



# Why a unit of labour as a unit of account for a currency

The proposed web-based system of privately issued currencies uses *an hour of unqualified human labor of average intensity* as a unit of account.

Various standards of value are possible for a money unit: consumption standards (a basket of goods/services), a commodity standard (a single commodity or a basket of commodities), an energy standard (a unit of energy), a unit of some type of labor, etc. The standard of value should measure a valuable resource, so as to encourage its wise use, and it should be easy to understand and interpret prices quoted in that unit. A unit of labor is a good choice because: (1) money has been, from Day One, a construct within a division-of-labor societies *designed to store, value and exchange labor*; (2) human labor is invested in one way or another in virtually every good and service we consume in our daily lives; (3) it is limited by virtue of our limited lifespans and limited amount of hours in a day; in a deeper sense, a labor-based (time-based) unit measures the most important asset of them all – the time we are given on this Earth; (4) prices quoted in such a unit are very easy to interpret in any part of the world; (5) it gives a natural floor to wages, and with the Employer of Last Resort functionality, it eliminates much of the need of wage controls and regulation; (5) provides equalization of incomes worldwide at the low-income level (the value of a man's output sweeping the streets of Nairobi with a broom is the same as the value of a man's output sweeping the streets of Manhattan), and (6) drives home a very important point – that the only way to increase real wealth is to make sure that, (6.1) through technological advancement, those brooms get smarter and replace unqualified human labor, and that, (6.2) through education, the human behind the broom is elevated into a more productive capacity and hence a higher income bracket.