeover. Ideally, only superficial details remain. The best existing staff can be found with intelligence tests and hired *as individuals*, not even necessarily in the same field, in the new agencies.

New agencies should be created with a careful mix of two kinds of North American corporate culture: West Coast startup culture, and East Coast consulting structure. While not everyone needs to be a Salvadoran, there are certainly Salvadorans who fit this profile—and every one of them should be in their country helping to fix it.

But though Spanish is a plus, English should be the work language. Most employees can be remote—why should anyone have to physically come to Salvador? Especially before the mosquitoes are exterminated? This is an enormous and capable staffing pool. Unfortunately they are not in general cheap—but a startup state is a small state.

The five missions of classical monarchism

But if this is the architecture of the startup state—what is the mission?

Classical monarchism sees the mission of government through five different lenses.

The first is a *spiritual* lens. Through this lens, the king is God's agent on earth, responsible only for the general good and well-being of all his creations equally. In Latin this is *salus populi suprema lex*: the health of the people shall be the supreme law—where *health* means health in body, mind and spirit. And God also created the land—its fauna and flora, its airs and waters, which the king must steward as well.

The second is a *financial* lens. Through this lens, the king is the *CEO* of a *family business*, owned by the royal family. The assets of this business are the *people* and the *land*. Its profit-loss statement is the *balance of foreign trade*. Its lawsuits are *wars*.

The third is a *legal* lens. Through this lens, the king is the *chief judge*. He is the final arbiter of all laws, and he himself is *above all laws*. Moreover, he gives the law not only to humans, but to *all plants and animals*—he may exterminate, or introduce, species.

The fourth is a *political* lens. Through this lens, the king rules through a *political formula*—a meme that convinces its carriers to be loyal to the regime. He dissuades any significant propagation of any *political toxin*—any meme that contradicts the political formula, convincing its carriers to be disloyal to the regime.

The fifth is a *military* lens. Through this lens, the king is the chief general of the nation and the ultimate commander of all its men. (The Latin word *populus* originally meant [army](#).) He also commands its money, productive capital, and natural resources. His mission is to conserve and/or expand this military power.

In this essay, we will analyze the situation of El Salvador through assorted concepts and concerns in the first three lenses. Probably, if these three are taken care of, the other two will take care of themselves.

Turbocapitalism

Under *turbocapitalism*, the state establishes a new private sector using public-sector energy, by first scaling up a high-efficiency productive sector, then privatizing it.

The Palo Alto scaling energy of the startup regime builds out the initial capital. The Darwinian forces of creative competition maintain the ecosystem, once it is mature.

Excluding remittances, the two chief foreign exchange earners of El Salvador are coffee and tourism. The best coffee is grown in tropical highlands; El Salvador is full of tropical highlands. Tourists like nature and surf. El Salvador has both nature and surf—yet is in a normal American timezone.

But after fifty years of war and misgovernment, the Salvadoran coffee and tourism industries are far behind where they should be. To bring them up to speed as fast as possible, El Salvador should deploy *turbocapitalism*.

Under *turbocapitalism*, El Salvador charters two *state development companies*, CoffeeCo and TouristCo. CoffeeCo can nationalize any coffee *finca*, or any land which could become a *finca*. TouristCo can nationalize any land, and develop or redevelop it as it sees fit. The companies do not buy the land, but split its equity equally with the previous owners—who receive half its earnings from under the new management. They may be initially angry with this deal, but eventually they will be delighted.

These companies get to *manage and upgrade a whole country* from the perspective of coffee and tourism. CoffeeCo is run by YC founders, McKinseyites, and all kinds of shameless coffee nerds. TourismCo is run by gods of hospitality and construction.

TourismCo can extend sideways into the areas of corporate and retirement living. Retirement communities in the tropical hills are obvious—but consider a large company that wants to offer its engineers an almost Los Alamos-like vibe of true communal living with colleagues—on a custom campus with daily shuttles to a surfing beach. On an American timezone.

