Interpretation *LDMU (Law Diminishing Marginal Utility)* on the Philosophical Asymmetry of Economic Materialism for Community Financial Stability

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*Abstract*—we know that technological developments will affect economic development which will have an impact on the level of public consumption. *Law Diminishing Marginal Utility* cause boredom which will comprehensively reduce one's purchasing power and interest in the commodities on the market. Capitalism and its development always try to encourage people's consumption continuously to the maximum point. Hedonism and consumerism cause financial imbalances which are a real threat to our society today. *Law Diminishing Marginal Utility* and followed by the application of Economic Materialism Asymmetry to reduce unnecessary or philosophically form a normative framework so as not to get trapped in a destructive hedonistic cycle. These measurements are not carried out quantitatively or in a stricter context, this is intended to make it easier for the public to apply theoretical concepts from analysis to create a balance of consumption which has implications for alleviating poverty.

Keywords—Economics, Stability, Materialisme, Asimetri, Marxism

I. **INTRODUCTION**

Inequality in the use and perception of material aspects in people's lives. On the one hand, economic materialism encourages individuals to seek fulfillment of material needs and the pursuit of wealth as an indicator of success and happiness. However, on the other hand, the concept of Law Diminishing Marginal Utility (*LDMU*) offers a different view of the satisfaction derived from increased use of goods and services.

*LDMU*, which was introduced by classical economists such as Adam Smith and David Ricardo, states that any increase in consumption of a good or service will provide diminishing satisfaction for individuals (consumption boredom). In this context, the more a good or service is consumed, the less satisfaction is derived from the additional consumption—this refers to the repetition that occurs over a certain period. In other words, the level of subjective satisfaction obtained from each increase in consumption tends to decrease. Imbalance occurs when individuals in society continuously try to obtain material satisfaction by increasing the consumption of goods and services. They may ignore the effect *LDMU* and do not realize or deliberately ignore that the satisfaction derived from increased consumption will decrease. This phenomenon can lead to unbalanced consumptive behavior (consumerism or hedonism), especially if individuals continue to try to fulfill material desires without considering the true value of the nature of consumption and the sacrifices made to obtain satisfaction. In the context of social financial stability, economic materialism asymmetry under certain conditions can be implemented to overcome inequalities in economic stability by referring to psychological repression and philosophical negation to suppress unreasonable assessments of acceptable levels of satisfaction. If society collectively does not understand the concept *LDMU* and constantly pursue material gratification without adequate consideration, they may be trapped in a cycle of over-consumption, uncontrolled spending, and debt accumulation that has the potential to harm financial stability. Economic Materialism Asymmetry occurs when individuals in society continuously try to obtain material satisfaction by increasing the consumption of goods and services. They may ignore the effect *LDMU* and do not realize that the satisfaction derived from increased consumption will decrease. This phenomenon can lead to unbalanced consumptive behavior, especially if individuals continue to try to fulfill material desires without considering the true value of the satisfaction they get.

It is important for society to understand and internalize the concept *LDMU*. With this implementation, society can easily adopt the asymmetry of economic materialism as a method of creating subjective economic stability to shape better economic development collectively, individuals can be wiser in spending and make more rational consumption decisions. They will be better able to identify the maximum satisfaction point and avoid harmful consumptive behavior. This scientific work aims to analyze and interpret the relationship between *LDMU* and the asymmetry of economic materialism in the context of social financial stability. Through a better understanding of *LDMU*, it is hoped that effective solutions and strategies can be found to overcome the impact of hedonism and consumerism motives.

II. **METHOD**

The approach used in this scientific work is a qualitative research approach. The method used includes literature study and SWOT analysis. Qualitative data is information obtained from various sources and presented in the form of narratives or process schemes. This data is then analyzed to obtain comprehensive theoretical conclusions and provide a meaningful contribution to further research.

The data used in writing this scientific paper are the results of literature studies obtained from related research journals and relevant books. Researchers carry out theoretical development and analysis of the problems that are the object of research to produce an up-to-date understanding of the relationship between Law Diminishing Marginal Utility (*LDMU*) and the
philosophical asymmetry of economic materialism towards the financial stability of society. The sources of data used are sources that are recognized in the fields of economics and related social sciences. In addition, in data analysis, researchers also used a SWOT analysis approach (Strengths, Weaknesses, Opportunities, and Threats). SWOT analysis is used to identify strengths, weaknesses, opportunities, and threats related to the implementation of the concept LDMU and the philosophical asymmetry of economic materialism in the context of adaptability in the era of Society 5.0. This approach assists researchers in understanding the existing problems holistically and evaluating the potential and challenges associated with applying the concept to overcome the cycle of hedonism and consumerism which has the potential to cause structural poverty.

