

Predictive Economics

Guiding You Quickly And Thoroughly

BRUCE KOERBER

This book is dedicated to the future,
a future of peace and prosperity.

Copyright © 2023 by Bruce Koerber

Cover design by Matthew Holdridge

Ebook design by Matthew Holdridge

This work is licensed under the Creative Commons Attribution 4.0 International (CC BY 4.0).

<https://creativecommons.org/licenses/by/4.0/>

ISBN: 979-8-9883067-0-2 (Print)

ISBN: 979-8-9883067-1-9 (ebook)

Contents

Introduction - Expecting Predictabilty	6
Chapter One - Predictive Power of Macroeconomics	9
Chapter Two - Predictive Microeconomics	32
Epilogue - Predicting Profit	58



EXPECTING PREDICTABILITY

Economics is the science of prediction! It is the study of human action to gain understanding so predictions can be more accurate than they would be without economics. The funny thing is: economics has been called the dismal science for a different reason (a doom and gloom outlook) and not appropriately because of its well-known dismal record at predicting. This book identifies the reason for this dismal failure and then moves quickly into a viable alternative method that is predictive.

First, we will take a look at expectations. Each of us looks forward with expectations and we recognize that there are probably several possible outcomes, and we have thoughts that rank the likelihood of each. Let's say we identified three possibilities yet based on the circumstances we make a mental prediction that outcome X is going to happen. That is our prediction. How scientific was our prediction?

That seems like a simple and straight forward question; however, it is not. Economics is a dismal science because it has mostly been stuck in a mechanistic, empirical method that treats human subjectivity as irrelevant.

The question is not so straight forward. How scientific was the method that was used to make the prediction has everything to do with using the correct scientific method for economics. Data is static, narrowly descriptive, and requires interpretation which, in a nutshell, explains why empiricism is the incorrect methodology for economics. The correct methodology has to be able to capture the subjective values and choices (decisions) associated with human actors. That is what makes it predictive. As you will see and learn, economics using the methodology of subjectivism is magnificently predictive, 100% predictive!

The purpose of economics is to aid us in making good and better decisions. Not coincidentally humans are purposeful as can be seen in all of their actions. Now we are getting to the heart of the issue. Economics is the study of purposeful human action and what comes out from that study is economic science. Like all science, what is discovered are the laws that operate. Also, like the other sciences, once the laws are known and understood predictions can be made.

If the correct methodology is used laws will be discovered which makes it possible for predictions to be accurate. That is the purpose of economics and so using it we can make predictions purposefully and accurately. This is the newfound confidence that comes from applying the correct methodology to economic science.

Are there errors? Each person only knows what they know from their education and from their life experiences. To be able to predict

it is important that perceptions are accurate. Knowing economic laws illumines perceptive skills, so in that sense, it contributes to a correct prediction. If someone makes a causal/realistic assessment based on their perception but does not know economic laws the chances are pretty good that their prediction will be incorrect.

The importance of education cannot be overemphasized. Education is poor if it doesn't emphasize the subjective nature of human actions. That realization in itself stimulates a thirst for knowledge since acquiring knowledge is like polishing a gem. There is no higher form of education than the study of purposeful human action. Everything stems from it. Gaining an understanding of the universal economic laws is truly invaluable. 'Universal' meaning everyone, everywhere, at all times and under all circumstances function wholly within that domain.

What this implies is the retraining of economists in addition to improving the education of everyone. Most economists are unfamiliar with the methodology of subjectivism. Without that knowledge they are unable to have a grasp of economic laws and so they cannot predict. Data are lifeless, meaningless specks and predictions based on data are a shot in the dark. In these strange times collecting data may be deemed a worthy pursuit in academia, but it has no real value. For it to have real value it must be predictive and to be predictive it has to derive from the subjective actions that are inherently bound by economic laws.

Part of the retraining of economists requires clarifying metaphysics. That is a word that empiricists have used to denigrate the subjective nature of human action. To quickly reverse that misunderstanding the word metaphysics is replaced with the word conceptual.

Concepts are open-ended in a sense. Concepts are descriptive and have a universality to them. No one claims that a concept can be contained within something as limiting as a point of data. It is equally untrue to claim that something as vibrant and all-encompassing as a concept can be captured by an equation.

The reason conceptual thinking is attacked by empirically trained economists is because it makes the inadequacy of their method 'stick out like a sore thumb.' Instead of rejecting the metaphysical nature of the philosophical science of economics these economists need retraining, especially since the goal is to be able to predict.

A famous economist of the late 20th century said "The bad economist sees only what immediately strikes the eye; the good economist also looks beyond. The bad economist sees only the direct consequences of a proposed course; the good economist looks also at the longer and indirect consequences. The bad economist sees only what the effect of a given policy has been or will be on one particular group; the good economist inquires also what the effect of the policy will be on all groups."¹ Why are these words of Henry Hazlitt relevant to prediction? Currently in the literature the production possibilities frontier is used

¹Henry Hazlitt, *Economics In One Lesson*, p. 16

in macroeconomics to describe the relationship between two aggregates that require the same inputs. Extrapolating beyond those very narrowly defined terms of analysis, without the benefit of conceptual thinking, would be an example of bad economics.

It is conceptual thinking combined with an understanding of economic laws that is the precursor to successful predictive economics. Undiscovered until now is the magnitude of predictive power that comes from the use of the production possibilities frontier. That is what you are about to experience in this book.



Chapter One

PREDICTIVE POWER OF MACROECONOMICS

Just like deduction was the logical tool that enabled me to discover the divine economy model and to unfold the divine economy theory, likewise, deduction starting at the macro level makes the predictive power of economics evident. I give credit to Dr. Roger Garrison for training me to think deductively. I used his excellent explanation² of the production possibilities frontier as the starting point in this book but I went much farther with it.

The best known production possibilities frontier shows the resulting output boundary; shows a mix of two outputs depending on whether inputs go towards producing butter or towards producing guns.

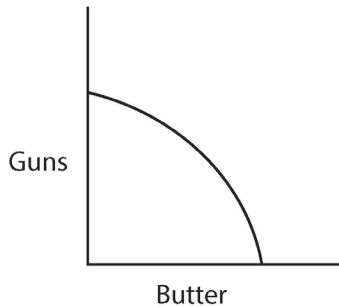


Diagram 1a: Guns and Butter PPF

Both of these outputs compete for some of the same inputs.

