# Time Prices: Another Reason Americans Are Richer Than Ever

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Last week I returned from The Oxford Club's tour of the Baltics, where we visited Copenhagen, Helsinki, Stockholm, and many other fascinating cultural and financial centers. We held our financial seminars during our days at sea. In one talk, I discussed an excellent new book by Marian Tupy and Gale Pooley. (I received a pre-publication copy just before we set sail.)

It's called ***Superabundance***. And it should be required reading for every serious investor. For years, I've presented evidence that – despite incessant fearmongering by the mainstream media and prophets of doom – most people in the world today are living longer, healthier, safer, richer, freer lives than ever before. That may seem like an odd statement when we have a lingering pandemic, a spike in crime, the highest inflation in 40 years and the first war in Europe in 77 years.

Yet it's nonetheless true.

The daily news is a sampling – run on a 24/7 loop on cable TV – of the worst things happening in a world of 7.8 billion people. Meanwhile, good news gets ignored or pushed aside. For example, every day, 137,000 people around the globe escape extreme poverty. (This has been true for more than 30 years now.)

- Life spans are getting longer. Living standards are improving.
- Literacy rates are increasing.
- Educational attainment has never been greater.
- IQs – believe it or not – are rising.
- More people than ever have health insurance.
- More patients are surviving cancer and heart disease.
- Terrible diseases like malaria, sleeping sickness and hepatitis C are being reduced or eliminated.
- Racism and sexism – both explicit and implicit – have declined.
- Jihadi terrorist attacks – an obsession 20 years ago – are sharply lower.
- Median U.S. household incomes and net worth hit record levels this year.

It's seldom acknowledged, but things are getting better for most people in most places in most ways.
(The problem with living in a golden age is that everyone walks around talking about how yellow everything looks.)

True, we have no shortage of troubles and setbacks. But that has always been the case. And it always will be. Yet minds, money and machines – human ingenuity – generally provide a solution. Moreover, our most urgent problems often turn into great opportunities. Profitable ones, as Oxford Club Members have learned – with everything from clean energy to biotechnology to cybersecurity.

However, the positive factors I pointed out above don't even begin to describe what Tupy and Pooley call "superabundance." Superabundance is what happens when ordinary people can afford more and more while working less and less. This isn't always the case in the short term. For example, so far this year prices have risen faster than wages. But it is definitely true over the longer term. To prove their case, the authors use what they call "time prices." A time price is the length of time the average blue-collar or unskilled worker has to labor to afford something.

Prices are expressed in dollars and cents. Time prices are expressed in hours and minutes. For example, if a barrel of oil costs $75 and you earn $15 an hour, the time price is five hours. If the cost of a barrel of oil rises to $80 and you earn $20 an hour, the time price is four hours. Even though the nominal cost is higher, the time price is lower.

Time prices are an excellent way to measure increases or decreases in abundance over time for three reasons:

1. Time prices cannot understate or overstate inflation because current prices and wages are used at every point on the timeline.
2. Time prices are independent of currency fluctuations. (They can be measured in euros, yen or any other currency.)
3. Time prices provide a standardized way of measuring changes in well-being.

The authors measured the costs of 50 commodities between 1980 and 2000. They didn't just find that the time prices of some of them went down. The time prices of all of them went down. And not by a little. The average time price decline of those 50 commodities – including oil, natural gas, wheat, cotton, soybeans, beef, corn, pork and sugar – was a whopping 75.2%.

Put differently, a blue-collar worker had to work 75% less to afford the same amount of those commodities. Unless we're at the grocery store or gas pump, however, we don't generally buy commodities. We buy finished goods. Yet the time price decline in these was just as dramatic. And in many cases, more so.

In my next column, I'll explain why. In the meantime, I urge you to pre-order a copy of ***Superabundance***, the most insightful book I've read in years.

Good investing,

Alex