By using a qualitative research approach, literature study, and SWOT analysis, this scientific work aims to provide an in-depth and evidence-based understanding of LDMU, the philosophical asymmetry of economic materialism, and adaptability in the Society 5.0 era. Through this research, it is hoped that relevant thoughts and recommendations will be generated to promote community financial stability and face complex social and economic challenges in the future.

III. RESULTS AND DISCUSSION
A. Overview of Law Diminishing Marginal Utility

The Law Diminishing Marginal Utility (LDMU) is one of the concepts in economics which states that any increase in the consumption of a good or service will provide diminishing satisfaction for individuals. In context LDMU, marginal utility refers to the additional satisfaction obtained from the additional consumption of a good or service. This concept assumes that the level of subjective satisfaction will decrease as consumption increases. LDMU has a strong theoretical basis in economics, especially referring to behavioral economics. This concept was first introduced by classical economists such as Adam Smith and David Ricardo. LDMU then develops and we can examine it normatively from a different perspective, for example the Marxist economy formulated by Karl Marx—in the context of prosperity and common interests in the economic cycle of sustainability. Adam Smith and David Ricardo saw that when someone has a few goods or services—notation: G (goods) and S (services), each additional (N = G + S) obtained will provide significant satisfaction, SN (satisfaction) and UN (dissatisfaction). However, as consumption increases, the additional satisfaction obtained tends to decrease. Thus, we can see the Law Diminishing Marginal Utility equation as follows:

\[ Subject = G + S = SN \text{ (normal assumption)} \]

\[ Subject = G + S = SN - N = UN \text{ (LDMU assumption)} \]

LDMU can be expressed in the form of a marginal utility curve. This curve shows the relationship between marginal utility and the amount of consumption. Initially, the marginal utility curve is in a high position that decreases slowly (as consumption activity). However, as consumption increases, the rate of decline in marginal utility becomes steeper (subjects do not feel optimal benefits or satisfaction as they did at the beginning of the consumption period). Draft LDMU has significant implications for consumption and demand in economic and decision contexts. Individuals tend to be more satisfied with the goods or services consumed for the first time than the next addition. This can affect consumer decisions in prioritizing their spending and affect demand patterns in the market. It is not only limited to analysis. LDMU, but it is a marker for neuroeconomy development, especially in assessing the Prefrontal Ventromedial Cortex and Ventral Striatum.

B. Overview of Philosophical Asymmetry of Economic Materialism

The philosophical asymmetry of Economic Materialism is an asymmetrical approach or condition that can be applied by individuals, companies, or organizations in emphasizing or eliminating the existence of goodwill. This asymmetry involves the analysis of goodwill under two conditions, namely presence (X) and absence (Y), which impact on policies and entities to disclose gains and losses associated with maintaining goodwill. This asymmetrical approach aims to reject and criticize subjective judgments that lack a solid foundation, and tends to lead to a Bottleneck Fallacy, where arguments in favor of goodwill are only as strong as their weakest points. The issue of goodwill has become a complex intellectual debate. This debate can cause confusion in presenting financial statements, making decisions, and disrupting the management control system. Impairment of goodwill in financial statements is often a loophole that can be exploited by management to commit fraud or data manipulation to maintain a company or organization's professional image.

In this context, an understanding of the philosophical asymmetry of economic materialism becomes important. This approach tries to reveal that subjective judgments related to goodwill can lead to distortions in decision making and presentation of financial information. Indirectly we can see that the philosophical asymmetry of economic materialism is only limited to larger entities or have structured economic and financial power, but this does not indicate that the philosophical asymmetry of economic materialism is not useful for smaller entities (individuals or a person). We need to realize that the philosophical asymmetry of economic materialism indirectly indicates that abstract values derived from economic activity can be comprehensively or partially reduced to ensure that the subject or individual is not trapped in the cycle of hedonism and consumerism. To clarify the philosophical asymmetry of economic materialism, we can see in table 1 below (David Benatar, 2008):

<table>
<thead>
<tr>
<th>Presence (X)</th>
<th>Absence (Y)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constantly increasing expenses (bad)</td>
<td>Not increasing expenses continuously (good)</td>
</tr>
<tr>
<td>Provide regular satisfaction (good)</td>
<td>Not always satisfying (not bad)</td>
</tr>
</tbody>
</table>

C. Framework of thinking

Apart from the discussion about goodwill, the philosophical asymmetry of economic materialism can be implemented into a more subjective framework of economic activity and reduce ineffectiveness in consumption activities. With the equation we get, namely Subject = G + S = SN (normal assumption), Subject = G + S = SN − N = UN (LDMU assumption). So, to clarify this equation, we can see scheme 1 below:
D. LDMU Interpretation and Implications for Philosophical Asymmetry of Economic Materialism

