

“VALUELESS ECONOMIC THEORY”

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Abstract

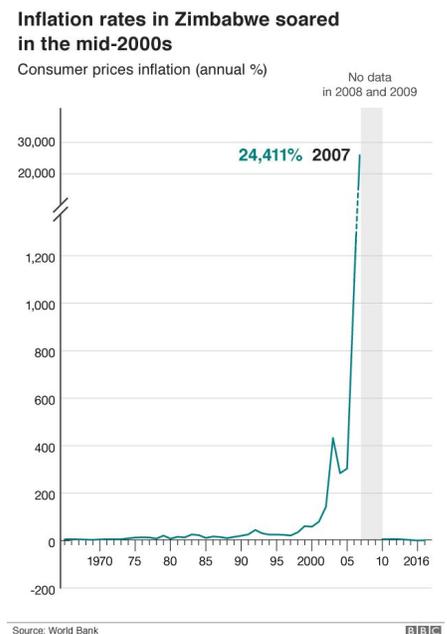
Economics has guided humanity for thousands of years, from capitalism to communism. Humanity seems to have given up on new economic theory, or ideas of thought; they instead stay comfortable with mainstream ideas. With the rise of “**Modern Monetary Theory,**” the questioning of fiat currency is at a peak. What gives anything value? Why does a dollar bill value differently to a hundred dollar bill? These questions have been solved for hundreds of years, but it is not until recently that they have been challenged. The theory of valueless economics is incredibly complicated, and with certainty, this paper may leave the reader with more questions than answers, however, the purpose is to understand the value, why we value certain things, and how a society would function in the modern day with no value. *A society with no value may be able to function efficiently if humanity within that society acts **morally.*** Economics is complicated. This paper is not complicated. Economics includes complex formulas that explain every action a human does within an economy. This paper has no new formulas that break economic theory. This paper is essentially a prediction of how humanity would act under certain conditions, (an economy with no value). To do that; terms of interest must be explained.

I. Modern Monetary Theory and Inflation -- and its relation to an economy with no value

What is Modern Monetary Theory (MMT)? According to “A Skeptics Guide to Modern Monetary Theory”, by Gregory Mankiw at Harvard, MMT’s fundamental issue is that with the government budget restraints based on fiat currency. The idea of, why does the government stop itself from paying its debts? Since the government *is the* issuer of fiat currency, why can’t they issue the money to pay their debts? Mankew does do a comprehensive argument, but let us focus on the one that many may seem obvious. Inflation. Basically, over time, the increase in prices results in a decrease in the purchasing power of money. For a clear representation of inflation, let us analyze the Zimbabwe inflation crisis. On the right, it is clear to see Zimbabwe knows a

thing or two about inflation. What caused this? According to Concklin from Pennsylvania State University, Zimbabwe had many issues politically before the decline into hyperinflation. “The unbudgeted payment of benefits to war veterans in 1997, military involvement in the Second Congo War in 1998, and the fast-track land reform program of 2000” were the main three. The first two depleted the government of their financial resources, and the last sacrificed their last remaining sources of income, leaving the manipulation of money to be the only option (Concklin 19).

This is a complicated situation, in which the idea of MMT may have been used, and it was. Their debt was “paid off” by the government, but at what cost? Hyperinflation. So in theory, no, the debt wasn’t paid off because zimbabwe currency is almost useless. This situation doesn’t use the specific laws of



MMT, therefore it can't be an argument of why MMT is a failure. But MMT's main purpose, to just let the government pay debts, as shown by the Zimbabwe situation, may have some issues. But this paper isn't a mathematical analysis on inflation rates and such is not meant to deep-dive into MMT. Instead use this information to explain the value we put into currency and items, later on in the paper.