The second best known production possibilities frontier (PPF) goes into more detail by describing the choice between capital goods and consumption goods.

²Roger Garrison, *Time and Money*, pp. 40-3

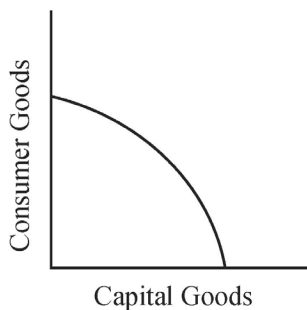


Diagram 1b: Foundational PPF

Take notice of the no growth point which is the point where the economy stays at the same total output level in the future.

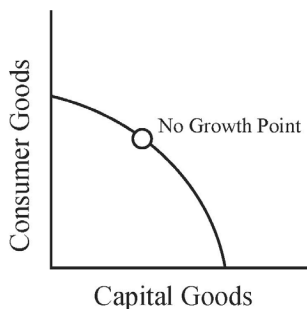


Diagram 1c: No Growth Point PPF

Regard this no growth point as the point where production of capital goods is sacrificed in favor of production of consumption goods to such an extent that the economic output remains stationary.

The no growth point is a prediction about the future output of the economy based on the fact that the two aggregates compete for the same inputs and cancel each other out exactly to that extent. Other predictions can be made if the circumstances are different. Economic expansion and economic contraction can also be predicted, pretty much with certainty, based on economic laws.

One caveat about this kind of prediction has to do with the ceteris parabis assumption that these two factors are the sole determining factors in the economy. This is unrealistic since the economy is complex. There is not exactitude in the predictive power regarding the ultimate outcome

but nevertheless there is predictive power in the economic tendency because it is congruent with the logic of economic law. The relationship between the two aggregates and economic law is what makes the production possibilities frontier predictive.

Using the 'standard' PPF we will examine one example of what leads to economic contraction. Diagram 1d is packed with information. C represents consumption and I represents investment. Relative to the No Growth Point if production of consumption goods is favored over production of capital goods then the means necessary for production in the future is negatively affected. Under these circumstances it can be predicted that over time (t_0 to t_2) the economy will contract.

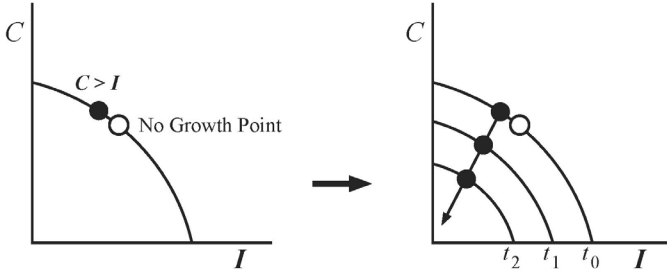


Diagram 1d: Economic Contraction PPF

It is also possible to predict what will happen if there is an adequate amount of capital goods produced. Capital goods are goods for the future. They are the means to produce consumption goods and also other capital goods, all in the future. It is in this way that you can see that capital goods are heterogenous. When there is an adequate amount of investment then it can be predicted that the economy will expand over time (t_0 to t_2).

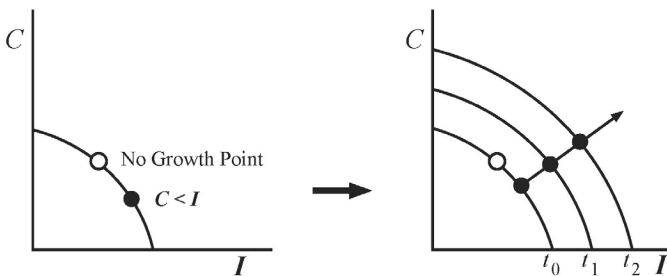


Diagram 1e: Economic Expansion PPF

We are now about to embark on a journey that goes way beyond any economic analysis ever done. This is one of the special powers gained by learning the divine economy theory. It starts here by applying the predictive capabilities of the production possibilities frontier to economic concepts.

Most are entrepreneurially inactive.

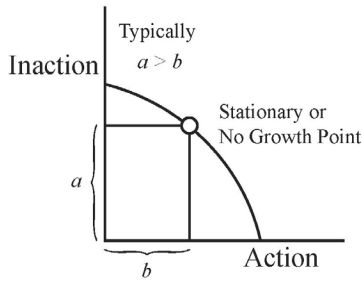


Diagram 1f: 'Human Spirit' No Growth Point PPF

Purposeful human action is at the heart of the economy (Diagram 1f). We can imagine the “No Growth Point” to be a point where latent entrepreneurship is significantly great. This is typical of socialism where there are few incentives since private property and profits are undermined and confiscated. Using that as an example the lack incentives causes inaction to be greater than action which over time causes the economy to contract (Diagram 1g).

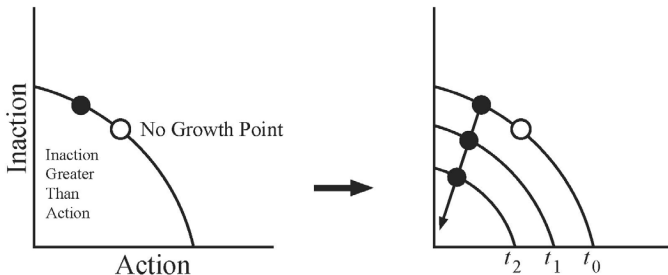


Diagram 1g: 'Human Spirit' Contracting Economy PPF

What is exciting is to know the outcome of active entrepreneurship, which is an expression of the human spirit, free to discover the wonders that surround us and to enable us to serve each other. Any economy that provides an environment where active entrepreneurship is greater than latent entrepreneurship will predictably be an expanding economy.

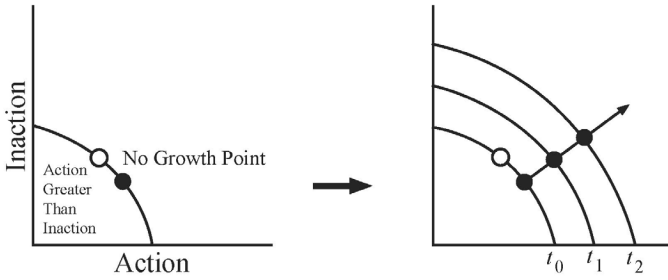


Diagram 1h: 'Human Spirit' Expanding Economy PPF

We touched on this already, laws that confiscate have negative influences. The economy can be in a 'No Growth' condition if the laws that encroach are significant enough to cancel out the fruits that come from laws that protect (Diagram 1i).

