The only award system that prevents cheating is linear

Olga Kosheleva and Vladik Kreinovich

Abstract Many Gulag memoirs mention that to avoid starvation, smart team leaders "cheated" – fictitiously redistributed the overall production between team members, as a result of which the overall award increased. This practice leads to a natural question: which award system prevents such cheating? In which award system such a fictitious redistribution will not change the overall team award? In this paper, we show that the only award system that prevents such cheating is linear, when the award is a linear function of productivity.

1 Situations that inspired this research – and the resulting question

Situations. Many Gulag memoirs describe the award system that was typically used for the prisoners involved in hard work – such as felling trees in the Russian North. There was a fixed amount of daily food (e.g., 600 grams of bread) to those who fulfilled the norm. Those who did not fulfil the norm got much less – e.g., 300 grams, and those exceeded the norm by a significant percentage got a larger amount – e.g., 900 grams.

The norm was based on the ability of people accustomed to hard menial labor. So for many prisoners who were accustomed to such hard word – e.g., scientists, engineers, actors, arrested for telling jokes or for having contacts with foreigners, or even for having previous contacts with folks that have been later arrested – it was practically impossible to fulfil the norm. One of such prisoners, Valerii Frid – later

Olga Kosheleva
Department of Teacher Education, University of Texas at El Paso, 500 W. University
El Paso, Texas 79968, USA, e-mail: olgak@utep.edu

Vladik Kreinovich
Department of Computer Science, University of Texas at El Paso, 500 W. University
El Paso, Texas 79968, USA, e-mail: vladik@utep.edu

an award-winning movie maker – remembers that he first got into a team led by an inexperienced leader who honestly reported what everyone has achieved, as a result of which everyone got a decreased amount of food, barely enough to stay alive [2].

Later on, Frid's team leader learned from his colleagues that it was possible to increase the overall amount of bread allocated to his team if, instead of reporting the true outcomes, he would allocate the whole output to a few selected folks – who would then be classified as having fulfilled the norm. Then the resulting overall amount of bread would be distributed among the whole team.

For example, suppose that in the team of 20 everyone could maintain only 80% of the norm.

- Then, in the original arrangement, they would get 30×300 grams = 6 kg of bread.
- In the new arrangement, the team's production was packaged as produced by 16 folks each of which thus fulfils the norm. Each of these 16 folks would then get 600 grams of bread, to the total of 16×600 grams = 9.6 kg. The remaining 4 folks would still be allocated 300 grams each, to the total of 4×300 grams = 1.2 kg. Thus, overall the team would get $9.6 + 1.2 = 10.8$ kg of bread – almost twice larger than in the original arrangement.

Comment. Similar cheating was known to happen in other situations. For example, to increase birth rates, special bonuses were given to mothers who have many children. So, in very poor areas, several desperate women would claim all their children to be children of one of them – and then divide the resulting bonus.

A natural question. Clearly, the Gulag's award system encouraged cheating – since a fictitious redistribution of the overall production between team members could increase the overall award amount. So, a natural question is: which award systems prevents such cheating – i.e., in which award systems such a fictitious redistribution would not increase the overall award amount?

2 Formulation of the problem in precise terms – and the main result

Let us formulate the problem in precise terms. We consider award systems in which each person's award depends on this person's stated productivity $x \geq 0$. Let us denote the amount of award corresponding to productivity x by $f(x)$.

The purpose of the award system is to encourage workers to increase production. So the award for a non-zero productivity should be larger than or equal to the award for zero productivity: we shall have $f(x) \geq f(0)$ for all $x \geq 0$. Thus, we arrive at the following definition.

Definition 1. *By an* award system *we mean a function from* $[0,\infty)$ *to* $[0,\infty)$ *for which* $f(x) \geq f(0)$ *for all* x.

In this context, cheating is possible when after replacing the original productivity values $x_1,\ldots,x_n$ with fictitious values $y_1,\ldots,y_n$ for which the overall productivity is the same – i.e., for which $x_1 + \ldots + x_n = y_1 + \ldots + y_n$ – we get a larger overall award:

$$f(y_1) + \ldots + f(y_n) > f(x_1) + \ldots + f(x_n).$$

Thus, we arrive at the following definition.