II. Psychology of Inflation-- who's fault is it?

We have discovered that inflation by definition is caused by the increase in prices, which leads to a decrease in the purchasing power of money. But why? There may be hundreds of complicated mathematical equations for inflation but let us zoom out. Many argue that inflation occurs when raw materials, wages, and other things in the production process increase, causing the increase of the final consumer good. Let us go through the production process for a pencil. Wood- the raw material, and in comparison every raw material including things that are grown like cotton, is limited. The raw material of wood has never changed with humanity, so why has wood prices increased? The answer is humans. We artificially increased the prices of wood by arguing well, the people who cut the wood need more wages. That may be true but why? The cost in their country to live has increased, that's why. But why is that? Because the people who make the food need higher wages, and people who make the houses need higher wages, leading to higher shelter and food costs. But I ask again, why? Many things have become easier, including building homes, making food, and so why do wages increase for easier work? Is there an economic formula for this, maybe? But do I have a non-mathematical answer, yes? Humans are naturally selfish and have changed prices for no real reason. Back to the pencil, there is NO law, such as laws of physics which are definite, for why the wood has increased in value when the wood has always been the same. Iron has always been the same iron, gold has always been the same gold. We can

go in a circle forever about why the pencil has increased in price, but we can conclude that, although there are economic theories and formulas to explain why a pencil increased in price, we can base it all off man, and its desires. This wood has not increased in price because of the “laws of economics” but because in some way, we chose to let houses cost more, food cost more, WE chose that a higher wage will mean easier living. Humans did that, not nature.

III. *Value -- is it necessary?*

As defined by the Merriam-Webster dictionary, value is “the monetary worth of something”. Who assigns these values? This is not a new question, but many people have different answers. My answer is humanity. Humanity chooses that a house is more valuable than a fridge. It is NOT a law. Meaning it could change at any time. It is possible humanity can wake up one day and choose that a fridge is the most valuable thing on earth. Again, there are mathematical equations to calculate many of these things; we are looking psychologically. Humans give value based on their emotions. Yes, diamond is rare and it is very hard, but why do these things determine its value, because we chose it too. There is no universal law that says if something is rare, it is more valuable. For example, I could draw a painting, one of its kind. It is in theory rare but has little value because HUMANS choose that I am not a good or credible painter. There are 10 apples and 10 people. Each person wants 1 apple and they get their wish. There are now 10 apples, but 20 people, one person somehow gets half of the apples. The other 19 people get upset because they find the apple to have value, not because it is inherently valuable, but because they WANT it. Since this idea of value, is entirely human-made, can we live in a society that has none of it?

IV. Morality-- essential for a valueless society

The definition of moral by Merriam-Webster as “of or relating to principles of right and wrong in behavior”. Not just will people in a valueless society have to be much more moral than people in a value society, since goods and services don’t have value, people will have to do things not based on money. You may be drawing comparisons to communism, but you still have to value goods in almost all known economic systems. In this system, no good or service is inherently more valuable than another. It is very abstract. I could say a pencil is worth the same as a house, but in this society, nothing is worth anything. Worth does not exist. The value does not exist. But morality still does. Although food won’t have value, morally humanity will still know that it is right to give a starving man food. Do supply and demand exist? It is complicated. People will need homes, but production won’t be based on demand. It will depend on who will become a construction worker over a doctor. Social class still exists in this society. A doctor will be seen as higher than a construction worker. But, because morality is so emphasized, a person would not become a construction worker because of the class, but because if there's a shortage of homes, it’s morally right to become a construction worker. This applies to every job in a valueless society. Humans within a valueless society will need to be the most moral creatures on earth for it to even be plausible.

V. The Valueless Economic Situation

The theory of this paper is that “*A society with no value may be able to function efficiently if the humanity within that society acts **morally***”. Simple but so incredibly complicated. Some may argue, do humans right now, NOT act morally? They do, but not with perfection. In this society, humans need to

act with near perfection. Perfection is not possible, but as much as possible would be efficient. As I said in the beginning, economics is complicated. This paper is not. We will view this fake situation from a heavily zoomed out lens, and we will try to PREDICT the actions of humans in the situation.

Valueland, a society with no monetary value in anything. People can still trade, treat fellows with value, have emotions and the human condition still exists. We will look at the perspectives of 4 people within this society. A farmer, a doctor, a construction worker, and a business owner.