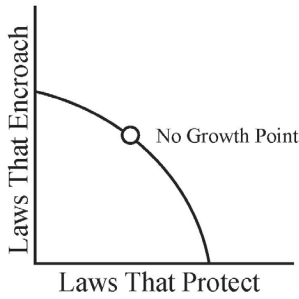


Diagram 1i: 'Law' No Growth Point PPF

As you can see in Diagram 1j when laws encroach upon people's rights it causes the economy to contract.

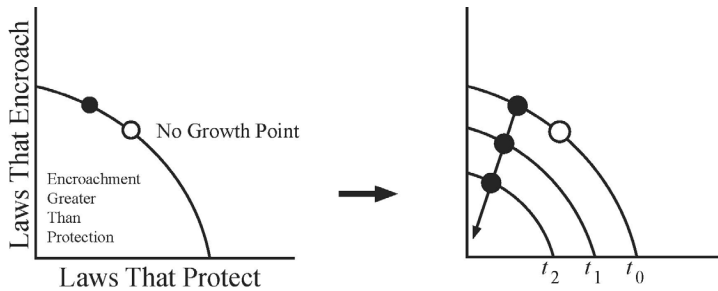


Diagram 1j: 'Law' Contracting Economy PPF

If such laws are nullified or if a society never imposes such laws and people's rights are protected the economy will expand over time (Diagram 1k).

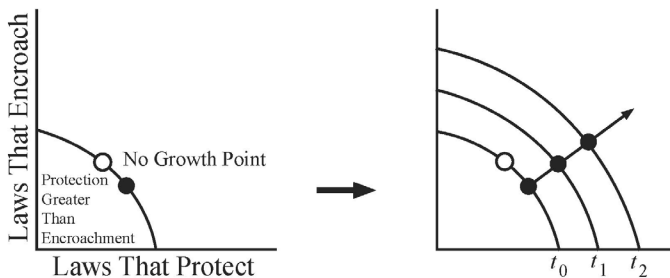


Diagram 1k: 'Law' Expanding Economy PPF

Those who ignore the subjective nature of humans think they can plan the economy! The economy has an inherent order and the 'No Growth Point' is where arbitrary planning stifles the spontaneity of the market economy (Diagram 1l).

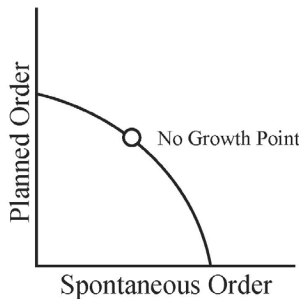


Diagram 1l: 'Order' No Growth Point PPF

Interventionism is the political manifestation of the disregard for human subjectivity. Movement towards interventionism extinguishes the spontaneity necessary to respond to the needs and desires of people (Diagram 1m).

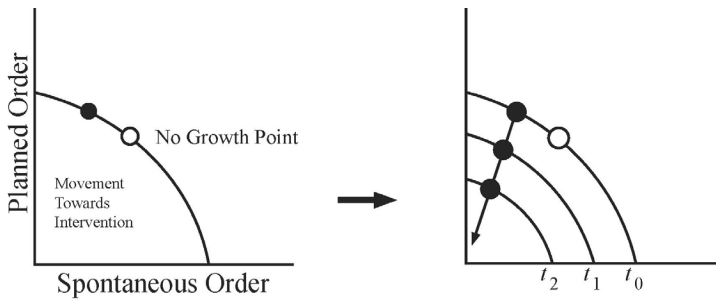


Diagram 1m: 'Order' Contracting Economy PPF

An expanding economy is one where the flow of information is dynamic and optimal as expressed in the free market (Diagram 1n).

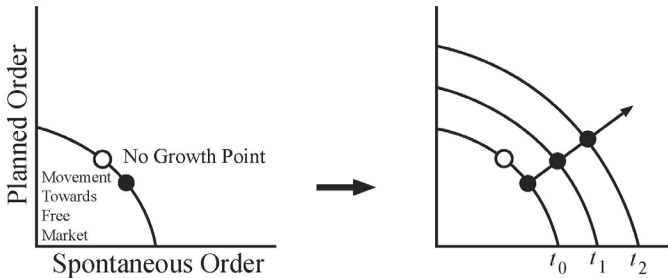


Diagram 1n: 'Order' Expanding Economy PPF

This is a pivotal moment in this book. Predictive economics is the ultimate goal and achieving it requires the correct methodology. Now is a good time to contrast the methodology of empiricism with the methodology of subjectivism. The positivists need to assume away human subjectivity so that they can predict. Ironically this assumption is what makes their predictions absurdly and chronically incorrect.

The economists who use the methodology of subjectivism, verily, acknowledge that predictive economics is out of reach. What they are referring to is the exact timing of events.

The divine economy theory is an advancement in economic science because it frames predictive economics differently. What is brought to the forefront is the power of economic laws and their inevitability. This is what makes economics predictive. The tool used, in ways never before seen in the economic literature, is the production possibilities frontier.

We will begin examining the production possibilities frontier of economic laws, concepts and principles. The No Growth Point for the disutility of labor is where compensation for being unproductive undermines and disincentivizes the will to be productive (Diagram 1o).

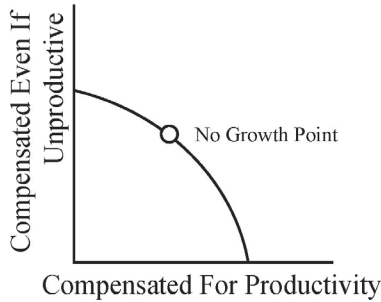


Diagram 1o: Disutility of Labor No Growth Point PPF

If a person would rather not work the economy will contract (Diagram 1p).

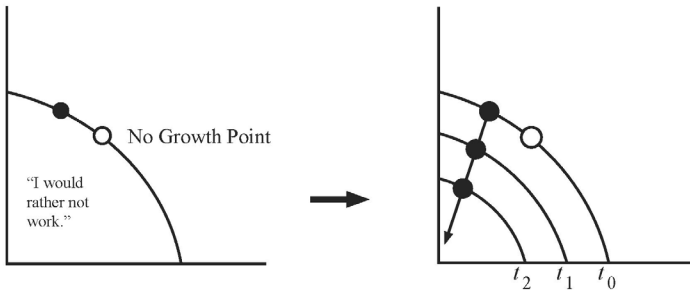


Diagram 1p: Disutility of Labor Contracting Economy PPF

Being productive and inspired to overcome the disutility of labor, in contrast, makes the economy expand.

