

Do not trust value, trust each other
Value arises in creation, not in trade
Value is a means, not a goal

An inquiry into the nature of value and the value of nature

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Abstract and introduction

I want to make an economy in which I feel at home. I feel at home when I can cooperate and share and much more.

My thinking on this subject has not yet fully crystallised, but I think it is worthwhile sharing my train of thought because it may inspire you.

To construct such an economy we present the **responsible market model** as an augmentation of and an alternative to the free market model. The main difference between the two is in the use of the notion of value:

	free market	responsible market
what/who do we trust?	value	people
where does value arise?	trade	creation
function of value	goal	means

Consequently the equilibrium in the free market model between do and take is replaced by **two balances** in the responsible market model, one between do and need and one between need and take.

We conclude with a **framework for economic data integration**.

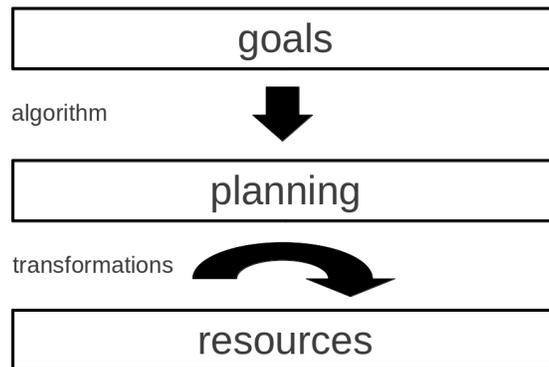
Analysis framework

So first let us define the notions we use. To describe economic activity we use the notions of:

N: nature, including labour, our sole resource

P: transformations of nature, together forming a planning

G: goals, controlling the planning



Now economy is defined as the answer to two questions:

1. Who does what?
2. Who takes what?

Many important questions can be formulated in this vocabulary, eg:

- Is it possible to meet all goals? If so, then the goals are considered consistent.
- To which extent are goals met? This is an interesting candidate measure for Gross National Happiness.

The economic algorithm

But here we study the economic algorithm answering the above two questions. This economic algorithm answers the above two questions by producing a planning meeting some of the goals.

In order to make this computable we use a computable model of nature and the planning (N, P) such as provided by the lower models in DEMO (more precisely: all models in DEMO except the Construction Model). Now goals can be represented as functions on the space of (N, P)-models.

Economic activity now consists of applying the algorithm to a change in the current goals in order to determine the needed change in planning (budgets are at the heart of the current western economic algorithm). Now the economic actor has to decide whether he thinks the change in planning is worth the change in goals. This is the basic economic equilibrium and how we define value: in this context we define value as the resulting transformation of nature.

Now we can formulate the models (paradigms) of the free market and the responsible market.

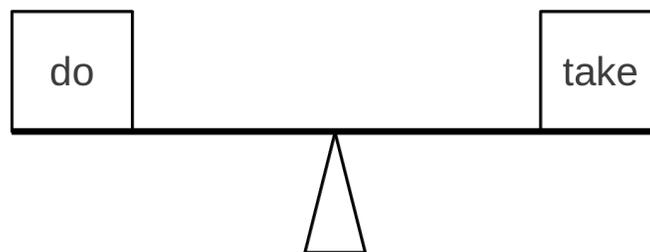
The free market paradigm

The free market is best understood through its core concept of negotiation. Although not necessarily the two questions above are usually answered as follows:

1. I do the least possible
2. I take the most possible

Now this second answer generates scarcity. Consequently the notions of ownership and exchange are necessary. Now resources get value. Because resources were already a goal this means that due to the advent of the notion of property value becomes a goal and arises in trade.

This system needs a balance and one is attained by the rule: you take what you make (or trade).

