

Value of Money

Money Stretches Further in 2071

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Spartan Mark's Blog <ID:XF03671:BLG#002>

The previous blog has shown how earth-based financiers and promoters add to retail prices by 13% and 7% respectively.

Few corporations can wait to amass net profits for new ventures. Any delays would see competitors beating them to the marketplace. Investment bankers finance new ventures, and corporations must pay heady interest charges to build new plants and to expand product lines, so an extra 13% is dumped on consumers.

Likewise, adverts are endemic to free-market Capitalism. Retailers won't yield shelf space unless products have "brand" recognition. The 7% promotional costs are likewise dumped on consumers.

Free-market Capitalism is only 80% efficient from the word go.

Basic Functions:

The cooperative agenda awards market access before products are sold to the public.

SOAR co-ops fight for exclusive licenses in the prototype phase. They must earn the right to sell goods or services. Their prototypes compete to achieve best scores for an impartial referee, a computer model.

The **Framework** assesses new products for environmental and social benefits as well as value-to-cost and consumer needs. It collates data from many disciplines: societal health, ecology, organic chemistry, systems efficiency, economics and game theory. Despite its wide-ranging scope the Framework isn't an AI. It's more like a dumb accounting ledger. It weighs social-health needs against cost-benefits to choose the worthiest contender. The winning co-op earns a five-year

charter to produce the good or service in question.

After five years the competing co-ops face off once again with updated versions of their prototypes to earn the next five-year charter.

There are four consequences with this approach:

First, SOAR consumers can be confident of buying the highest-performing and most durable products at the lowest reasonable prices. They needn't look elsewhere for better bargains since none will be found. Nor do vendors need to spend money on adverts. They can use the money saved to improve product documentation and to provide user-friendly helpdesks. Any problems users have with products will be held against the co-op when it competes for another five-year charter.

Second, co-ops keep their proprietary secrets only until they submit specs to the Framework, after which all proposals become public knowledge. Co-ops that win charters disclose step-by-step fabrication methods, including raw materials, outsourced components, processing temperatures, catalysts and human resources, anything that contributes to the final product. This saves competing co-ops from wasting funds on parallel research. It also puts business spies to pasture and relegates industrial espionage to an archaic curiosity.

Third, the Framework discourages half-baked products from being rushed to market. Inferior goods and services are seldom if ever sold. Marketable products tend to be backward & forward compatible since co-ops are always looking ahead to the next five-year competition. So consumers experience less needless disruption. Evolved products tend to retain the same user interfaces. Dials and command buttons look and act the same, even though the upgraded version works faster with more benefits.

Fourth, the Framework ensures community health in general and consumer health in particular. Industrial molecules are judged unsafe and potentially hazardous unless proven otherwise. Co-ops that introduce new molecules must buy insurance bonds to cover health issues during the product life and after disposal. The additional overhead hinders suspicious molecular additives, but it doesn't stop progress since insurance premiums spread extra costs around. The

insurance pool accrues funds to clean up toxic waste sites and develop cures for the casualties of maladies.

The Framework has a mandate to guard public health while satisfying consumer demands.

Spin-offs

Free-market capitalism parlays a dog-eat-dog zero-sum game. Even those atop the food chain must scratch and bite to hold their perches. The competition grows ever more brutal near the bottom of the food chain. Social stresses have grown despite all the technological advances. Robots and 3-D printers have replaced too many human laborers. An elite minority of absentee landlords have usurped most of the freedoms and trump cards.

SOAR's cooperative milieu minimizes workplace stress for five reasons:

First, **metics** earn the same “spendable” wages which furnish modest but comfortable lifestyles. Spendable wages are but 20% of the total worker compensation. Withholding taxes can be as high as 40%, and metics receive another 40% that goes toward co-op shares. The co-op equity includes voting rights and medical insurance. Some co-ops furnish room & board as well. When metics reach “august age” co-op shares are converted into pension-style annuities.

Unlike free-market capitalism where employers require credentials or prior experience, metics choose which co-ops they join. Co-ops welcome new members without qualms, for their “keep” on product sales depends on their membership rolls. More members generate greater co-op gains. Likewise, members retain full control over their compensation. They take accumulated shares with them if & when they switch co-ops.

Second, co-ops are allowed to earn enough on sales to cover raw materials, production costs, member wages plus a “bonus” percentage which covers operational maintenance, replacement of maker tools and bonuses for overachieving metics. The bonus percentage depends on how capital intensive a co-op might be. For instance, a co-op of fiction authors needs some word-processing tools, but mostly it requires

compensation for its members. An asteroid-prospecting co-op needs expensive spacecraft equipped with robotic miners and mineral processors. The cost of equipment will likely exceed member compensation by a wide margin. The Framework decides on a fair bonus percentage so that each co-op may reward its most valued members with bonus nonspendable **compo** that goes toward the purchase of **co-op shares**.