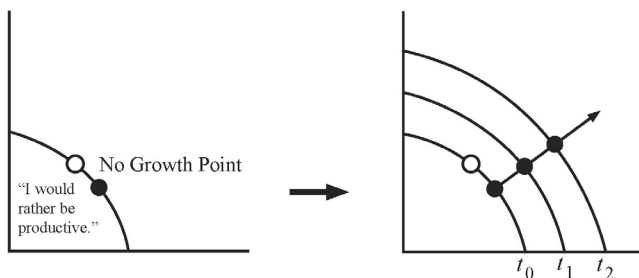


Diagram 1q: Disutility of Labor Expanding Economy PPF

When the signals in the economy add confusion instead of clarity there comes about a No Growth Point where the economy is stuck in limbo.

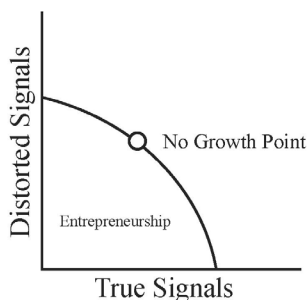


Diagram 1r: Entrepreneurship No Growth Point PPF

If distorted signals predominate, then entrepreneurs cannot make the right choices

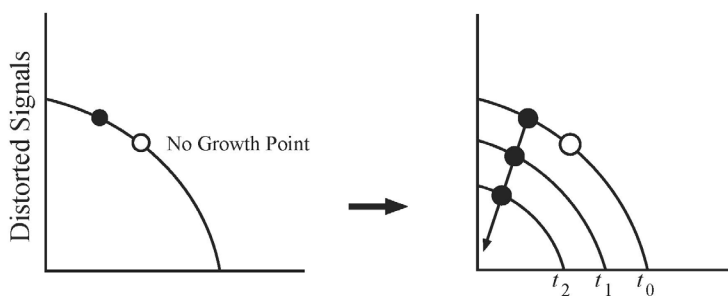


Diagram 1s: Entrepreneurship Contracting Economy PPF

and the economy contracts; whereas if the signals being watched eagerly by entrepreneurs truly reflect wants and wishes then the keenly perceiving entrepreneurs' productive efforts move the economy forward.

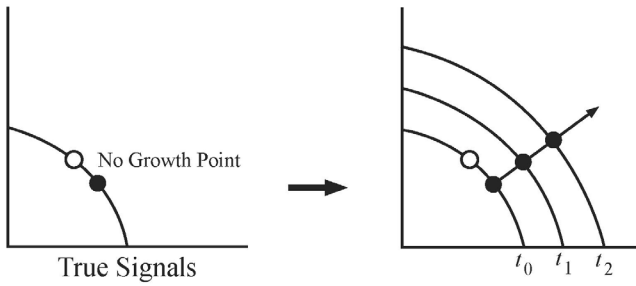


Diagram 1t: Entrepreneurship Expanding Economy PPF

A nation or a society that has in place restrictions on trade could end up at a No Growth Point because the deleterious effects on the functionality of the law of comparative advantage become manifest.

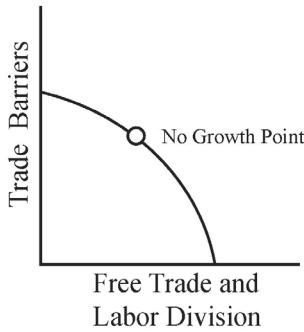


Diagram 1u: Comparative Advantage No Growth Point PPF

If trade becomes difficult the dwindling of trade causes a contraction of the economy over time.

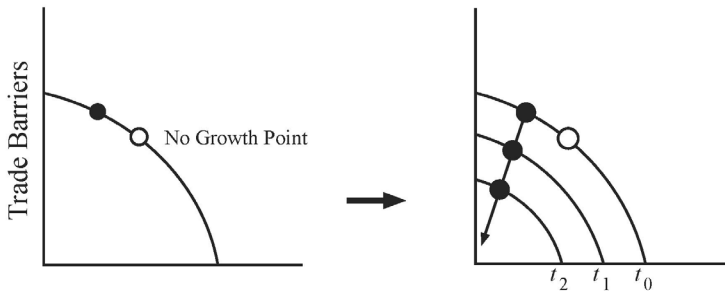


Diagram 1v: Comparative Advantage Contracting Economy PPF

There is great prosperity that comes from division of labor and free trade and that can be seen in Diagram 1w by noticing the movement of the production possibilities frontier over time.

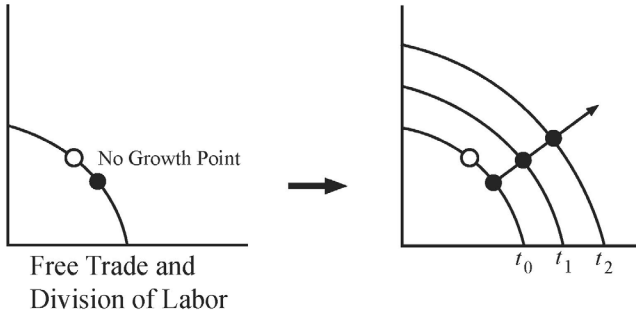


Diagram 1w: Comparative Advantage Expanding Economy PPF

Anything that diminishes the expressive subjective valuation to the point where free will becomes nullified puts the economy at the No Growth Point.

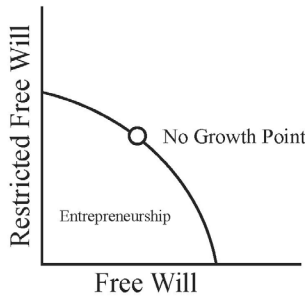


Diagram 1x: Subjective valuation No Growth Point PPF

Restricting free will distorts the true character of the economy by preventing unique expression of choices based on true-felt values. This negativity affects the economy.

