

Lifetime Economics

Lifetime Economics consists of rules you can follow for your lifetime.

They will increase your real wealth, which includes your health, because they will reduce your work time and increase your free time to enjoy life.

These rules will have beneficial results even if you follow them alone, but they will have even greater benefits the more people that follow them.

The key is to distinguish value from price. It says to get the most value at the lowest price.

Rule 1: Value goods and services in useful life time.

Rule 2: Price goods and services in work time.

Rule 3: Maximize profit where:

Value - Price = Profit.

Life time - Work time = Free time.

To maximize life time:

1. Build to last.
2. Service and repair regularly.

To minimize work time: Cooperate.

1. Communicate.
 2. Specialize.
 3. Reciprocate.
- 1 and 2 => Share the work.
- 3 => Share the wealth.
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The evolution of cooperation:

1. Family.

2. Government.

3. Money.

Cooperation developed first among small groups of biologically related persons that we know as families, clans, and tribes.

They communicated face-to-face.

They learned specialized skills by observing and working with family members and close relatives.

They enforced the reciprocation of duties and rights face-to-face, with words and gestures of approval and disapproval.

The limitation of family cooperation is small size. Few people can produce relatively little.

More people can specialize more to produce more effectively, efficiently and abundantly.

The evolution of government through monarchies, aristocracies and parliaments facilitated an ever-larger scale of cooperation.

Essential roles of government today:

1. Provide an adequate money supply,
 2. Regulate its value, and
 3. Prevent hoarding.
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Ways government can provide an adequate money supply from best to worst.

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| Best way: | <ol style="list-style-type: none">1. Spend new money into circulation to pay for public goods and services. This way money enters the economy debt-free and interest-free and increases national wealth.2. Lend it to pay for public goods and services. Money loaned by government can increase public goods and services but must be repaid. So it enters and leaves the money supply periodically.3. Give it to people. This increases the money supply and citizen purchasing power, but does not increase public goods. |
| Worst | <ol style="list-style-type: none">4. Borrow it and pay interest on it. Government loses its |

way: sovereignty to its creditors and must repay more than the amount of money borrowed. Borrowing leads to ever more debt and increasing taxes to pay compounding interest.

Ways government can regulate money's value from best to worst.

- Best way:
1. **Denominate money in hours** to represent work time. Defines an hour of money as worth the product of an hour of work. Hour money keeps prices disciplined by the clock so is anti-inflation and deflation.
 2. **Use a Consumer Price Index.** A CPI encourages price stability but not price accuracy, which is to say price fairness and reciprocity where you take out the equivalent of what you put in. A CPI stabilizes incorrect as well as correct prices with no sign of which is which.
 3. **Use interest rates.** Raising interest rates fuels inflation in the name of fighting it. Interest adds to all prices of goods and services produced with borrowed money. It is used today because banks make more money when interest rates are raised. Here the private gains of banks reduce public gains, a classic but never mentioned bank conflict of interest.
- Worst way:
4. **Supply and demand**, trial and error, a method we would never use for length, weight, or volume. We should not use it to set money prices, but we do because that is how sellers "make" money.
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Ways government can prevent hoarding from best to worst.

- Best way:
1. **Limit income to work time.** We use time to measure work. Clocks are everywhere. Deviations from the standard hour of money for an hour of work can always be negotiated by the people directly involved.
 2. **Limit income to life time.** 50 years is a normal life time of work. Income could be limited to what a person would earn in 50 years. They could receive it more or less quickly as a way to allow more variation in income.
 3. **Freeze wages and prices.** Freezes are arbitrary and temporary. They are a way to buy time for figuring out what to do next.
- Worst way:
4. **Tax incomes progressively.** The rich still get richer and use their accumulating advantage to influence government policy to subvert the intent of progressive taxes.
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Money, the Highest Evolutionary Form of Cooperation

1. Money facilitates cooperation worldwide while supporting local autonomy. Money decentralizes decisions. Hour money would promote economic democracy where every job and purchase would be a vote for that job and for the item purchased.
2. People pass money person-to-person-to-person across very long communication chains, which include all specialties without exception.
3. Money denominated in hours can encourage everyone to exchange goods and services by an equitable and reciprocal standard; an hour of work time for an hour of work time.

Life time economics can and should replace the trial and error system we use now. The powerful and essentially positive words "market," "capital," "profit," "supply," "demand," "price," and "value," have been perverted to serve the interests of a small portion of the human race.

It is time to convert to rules that are healthier for all people and that can reduce our waste of the earth's precious resources.

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