By looking at the scheme identified earlier, inherently LDMU and the philosophical asymmetry of economic materialism can be implemented without reducing the potential for economic development— basically, economic development is not fully characterized by high levels of consumption but is also followed by various variables that must be suitable for form an optimal average rating in accordance with the applicable scheme. Based on the structure, we can see the case studies below:

<table>
<thead>
<tr>
<th>Entity</th>
<th>Mr. XYZ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity Type</td>
<td>Individual</td>
</tr>
<tr>
<td>Entity Address</td>
<td>Cigombong, Indonesia</td>
</tr>
<tr>
<td>Entity Work</td>
<td>Poet/Writer</td>
</tr>
<tr>
<td>Age</td>
<td>23 years</td>
</tr>
<tr>
<td>Gender</td>
<td>Man</td>
</tr>
<tr>
<td>Income</td>
<td>IDR 2,000,000 – Rp. 3,500,000 / month</td>
</tr>
<tr>
<td>Online Shopping Intensity</td>
<td>1 – 4 times / month</td>
</tr>
</tbody>
</table>

Table 2. Review of the philosophical asymmetry theory of economic materialism and LDMU’s implications for economic stability:

<table>
<thead>
<tr>
<th>No</th>
<th>Research journal</th>
<th>Researcher</th>
<th>Year</th>
<th>Abstract Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The role of diminishing marginal utility in the ordinal and cardinal utility theories</td>
<td>Lin, C. C., &amp; Peng, S. S</td>
<td>2019</td>
<td>We illustrate the role of the law of diminishing marginal utility in the two main modern utility theories, ordinal and cardinal utility theories, by using a generalized total utility function. In short, ordinal utility theory, where utility is immeasurable, must abandon the law of diminishing marginal utility; cardinal utility theory, while capable of defending this law, suffers from maintaining an unrealistic view of measurability of utility, which Samuelson criticizes as &quot;absolutely improbable&quot;. A new utility theory with the advantages of the two theories mentioned (i.e. the ideas of diminishing marginal utility and unmeasured utility) but without the disadvantages (i.e. the law of diminishing marginal utility is negated and utility can be measured) therefore still appears to be a theory. The Holy Grail is worth seeking out and developing for economists.</td>
</tr>
<tr>
<td>2.</td>
<td>Diminishing Marginal Utility and the Teaching of Economics: A Note</td>
<td>Tamara Todorova</td>
<td>2021</td>
<td>This paper discusses how utility can be taught in an undergraduate course in microeconomics so as to describe total and marginal utility, the law of diminishing marginal utility, and consumer rationality. Diminishing marginal utility is very important in describing rational consumer behavior,</td>
</tr>
</tbody>
</table>
overconsumption, and satiation for students of economics. We demonstrate squared and logarithmic total utility with the following forms and forms of marginal utility. From what appears to be no contradiction between diminishing marginal utility in the univariate context of consuming one good and the indifference curve as the multivariate case of two goods being consumed.

3. **Marginal utility & its diminishing methods**

<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castro, L., &amp; Araujo, A.</td>
<td>2019</td>
</tr>
</tbody>
</table>

In this article we have shown what marginal utility is in economics and its method of mathematically diminishing returns. Marginal utility is an economic concept and is very important to economic theory. So we chose this topic to describe it with complex economic and mathematical concepts. At the beginning of this article you will find the definition of marginal utility and in the middle of this article you will find its mathematically diminishing method. The term marginal utility has a favorable effect on the economy. In economics, utility is the satisfaction or benefit obtained by consuming a product; thus the marginal utility of a good or service is the change in utility from increased consumption of that good or service.


<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pratama, Angga &amp; Endang Kartini Panggiarti</td>
<td>2023</td>
</tr>
</tbody>
</table>

Goodwill is an intangible asset that we can find in a company's accounting cycle. Goodwill is basically depreciated, and the measurement related to the amount of goodwill depreciation does not yet have a strong enough basis so that the assessment of goodwill tends to be subjective and based on management's interests, the impact of this subjective assessment is failure to present good financial reports and can trigger decision-making errors for third parties, internal or external. The asymmetry of the philosophy of economic materialism is an approach that can be used to suppress or eliminate good intentions by providing an alternative to eliminating good intentions. However, this Philosophical Asymmetry of Economic Materialism is not a final approach because it still depends on several factors that will influence it. Ethical utilitarianism is one
of the factors that can affect the effectiveness and implementation of the Philosophical Asymmetry of Economic Materialism as a form of increasing profits and optimizing costs to be incurred by companies in the future. The philosophical asymmetry of Economic Materialism seeks to suppress or negate the existence of good intentions as a form of ethical utilitarianism in the business environment.