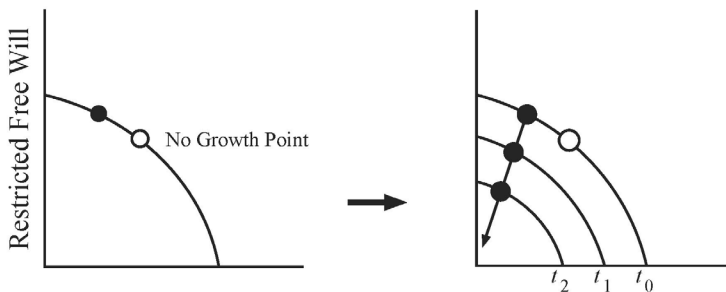


Diagram 1y: Subjective Valuation Contracting Economy PPF

However, if free will is honored then value fulfillment will be the common experience and the economy will expand.

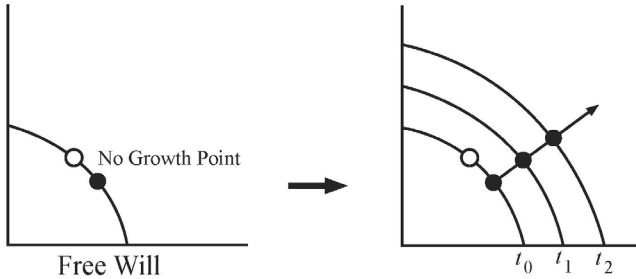


Diagram 1z: Subjective Valuation Expanding Economy PPF

As you learn what the economic laws are you will have the power of understanding necessary for predictive economics.

The reason predictive economics is regarded so highly is because it potentially secures the confidence needed to propose policy. What we can now witness in the second set of diagrams are the eleven policies that are the fruits of the divine economy theory. Which of each of the three alternatives pertaining to each policy do you prefer?

At some point, at the No Growth Point, if property rights are uncertain then the economy will come to a standstill.

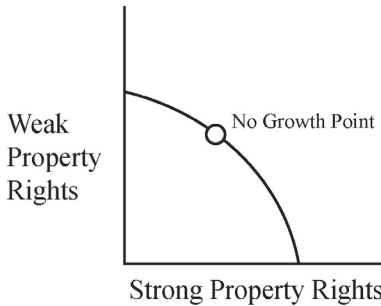


Diagram 2a: Property Rights No Growth Point PPF

When property rights weaken even further the predictable outcome is a contracting economy.

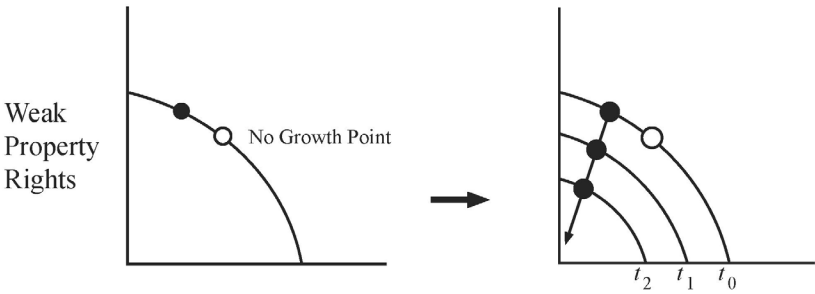


Diagram 2b: Property Rights Contracting Economy Point PPF

Policy One - Well Defined and Continually Refined Property Rights

As certainty grows because of strong property rights the economy expands. This is predictable.

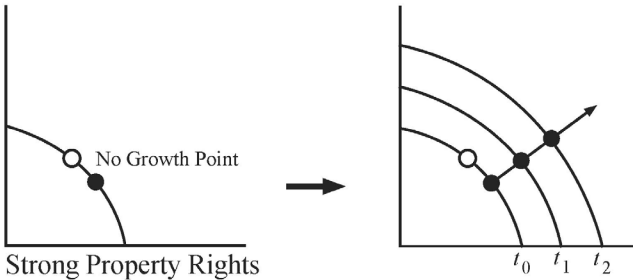


Diagram 2c: Property Rights Expanding Economy Point PPF

When the voice of the people is not heard because of a domineering central voice, at the No Growth Point, the vital communicative nature of the economy will become muffled.

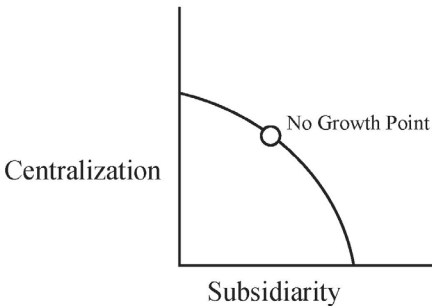


Diagram 2d: Right to Secede No Growth Point PPF

Policy Two - The Right of Secession

Decisions, based on close proximity to the situation, made by those who are uniquely affected by them, yield positive results.

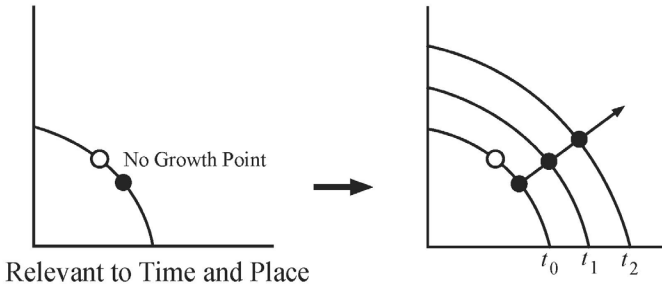


Diagram 2e: Right to Secede Expanding Economy Point PPF

Top-down and mostly arbitrary decisions imposed by those far removed are bound to cause the economy to recede.

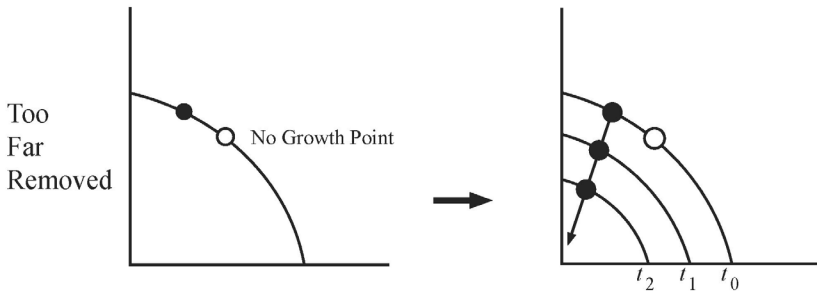


Diagram 2f: Right to Secede Contracting Economy Point PPF

Natural and inherent is the ability of the market to optimize business sizes. As bureaucratic systems and methods permeate the business world eventually a No Growth Point is reached.