Definition 2.

- *We say that an award system* $f(x)$ encourages cheating *if there exists values* $x_1, \ldots, x_n$ *and* $y_1, \ldots, y_n$ *for which* $x_1 + \ldots + x_n = y_1 + \ldots + y_n$ *and*

$$f(y_1) + \ldots + f(y_n) > f(x_1) + \ldots + f(x_n).$$

- *We say that an award system* $f(x)$ prevents cheating *if it does not encourage cheating.*

Main result and its proof. Here is our main result.

Proposition. *An award system* $f(x)$ *prevents cheating if and only if it is linear, i.e., if and only if* $f(x) = c_0 + c_1 \cdot x$ *for some* $c_0 \ge 0$ *and* $c_1 \ge 0$.

Proof.

1°. Let us first prove that linear award systems prevent cheating.

Indeed, for a linear award system $f(x) = c_0 + c_1 \cdot x$, for all possible tuples $x_1, \ldots, x_n$, we have

$$f(x_1) + \ldots + f(x_n) = c_0 + c_1 \cdot x_1 + \ldots + c_0 + c_1 \cdot x_n = n \cdot c_0 + c_1 \cdot (x_1 + \ldots + x_n).$$

Thus, if we have $x_1 + \ldots + x_n = y_1 + \ldots + y_n$, then we will have

$$f(y_1) + \ldots + f(y_n) = f(x_1) + \ldots + f(x_n),$$

so cheating will not be encouraged.

2°. To complete the proof of the proposition, we need to prove that if an award system $f(x)$ prevents cheating, then it is linear.

Indeed, for every two non-negative numbers a and b, let us consider the following two arrangements with the same sum:

- the arrangement $x_1 = a$, $x_2 = b$, and $x_3 = \ldots = x_n = 0$, and
- the arrangement $y_1 = a + b$ and $y_2 = \ldots = y_n = 0$.

In both arrangement, we gave $x_1 + \ldots + x_n = y_1 + \ldots + y_n = a + b$.

Let us now compare the corresponding overall awards $f(x_1) + \ldots + f(x_n)$ and $f(y_1) + \ldots + f(y_n)$.

- If the second overall award is larger than the first one, this would mean that going from $x_1, \ldots, x_n$ to $y_1, \ldots, y_n$ encourages cheating – which contradicts to our assumption that the award system $f(x)$ prevents cheating.

- Similarly, if the second overall award is smaller than the first one, this would mean that going from $y_1,\ldots,y_n$ to $x_1,\ldots,x_n$ encourages cheating – which also contradicts to our assumption that the award system $f(x)$ prevents cheating.

Since the second overall award cannot be larger than the first one and cannot be smaller than the first one, these two overall awards must be equal:

$$f(x_1)+\ldots+f(x_n)=f(y_1)+\ldots+f(y_n).$$

Substituting the above values of x_i and y_i into this equality, we conclude that

$$f(a)+f(b)+(n-2)\cdot f(0)=f(a+b)+(n-1)\cdot f(0).$$

Subtracting $n\cdot f(0)$ from both sides, we conclude that

$$f(a)+f(b)-2f(0)=f(a+b)-f(0),$$

i.e., equivalently, that

$$(f(a)-f(0))+(f(b)-f(0))=f(a+b)-f(0).$$

In other words, for the function $f(a)\stackrel{\text{def}}{=}f(a)-f(0)$, we have

$$F(a)+F(b)=F(a+b).$$

Since we have $f(a)\ge f(0)$ for all a, we thus have $F(a)\ge 0$ for all a. It is known – see, e.g., [1] – that every non-negative solution of the equation $F(a)+F(b)=F(a+b)$ is a linear function: $F(a)=c_1\cdot a$ for some $c_1\ge 0$. Since $F(a)=f(a)-f(0)$, we thus conclude that $f(a)=f(0)+F(a)=f(0)+c_1\cdot a$, i.e., that

$$f(a)=c_0+c_1\cdot a,$$

where we denoted $c_0\stackrel{\text{def}}{=}f(0)$.

The proposition is proven.

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