

### **Priceless**

"He knows the price of everything and the value of nothing." [1] Some wags might say that is the definition of an MBA. Surely, it is not the definition of a well educated MBA.

MasterCard has a long series of television commercials with the "Priceless" tag line. Depending on how one defines good, those ads are excellent. Surely, family cohesiveness is priceless. [2] So, let's peel back the veneer of slick Madison Avenue iconography and examine with a dispassionate eye the real motive of the advertiser.

Is family cohesiveness part of the Mission Statement of MasterCard and one of its core competencies? Or, might we more fruitfully harvest truth in the vineyard of depressed price elasticity, increased purchase spontaneity, and increased earnings via steep credit charges? Using the Rule of 72, at a 19% per annum credit charge (and ignoring that it is compounded daily), the price of that priceless item doubles in 45 months, with all of the doubling going to MasterCard. [3] What is the average duration that a charge is carried on the card? What percent of consumers only pay the minimum payment? Hmm. On a probability weighted basis, what MasterCard calls priceless just might have a stable point estimate for the purposes of financial analysis and profit maximization. Oh, my MBA analysis did not ask: What percent of attempts at buying love are successful? Which do you think is a more likely event and which event do you think is more likely an intense event: family cohesiveness generated by consumer debt or family disintegration generated by consumer debt? [4] Yep, Mission Statements and core competencies are important. Some wags might say they are priceless.

There appears to be a difference between priceless in word and priceless in deed. Accordingly, let us change our currency from mere monetary totems to the stuff of life: blood.

Every July 4th the air is full of words like liberty, freedom, and sacrifice. For good or ill, as you read these words an American soldier is bleeding, for you. And that is not the only blood that is flowing from a wound. Our military efficiency is such that General Patton's advice [5] is implemented on a ratio of about 25:1. Is liberty priceless? Far from it. The price of liberty often is quite clear: just pony up a loved one. But, is the price of liberty too dear? Is it priceless? [6]

As a forensic economist, I can calculate the monetary value of a wrongful death. But what does economics and what does the law exclude from that tally? Do the mother's tears weigh as heavy on the scales of justice as the deceased's lost income? Are those excluded items priceless, or are they merely lacking predictable market prices? If so, then that is a preciseness that is a far cry from priceless.

As you traverse the intellectual vineyards offered you in the MBA Program, try to keep your bearings. There is much we have to offer you in the way of clarity of thought and analysis. But, we offer little more than shadows on the cave wall, [7] even if the shadows are crisp when our fire is strong and pure. View the world in stereo by keeping an eye on the real. Keep an eye on the priceless parts of life, least you pay a price far too dear as you earn your MBA. [8]

- [1] <http://www.shakespearedc.org/pastprod/mercdir.html>  
and  
[http://www.courseworkbank.co.uk/coursework/most\\_famous\\_scene\\_from\\_merchant\\_venice\\_act\\_takes\\_place\\_a\\_court\\_justice\\_whereby\\_the\\_2044/](http://www.courseworkbank.co.uk/coursework/most_famous_scene_from_merchant_venice_act_takes_place_a_court_justice_whereby_the_2044/)  
and  
<http://www.bibliomania.com/0/6/3/frameset.html>
- [2] Setting aside, for a moment, the dismal science's insistence that all items have at least a shadow price.
- [3] Is the bad debt write off, after taxes, greater than, equal to, or less than the merchant charge collected at time of sale? What is the time value of money impact of MasterCard receiving the merchant charge at the time of sale and recording the bad debt write-off months in the future?
- [4] Be sure to vote on November 2, especially on the gambling proposals.
- [5] "The object of war is not to die for your country but to make the other poor bastard die for his." <http://www.thelemicknights.org/ootmc/patton/patton.html>
- [6] Patrick Henry, 1775, "Is life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take, but as for me, give me liberty, or give me death!"  
<http://www.bartleby.com/100/289.4.html>
- [7] Plato (427 B.C. - 347 B.C.), *The Republic*.  
[http://www.wsu.edu:8080/~wldciv/world\\_civ\\_reader/world\\_civ\\_reader\\_1/plato.html](http://www.wsu.edu:8080/~wldciv/world_civ_reader/world_civ_reader_1/plato.html)
- <http://www.cliffsnotes.com/WileyCDA/LitNote/id-154.html>  
and  
<http://www.lyricsfreak.com/j/jackson-browne/68506.html>
- [8] <http://www.lyricsfreak.com/j/jackson-browne/68506.html>