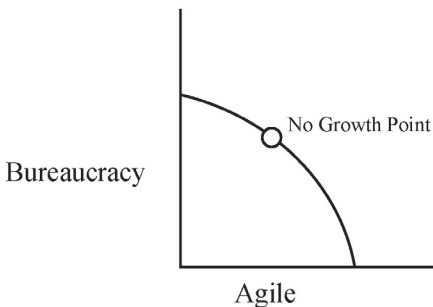
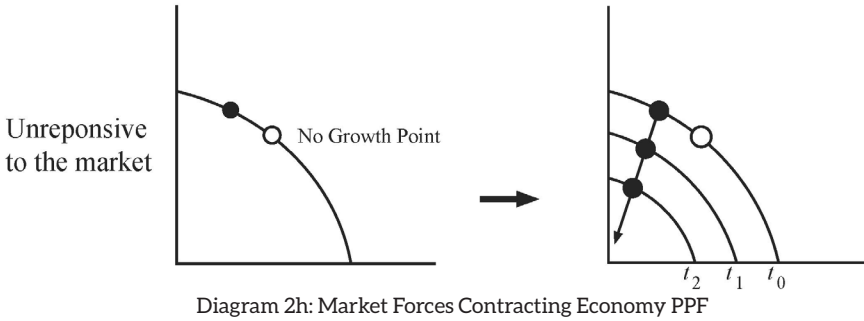


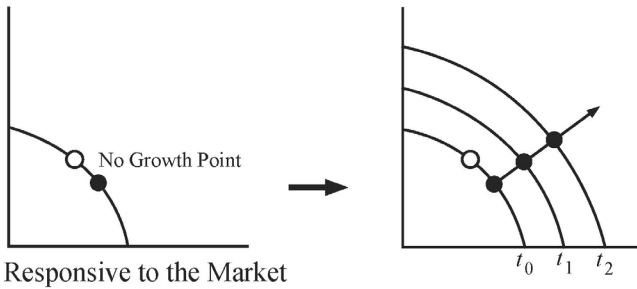
Diagram 2g: Market Forces No Growth Point PPF

Beyond the No Growth Point, to the left, the ability to communicate and calculate dissipates because of bureaucracy and the economy contracts.

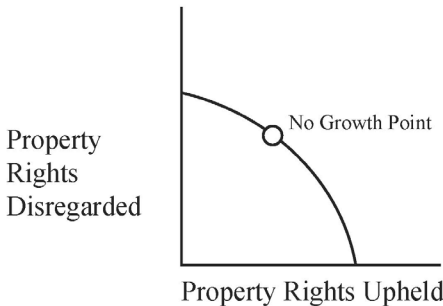


Policy Three - Market Forces Will Moderate Business Sizes

Agile businesses adjust their size, making sure that the market signals are not replaced by bureaucratic substitutes. Responsive business sizes lead to economic expansion.



When enforcement of property rights becomes dependent on the political climate the impact is similar to the very existence of property rights. There is a No Growth Point where property right confiscation offsets gains made from authentic ownership.



Policy Four - Enforcement of Property Rights

When owners of property know it is unhindered and secure it has the capacity to serve as an anchor for many and varied productive endeavors.

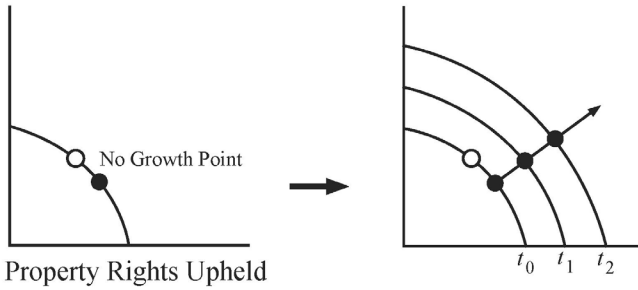


Diagram 2k: Enforcing Property Rights Expanding Economy PPF

Just the waste alone from trying to defend rights of ownership is a drain on the economy let alone the damaging effect on the certainty of things.

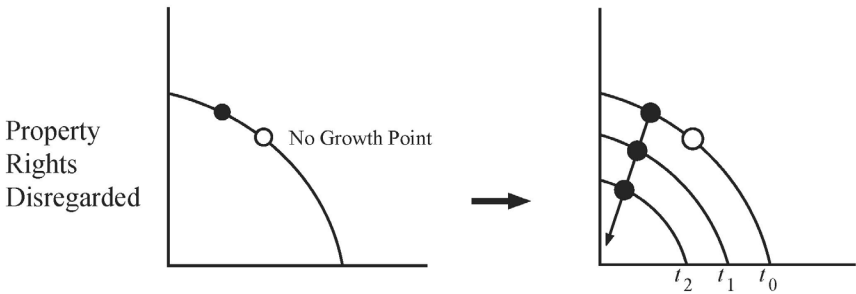


Diagram 2l: Enforcing Property Rights Contracting Economy PPF

Status quo to the extent that a significant amount of opportunities come and go, unnoticed and not acted upon, describes the condition of the next No Growth Point.

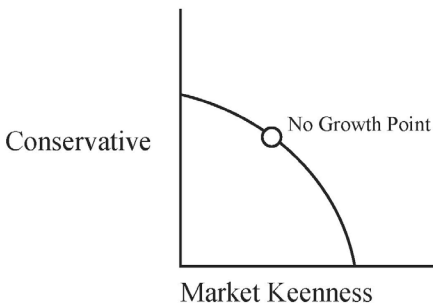


Diagram 2m: Entrepreneurial Education No Growth PPF

Policy Five - Education About Entrepreneurship

If there is a conscious awareness of opportunities, as an acquired skill, then the discoveries made and the risks taken will advance the economy.

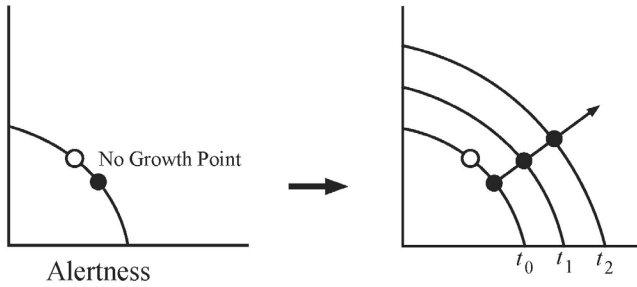


Diagram 2n: Entrepreneurial Education Expanding Economy PPF

Being frightened by new ideas or being frightened to make the sacrifices associated with risk are characteristics of an economy that is declining.