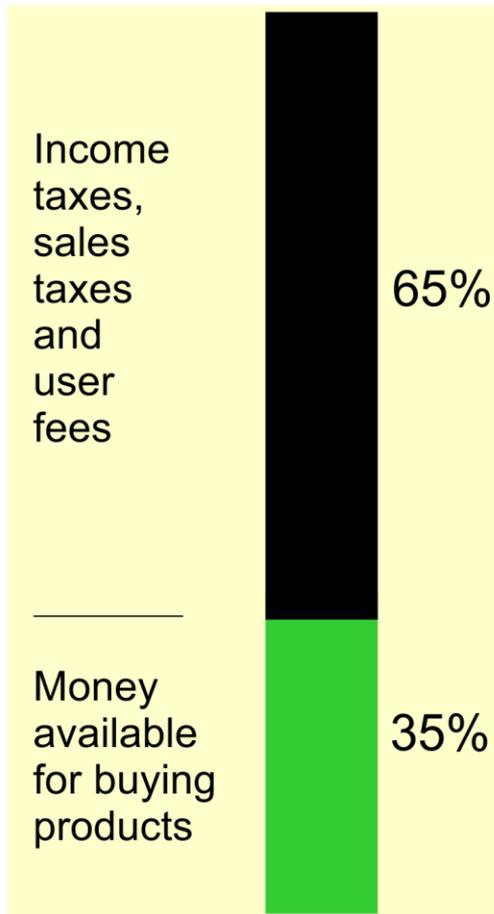
Third, the Framework sets the basic retail prices of goods and services. If demand overwhelms supply the Framework may add 25% to the basic price until supply catches up with demand. Likewise, if supply outstrips demand, Framework can discount the basic price by as much as 25%. If the lower price doesn't generate enough demand, Framework may ask the co-op to cut production and/or membership. If demand remains soft, the product can be removed entirely and declared unneeded for consumers.

Fourth, metics may cash in their equity holdings in one or more co-ops when they declare **august age**. The book value of co-op shares is identical for all co-ops in a similar community. It's easy for metics to shift their accrued equity from co-op to co-op. Some co-ops have more potential than others, so metics will be drawn to ones with better prospects. A high-flying co-op will attract new members until it acquires more members than the bare minimum to deliver its goods or services. Hence, successful co-ops seek to sponsor **child co-ops** which furnish outlets for extra members, especially those with innovative talents.

Fifth, co-op shares don't rise in value. When co-ops gain charters and/or members, the co-op issues more shares with the same book value as others in the local community. Metics who reach august age cash-in their co-op shares and enjoy the fruits of their labors. The cash-in value of shares often trades at a slight discount to book value. If the discount exceeds 10%, false-bookkeeping fines can be charged to co-op members who hold "bonus" shares because those members enjoy more say-so with co-op policies. Hence, members who reap the most bonuses bear the costs for co-op lapses.

In conclusion the Framework eliminates insurance pools and

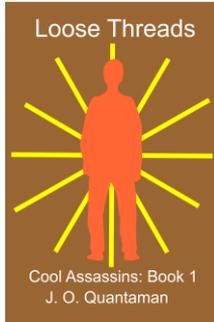
investment bankers which divert liquid funds to hoarders of capital. The Framework fosters a more efficient socioeconomic system. Some will say the Framework discourages incentives for innovation, but this argument isn't based on facts. SOAR has introduced more industrial innovations than any earth-based jurisdiction. It's an acclaimed leader in robotic applications.



SOAR has enjoyed huge profits from its beamersats which have generated funds to create TCP from scratch. Even so, metics pay more taxes the most earthsiders. The lofty taxes reflect lower-than-normal user fees for recreational pursuits. The high taxes also reflect the expansion that SOAR is undergoing: new soupkans, new colonies on Mars, frisbee capacity upgrades, new beamersats, new asteroid mineral production and aggressive marketing of spacer durables on earth. The **paws** who tweak the Framework expect taxes will be reduced, once SOAR gets past its adolescent phase of nonstop expansion.

SOAR economics will be discussed further in the next report. Stay tuned to this blog.

Honest Economics: 2nd-take, 2071



Get "Loose Threads" on AMAZON

SOAR (acronym) Solar Omnifarious and Aspiring Republic. Spacer colonists belong to this economic confederation of member co-ops.

[Back.](#)

Framework is a computer program that evaluates products for usefulness, resources consumed, assembly methods and the cost of recycling or disposal. Evaluation parameters are tweaked to accommodate the latest and most accurate scientific evidence. [Back.](#)

metic signifies a person who has SOAR citizenship. Metics are entitled to a vote on social policy as soon as they've joined a co-op. Inmates of debtors' college may express their opinions but their votes have no effect. August-age metics who have retired outside SOAR communities are likewise ineligible to vote. [Back.](#)

compo (short-form slang) compensation. [Back.](#)

co-op share represents the cost-of-living expenses for two days. Cost-of-living covers all amenities necessary for a metic's wellbeing. The amenities include air, water, foodstuffs, shelter, info access and typical recreational pursuits. Cost-of-living is prorated according to normal expenses incurred vis-à-vis one's residential location.

When living in the equatorial spaceports, metics' shares worth 1.5 Solar\$ (1,350 crows). When living in TCP, metics' shares are worth one-Solar\$ (900 crows). When living in the soup cans or on lunar surface, metics' shares are worth five Solar\$ (4,500 crows). When living in the Martian outposts, metics' shares are worth seven Solar\$ (6,300 crows).

Co-op shares are nonspendable until metics declare august age and transfer shares into spendable funds. However, metics may borrow against their equity store insofar as their co-ops allow it.

[Back.](#)

august age marks the changeover from a full-time service to semiretirement. Metics may declare themselves 'august aged' anywhere between the ages of 55 and 75. When the august interlude is declared, a metic's co-op shares become nonvoting, the equivalent

of solar bonds. A portion of the retirement stash must be converted to spendable cash in annual installments. [Back](#).

child co-ops are sponsored by parent co-ops. The parent contributes startup funds and shares some of the proceeds if the child co-op wins a product charter. In effect, the parent becomes a nonvoting share holder. [Back](#).

paw (SOAR acronym) Person Acknowledged Widely. Paws signify metics who have made unique contributions benefitting many co-ops. The status of paw is awarded for achievements in fields of science, technology, education or social services. [Back](#).