In ten years, these startup-quality state enterprises will make El Salvador into the premier Central American destination for tourism and expat life, and the leading Central American provider of high-grade coffee.

Eventually—on the scale of one or two decades—the state companies will be broken up and stripped of their special eminent-domain powers. As with the Standard Oil or AT&T breakups, their fragments become ordinary private companies that compete with each other and form a working Darwinian corporate landscape. Only the giant carcasses of the old dinosaurs could have created such a rich ecosystem.

Microacceleration

A close cousin of *turbocapitalism* is *microacceleration*.

Obviously, a country like El Salvador cannot hope to become a technology leader across the board. The idea of microacceleration is to find one or more focused fields of scientific, medical or engineering development that have been held back in the First World due to governance problems, and make the country into the perfect platform for these fields—again, not just waiting for the market to populate itself, but actively building it out with state power and money. Here are some possible examples.

A good example is *pest control*. Total pest control with [gene drives](#) is well understood in theory—at least, for insects. There is nothing stopping El Salvador from *eradicating all its mosquitoes*—nothing other than liberals in suits who like to go to conferences. (Unfortunately, gene drives in *this* population are not so well understood.)

It is almost impossible to imagine the impact, both internal and external, of being the first mosquito-free tropical country. Imagine choosing between a tropical resort with, or without, mosquitoes or other tropical pests. Imagine the impact of total mosquito eradication on the regime's popularity. **First crime, now this!**

More generally, medical regulation has choked off many promising research routes. However, attempts at regulatory arbitrage have largely grown only weeds—dubious stem-cell clinics in the Caribbean and the like. Once again, this reflects inappropriate faith in market mechanisms.

If El Salvador wants to foster a healthy clinical research community, it has to act positively to create it. It does *not* need to start with *entrepreneurs* who realize that they can *make more money* by doing deregulated medicine. It needs to start with *researchers* who realize they can *heal more people* by doing deregulated medicine—and the Salvadoran government needs to start with a team of *absolute superstars*.

The only way to attract these superstars is to give them absolute tenure with funding for life—literally, an annuity guaranteed by offshore money—plus some platform for doing research that appeals to their deepest sense of scientific and medical mission, which they would never be able to do back home.

The ability to do *iterative medicine*—to bring research techniques as fast as possible to human beings, thus learning as fast as possible what works and what doesn't and why—seems like one choice of platform. The humans can be (a) medical tourists; (b) locals who give informed consent and are paid; or (c) criminals who give informed consent and have their sentences reduced.

Moreover, an economic platform includes a complete supply chain. Most prominently, they need a supply of research animals—and not just mice. Iterative medicine, when it has to work with animals, works much better with large animals that are more realistic models, like dogs,

monkeys and pigs. Curing cancer in dogs means a lot more than curing cancer in mice. But in the US, working with dogs or monkeys is two orders of magnitude harder and more expensive than working with mice. But El Salvador is a Third World country and animal husbandry is not beyond its talents. Imagine reformed gangsters doing their penance by taking care of these “hero dogs.” So long as they avoid creating intelligent super-dogs, researchers can genetically humanize these animals to make them even more predictive for iterative medicine.

Finally, El Salvador is mountainous and in the tropics. This suggests rockets. (Having other countries to the east is a small problem, but a lot of them is jungle—it’s a small problem of [range safety](#).) Imagine having a space company establish its own launching and research base in the eternal spring of the Salvadoran volcanic mountains—with a surf shuttle, of course.

Microintegralism

Microintegralism is the rededication of the nation named for our Savior to God. In a nation governed as God intended, how could there be a problem like the old gangs?

The first step in microintegralism is just [seeing like a state](#). A 21st-century regime that sees like a state *knows exactly who is in the country*. This is shocking already!

No one is a secret from the government. The government knows your name, your age, your family, your address, your employer, and your income. It has your photo, your iris prints, your fingerprints and your DNA. For these small indignities, the government promises you absolute physical safety in a happy and orderly society—eventually, as safe as the secure area in an American airport—even as safe as the Tokyo subway!

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