'Nothing has value', E M Forster

by Jonathan Harlow

My title quote is by E M Forster in a *Passage to India*. “Everything exists. Nothing has value.”

I think he may have been expressing a rather negative or empty view of the world, but that is not the way I mean to take it. My point will be that nothing HAS value.

We are familiar with things that exist, and with the idea that they have Properties. Indeed property is by definition something that you Have. For example: a cat HAS whiskers and a tail. A cat HAS size, shape and weight. All these are objective properties of the cat. Witnesses with the opportunity to check will agree, within the limits of measurement available, about the properties of the cat, because they belong to the cat not to the observers or the measuring system. So, is VALUE the sort of property which cats or other things may HAVE?

Some people appear to think so. There is a long history of argument in favour of what are often called ‘Intrinsic Values’.

Intrinsic Value. The term certainly suggests that value is thought of as a property of this or that. However when one looks at the application of the term, it seems to be rather different from a property. The most common usage is to distinguish Intrinsic Value from Instrumental Value, where Intrinsic Value is an end, and Instruments are valued only as means to that end. Thus for Aristotle Eudaimonia or Wellbeing is an Intrinsic Good: there is no point in asking what the point of Eudaimonia is. But the value of Eudaimonia is not an objective matter. I set a exceedingly high value on my Eudaimonia, I assure you, but rather less on yours; while you find yours of infinite worth and mine of very limited value. Nor will you and I easily agree about the value of any third party’s Wellbeing.

But the value of one’s own life must be rather personal and subjective. What about more external things? Some talk about the Value of Human Life, in general. Others talk about the Value of the natural world and the Environment. And when they do, they mostly wish to assert something objective, not merely a matter of personal opinion. But this approach fails at a critical point: where is the unit of value and the means of measuring, by which we can ascertain the value of Life or Environment? After all, they surely do not mean to assert merely that Life has ***<u>some</u>*** value, be it great or small. They do not mean to say that the Environment might be worth anything from a milligram of value units to a zillion tonnes. But without units and measures, value is clearly not an objective property like weight or volume, on which observers can objectively agree. So, if someone wants to assert that there ‘really’ are such intrinsic Values, but we can never know what they are, let them. Such meaningless metaphysics are neither here nor there.

Let me now introduce the Economist. The Economist may be next door to the Cynic, who knows the price of everything and the value of nothing, but she has some useful things to say. That beautiful Price system, what is it but a system of valuation? And so it is. Every commodity and every gratification has a price to be paid to secure it. Every resource has its proper cost. That includes your labour and the work of a mechanical device. Surely valuations so readily calculated or ascertained must be allowed to be objective? And there is already one salutary lesson here. We must not speak of the value of cheese. We must be specific. We must identify the variety and quality of the cheese. And we must pin the value to a quantity. A fine Manchego may run to £20 per kilo. Similarly with Labour. How much of whose labour? A well qualified tax accountant may charge you a hundred times more for an hour of her time than you will pay to a domestic cleaner.

But the Price System will not quite serve our turn. For a start, it applies only to that which is traded or tradeable. Thus it will not, in present circumstances, help us to set a value on human life, or on the Environment. And we all know what is meant by Love for Sale. But let us leave that aside for the moment and see what we can learn about the value of the items which do enter the market. Well, for a start, the market system is a process, not a verdict. At every moment it is adjusting to changes in the resources available, in the demands upon them and in technology. Only in the

Nirvana of a perfect market in equilibrium in an unchanging world will prices themselves stabilise. And, even in that impossible perfection, the price of an item is not a measure, like its weight. It is always a composite, a resolution of diverse forces. Let us take that kilo of Manchego trading at £20 per kilo. Now there are many who value it more highly - who would pay £25 or £30 for it. And many who won't buy it at £20 but would do so at £15 or £10.

Of course in the perfect market system at equilibrium, the market price represents the opportunity cost of production. But that is not objective either. It is only the outcome of the various alternative uses to which the resources involved could be applied - or rather of the value set on these alternatives by the same people who choose to buy 1 or 10 or no kilos of Manchego at £20 per week.