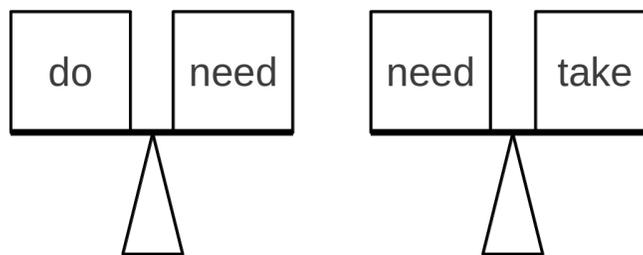


The responsibility market paradigm

We can augment the free market model into the responsibility market model by letting actors take the responsibility of taking care of each other. Then the answers to the two questions are:

1. I do what is needed
2. I take what I need

Now there is abundance and so property and trade are superfluous notions. But more importantly this system is in balance. So we see that by adding responsibility to the free market model the equilibrating balance gets split into two balances using the notion of need.



Cooperation

Cooperation is the aim in both models. Cooperation needs some form of trust among its actors. In the responsible market model trust is in each other because the actors take care of each other. But in the free market model actors trust value instead.

Currencies have two functions

- information
- value

In the responsible market model value is not traded anymore but information to coordinate is needed more than ever.

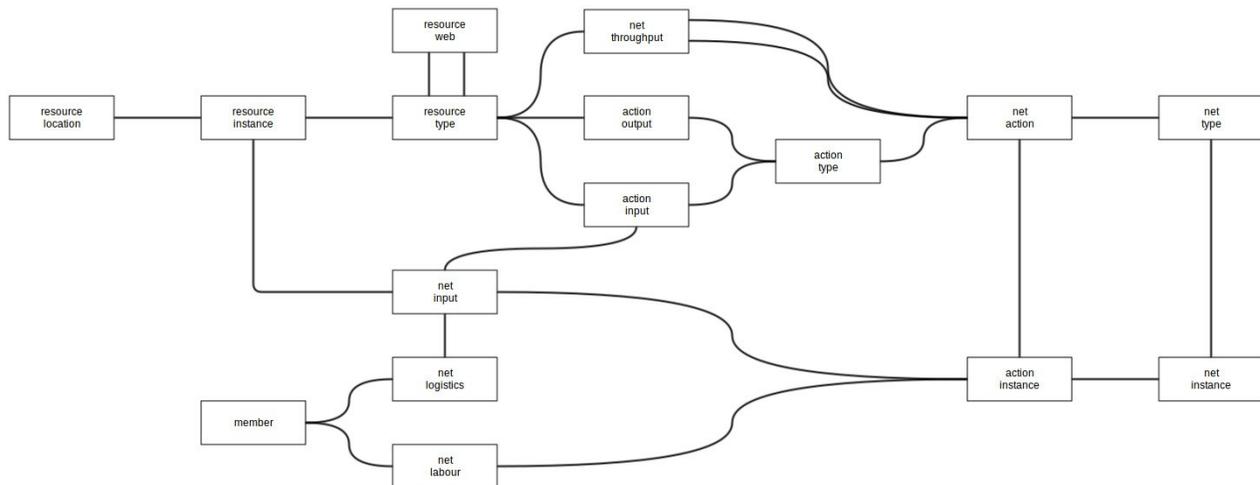
So yes, trust is the new facilitator of economic cooperation but no, it is not the new currency because trust is not traded.

In short: Trust turns trade into share.

A framework for economic data integration

We already mentioned DEMO as a candidate model for (N, P). We can think of more standards being used today that can serve to model aspects of the responsible market model. We just mention OWL and XBRL here.

The following entity model may serve as a framework for integration of such models of economic data:



Communication using this model enables responsible markets to integrate sharing

- people (labour)
- resources (nature)
- knowledge
- goals
- planning

Conclusion

I believe freedom is not a right but a responsibility. Taking up your responsibility creates abundance and thus true freedom. This is a matter of awareness.

In the responsible market model nature no longer has value. This is no problem because in the responsible market model value is no longer a goal.