5. **Value Concept and Economic Surplus: A Suggested Reformulation**

Truong Hong Trinh

2019

The concepts of value and economic surplus are very important in explaining the creation of value and the distribution of value in the economy. From a value creation perspective, this paper explores the concept of value to understand the relationship between price and commodity value in markets, where value is created in consumption, and price plays a role in the distribution of value between firms and customers. The theoretical model was developed to identify the supply function on the logic of maximizing behavior in the market. Numerical experiments are used to carry out value balance between companies and customers, value balance is also a necessary condition for market balance including price balance and value balance. The results of the study reveal that economic surplus is reformulated under market equilibrium but is measured on the maximizing behavior of firms and customers in the market. This paper contributes to the development of a theory of value that provides a clear understanding of market behavior and the analysis of welfare in the economy.

**E. SWOT Analysis**

- **Strength (Strength):**
  - Helping entities to carry out selection and critical analysis of consumption motives when faced with a plurality of goods and services in the market;
  - Increase financial capacity for future preparation to minimize uncertain conditions in economic activity;
  - Optimizing the stability of the financial condition of entities or individuals through a consideration process that is relatively accurate and easy to implement.

- **Weakness (Weakness):**
  - There is a weakness in the human psychological element to determine with certainty policies and comprehensive steps to get rid of hedonistic spending schemes;
  - Self-reward that is not in accordance with the capacity and financial ability to get satisfaction;
  - There is a lack of centralized principles in individual economic thinking and policies to ensure medium- or long-term economic stabilization.

- **Opportunities (Opportunity):**
  - Reconstructing an economic motive for sustainability that is more optimal than unfounded consumption maximization in the capitalistic cycle;
- Providing opportunities for each individual to maximize financial distribution into investment instruments compared to pseudo consumption satisfaction;
- Providing opportunities for the creation of a more even distribution of wealth through maximizing work according to the needs of the community.

**Threat (Threat):**
- The shift from contemporary economic analysis to neuroeconomy can lead to bias in segmentation formation for market maximization;
- There is no guarantee for everyone to overcome the problems of value and satisfaction that encourage the wrong formulation of individual consumption preferences.

**IV. CONCLUSION**

The Law of Diminishing Marginal Utility (LDMU) and the philosophical asymmetry of economic materialism basically provide a philosophical and practical framework to be implemented into one's economic life. The ratios that measure the level of consumption are basically not negated, but only analyzed to ensure that everyone is successful in utilizing capital or in the terms conveyed by Karl Marx, that capital has an important role for survival, especially as a factor of production. However, in a more individual context, this framework makes use of subjective considerations driven by the presence and absence of abstract values to ensure that the abstract elements contained in goods and services basically do not have maximum power to select and determine consumption capacity because of all these things. It is based on a very subjective tendency within a person. LDMU will directly have implications for the philosophical asymmetry of economic materialism to ensure that economic motives applied to a person must be formed with critical consideration, SWOT analysis and a qualitative approach function to create more practical implementation steps to avoid erroneous interpretations, so that everyone has better capacity in understanding the concept of cost allocation and economics of sustainability.

The interpretation put forward in this scientific paper is that the application of the Law of Diminishing Marginal Utility (LDMU) can coexist with economic materialism asymmetry and contribute to the financial stability of society. LDMU states that the satisfaction derived from additional consumption will decrease as consumption increases. So, when individuals continuously increase consumption to achieve material satisfaction, they may not realize that the level of satisfaction obtained tends to decrease. This phenomenon can lead to unbalanced consumptive behavior and has the potential to harm financial stability. In this context, the authors propose the application of economic materialism asymmetry to overcome inequality in financial stability. The asymmetry of economic materialism tries to suppress an unreasonable assessment of the acceptable level of satisfaction from consumption. By understanding and internalizing the LDMU concept, people can be wiser in spending and make more rational consumption decisions. They will be better able to identify points of maximum satisfaction and avoid harmful consumptive behavior. However, it is important to note that this interpretation is theoretical and has not been tested empirically. This scientific work uses qualitative research methods, such as literature studies and SWOT analysis, to support its arguments. However, further research and empirical data are needed to validate the relationship between LDMU, asymmetry of economic materialism, and social financial stability.

Apart from that, it is also important to consider other factors that may affect financial stability, such as structural factors, government policies, and social dynamics. LDMU and the asymmetry of economic materialism are just one aspect that needs to be considered in order to achieve sustainable financial stability. In conclusion, this scientific paper offers an interpretation that the application of LDMU and the asymmetry of economic materialism can help reduce imbalances and excessive consumptive behavior, which in turn can contribute to the financial stability of society. However, this interpretation still needs to be tested further and studied through empirical research to gain a more comprehensive and valid understanding.

**REFERENCES**