Let's analyze the farmer. He owns land that was given to him, seeds and crops, and livestock all given to him by others. Not sold, given. The person who gave him the animals had a grandfather who saw many farmers without animals, and so he started a breeding "business". And based on how much he wanted to give to each farmer, he gave. Now, how does the breeder know who to give to? The value of the farm? NO. The value does not exist, but people act as morally as possible. The farmer needs 3 pigs because the grocery store needs that much to feed the people. So the breeder TRUSTS the farmer and gives him exactly three pigs. Then the farmer deliveries livestock and his produce to the grocery store, and he gives them the amount they asked from him. A person walks in and wants a pound of pork to feed his family. Morality is key, the store trusts that this person is being moral and the amount of pork he needs is the amount he needs. The store CHOOSES to give him the pound of pork. Apply this method to every good that is currently being bought in our society.

Let's apply this to our business owner, who is coincidentally the owner of the grocery store. He takes the moral amount of food and water and just the things he needs. When he "buys" clothes, he acts morally, without greed, and takes exactly what he needs. 7 clean shirts for the week, and 1 rip, he gets 1 t-shirt. If 2 rip he should get 2, he has to act morally, and the clothing store has to trust that if he's getting two shirts, he needs two shirts. He has employees. He doesn't pay them anything. Why? Because they don't pay for anything. One of the employees have an apartment, that was built, not to profit, but to provide quality homes to people who need them, and the people who built these apartments weren't paid to, they did because the community would honor them and it is the moral thing to do when there are no homes. Apply this concept to as many situations as you can and try to find one that wouldn't work if people acted with near-perfect morality.

Let us transfer to the doctor. Why did she become a doctor? Not because of the pay, but because the community needed doctors, and yes she would get the honor. What stops from everybody becoming a doctor. Because of MORALITY. If there is a sufficient amount of doctors in a person's community, they know that they don't need to become one. This goes for every profession in this society. The doctor gets patients, do they pay for her work? No. She does it because she trusts that these people are not wasting her time. She does it because she knows she needs to be a doctor because if not there will be a shortage. She acts with near-perfect morality. She still does the same work a doctor would do these days. Hard work. Does she live in the same type of apartment as the grocery store employee? If she thinks that she needs a bigger home because she has kids or a partner then she lives in a larger one. You may be drawing connections to communism, but remember in that system the government chooses, here the trust has to be between the people. The person who is giving the doctor a house trusts that the doctor needs a home and can't sustain in a smaller living space.

Next, we have the construction worker. Why does he become one? Because the community needs people to build houses so for him it was the morally right thing to do, and he liked construction too. Why didn't he become an engineer? The community didn't need that, there were already enough, they needed people to build the homes. Does he get paid to build homes, no. He knows his work is essential to the community, and do people honor him, yes. Does he want to go on vacation? He does it morally, not taking too much time off to sacrifice his community, but takes enough that he knows he needs mentally and physically. Does he get tired during building, yes. What happens in the real world? They keep working because they are getting paid. In this society, he keeps going because the community needs him too. He has 2 children. He does it to show them not to give up. His children go to school, does it cost money, no. The teachers are teachers because the community needed teachers, the janitors are janitors because the school needed janitors. Where does he live? A home, similar to the doctor, because he knows morally he doesn't need a mansion, and if he were to try to get a mansion, the person who built the mansion would not give it to him because he could see the construction worker doesn't need it. But if a family with 20 people came to the mansion builder, he may consider giving it to them. Do luxuries exist? Nice cars, private jets, gold chains? Yes. If the luxury car manufacturer thinks

someone is worthy of one of their nice cars, they give it to them, what to do in return? Nothing. Honor maybe. So yes, it would be rare to find luxuries in this society. Remember there is no inflation, the people trust all the goods are being given and taken morally. This theory is not a plan, but a thought experiment, think of situations where this society would not work if everyone acted morally.

Conclusion

Value is what humans make of it. Although highly unlikely we can wake up one day and realize that nothing has real value. Everything has value according to us. This day will never come, but it is interesting to theorize how society would work under the principle. Economics is hard mathematics, but this paper doesn't use that. This is purely an analysis of action. I hope this paper raised more questions than answers. An analysis of human action is necessary from time to time. This theory is purely based on psychology, and will always be because no mathematical equation can explain the human mind. *A society with no value may be able to function efficiently if humanity within that society acts **morally**.* The keyword is morally. Without this, it would probably be anarchy and chaos. But with it, a lot of it, this theory is an interesting one to study and think about.

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