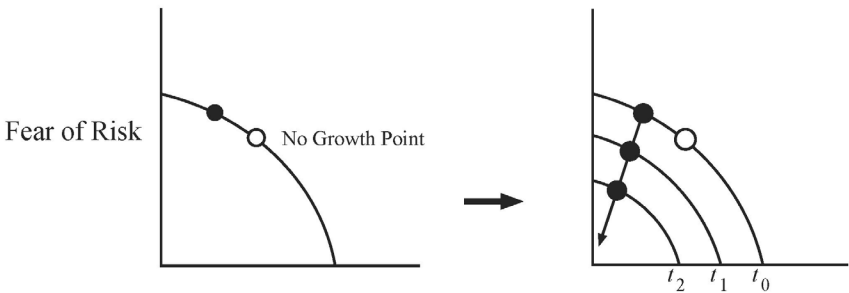


Diagram 2o: Entrepreneurial Education Contracting Economy PPF

Whatever gain an economy makes can be quickly or silently taken away by war or inflation, respectively. That is the No Growth Point.

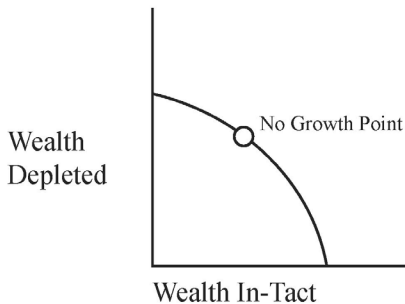


Diagram 2p: Looking-to-the-Future No Growth PPF

Policy Six - War and Inflation Violate Property Rights

When people feel confident that there is peace and that purchasing power of the currency is not being whittled away, capital accumulation leads to an increase in productivity and prosperity.

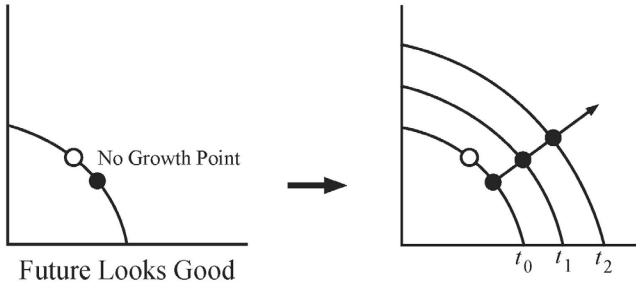


Diagram 2q: Looking-to-the-Future Expanding Economy PPF

Undermining hope for the future is what war and inflation does and that translates into an economy in free fall.

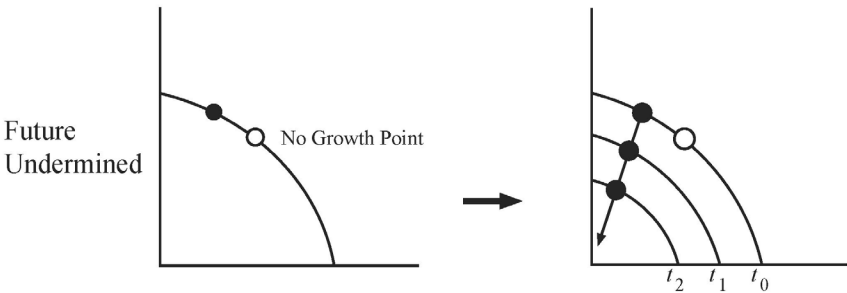


Diagram 2r: Looking-to-the-Future Contracting Economy PPF

When trust in the currency weakens and wavers enough to disrupt its ability to function as a medium of exchange the No Growth Point is reached.

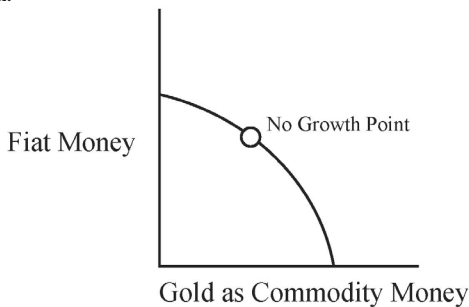


Diagram 2s: Purchasing Power No Growth PPF

Policy Seven - Gold Passes the Market Test

If the trustworthiness of the currency increases it is reflected in real terms as an increase in purchasing power. People having an increased purchasing power causes the economy to expand.

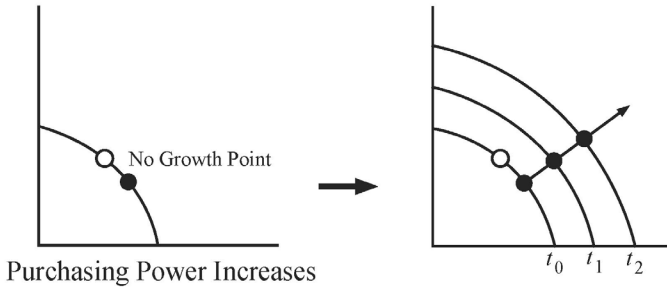


Diagram 2t: Purchasing Power Expanding Economy PPF

When a currency is subject to counterfeiting its purchasing power decreases which translates into a contracting economy.

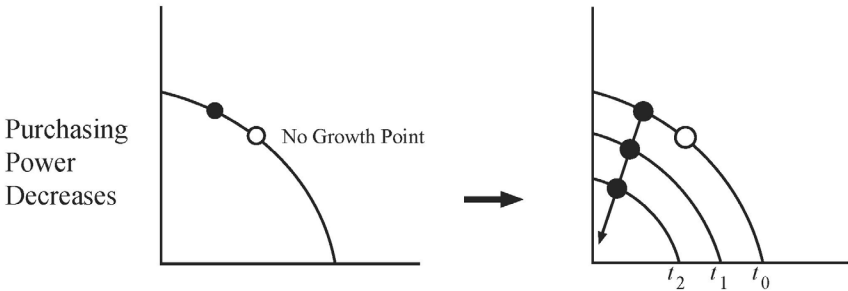


Diagram 2u: Purchasing Power Contracting Economy PPF

Another No Growth Point occurs when appreciation of capital is low and as a result it isn't adequately replenished.