So let us go from the system as a whole to the individual members. Is there an economics of the individual person acting as seller and as buyer. Indeed there is. And it introduces three really important, - I could say really valuable - concepts: Marginality, Relativism, and Choice

Let us take Marginality first. Here I am at the outfitters after let us say such an illness as leaves me with no clothes that fit. For a jacket that pleases me, I may be prepared to pay say £85. But would I pay that much for a second jacket of the same sort? Very likely not. And even less probably for a third or fourth. My value for the same jacket will depend on how many jackets I already have. There is no such thing it turns out as the value I set on a jacket, only a first or a second or an nth jacket.

And even that way of putting it is grossly over simplified. For I have the opportunity of buying not only jackets, but also trousers, shirts, jumpers, waistcoats yet. And so my willingness to pay for the jacket depends not only on the price of the jacket, but also on the prices of other items. £85 may seem good value for a jacket, but perhaps two shirts at the same price may seem better. And just as my value for the trousers varies with the number of pairs I already have, so also the shirts. I do not so much choose to buy a pair of trousers; I choose rather to buy a third pair of trousers rather than say a sixth couple of shirts. Thus our second important concept, Relativity. The value of anything is relative to the alternatives and the values of all the alternatives to quantities already in my possession.

And why must my valuation involve such preferences? Because I have only limited means. If I had unlimited means neither price nor existing quantity would matter. Thus the Third concept. Choices are forced on me, because if I lay out my money **this** way, I cannot also have **that.**

Thus it turns out that as a buyer I do not so much set a value independently on this or that thing as try to obtain the best value I can from the set of goods and services available, given my means and what I have already.

Producer choices are similar and perhaps most evidently so when it comes to my time. The first hour or so of my time may come cheap - but full time is full whack and overtime is double. I have but 24 hours a day and the more I give to one activity, the less for others. I must seek for the mix that works best.

Some economists have gone further. They postulate that it should in principle be possible for the individual to rank every available item in order of preference. That is, to treat Value as an Ordinal sort of measure. We can say that A comes higher than B, but not by how much.

But if Value is only Ordinal, the supposed ordering more difficult by at least an order of magnitude. Why? Well we not only have to rate a third pair of trousers against a fourth shirt, but however minutely we do this, we cannot simply use the results to calculate the rating of combinations of objects. Thus a third pair of trousers may outrank a fourth shirt, and a fifth pair of shoes may outrate a sixth jacket; but what of a third pair of trousers AND a sixth jacket as against fourth shirt AND a fifth pair of shoes? If the Value of each could be represented by a Cardinal number, we could combine cardinal numbers for any combination of items, but if it is only Ordinal, we must consider each such eventuality from scratch; and it seems a reasonable bet that anyone who seriously set about this ranking task would have no time for shopping or indeed for earning a living.

One or two economists indeed tried to postulate a cardinal system in which any item or combination could be assigned a weight in ‘utiles’. But this fails, because there is no way of measuring the utiles except ordinally, ie what an individual does in fact choose when choice is presented. The theory of revealed preference yields only ordinal values - and those only for one individual at a given time.

So, neither our large scale price system nor the economic theory of individual choice will supply us with an objective measure of value. And of course they are limited to those goods and services which are marketed and which may themselves be weighed and measured. Nevertheless the economic model is to me instructive.

Here is what I have found in it. Value is the category involved in choice and preference. Attempts to establish as a measure, even for myself, in abstract will fail. They will fail because, as the economists have taught us, we must not be vague. It is not the value we place on indigenous species IN GENERAL which counts, or even on newts. To be meaningful, we have to value the saving of say a hundred newts OR of two hundred from a population of a thousand, OR of ten thousand. And we must value it against its cost, ie the best of the alternatives foregone in making the choice. Thus the saving of a hundred newts may involve the sacrifice of a thousand frogs or 33 ornamental water features. In the same way, we cannot set a value on Keeping Promises. We must think of specific promises, specific as to person and time as well as other details; and the cost to us of keeping this or that promise. Nobody is going to set about such a ranking table hypothetically - and if they did, the hypothetical nature of the exercise would rob it of any conviction.

All we can do is choose, and choose in real time, between specific options actually available to us. The notion of value is implicit in each of these choices. And perhaps we shall not choose worse for reminding ourselves that these choices are the actual test of any general thoughts about values which we may have expressed. But our values will remain implicit. We cannot express them, other than by the narrative of the choices we have made. Our values remain incorrigibly immeasurable. And they remain personal, and never objective. Nothing HAS value other than that which any of us assigns to it - CHOOSES to assign to it.