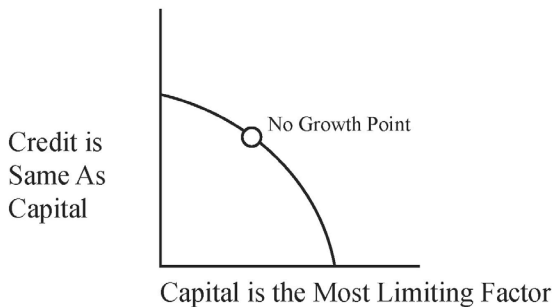


Diagram 2v: What Is Capital? No Growth PPF

Policy Eight - Counteract the Misinformation About Capital

When loanable funds are plentiful the source of capital is bountiful enough to fund goods for the future, expanding the economy.

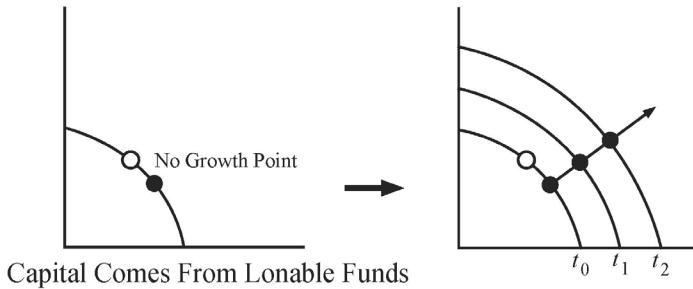


Diagram 2w: What Is Capital? Expanding Economy PPF

Production doesn't just happen. It requires capital. Loanable funds from savings, not credit, is the foundation of capital.

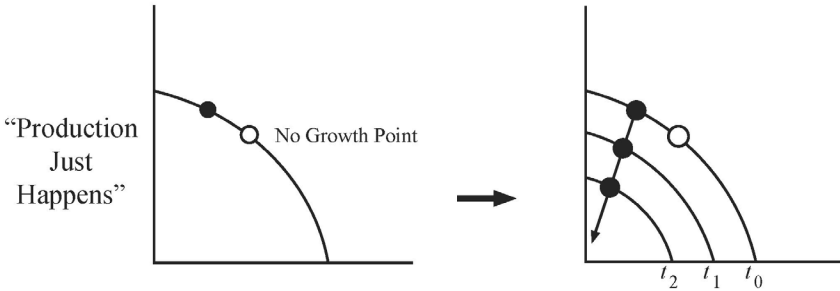


Diagram 2x: What Is Capital? Contracting Economy PPF

Capital needs to be renewed as production goods lose capacity over time. A No Growth Point for an economy occurs when the loss of capacity from a dwindling stock of capital goods is just offset by the addition of new capital.

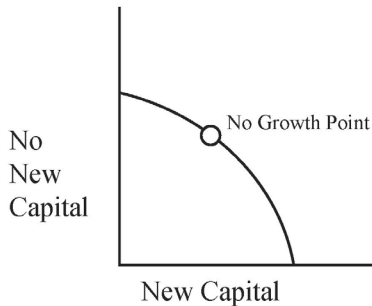


Diagram 2y: New Capital No Growth PPF

Policy Nine - New Capital is a Good Start

It is the influx of new capital that leads to an expanding economy.

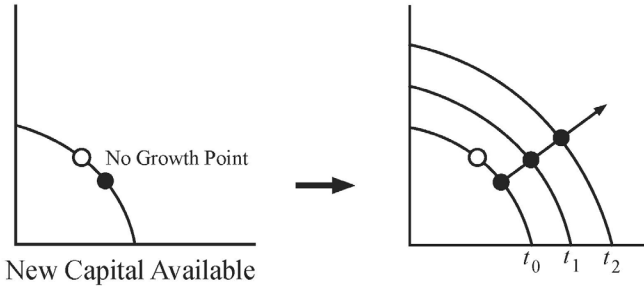


Diagram 2z: New Capital Expanding Economy PPF

If the stock of capital declines the outcome will be a contracting economy.

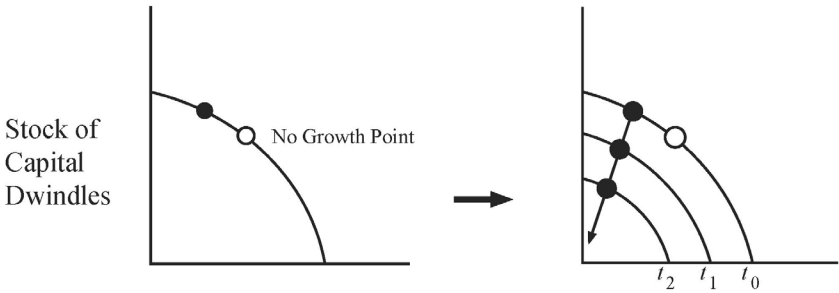


Diagram 3a: New Capital Contracting Economy PPF

The exchange of goods and services is the story of the economy. What puts the economy in the condition of No Growth is enough restriction of the flow of goods and services to offset the benefit of the free flow of goods and services.

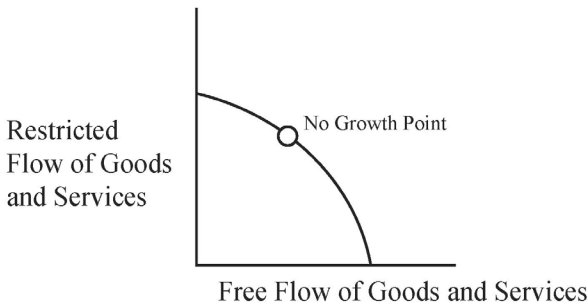


Diagram 3b: Free Trade No Growth PPF

Policy Ten - International Free Trade

Creative division of labor is a wealth generating specialization that leads to an expanding economy when there is a free flow of goods and services.

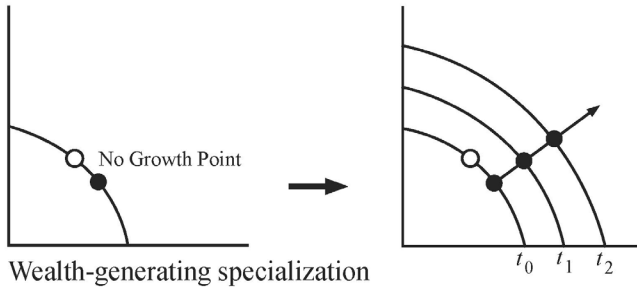


Diagram 3c: Free Trade Expanding Economy PPF

In contrast, if access to markets is restricted and division of labor diminished the economy will contract.

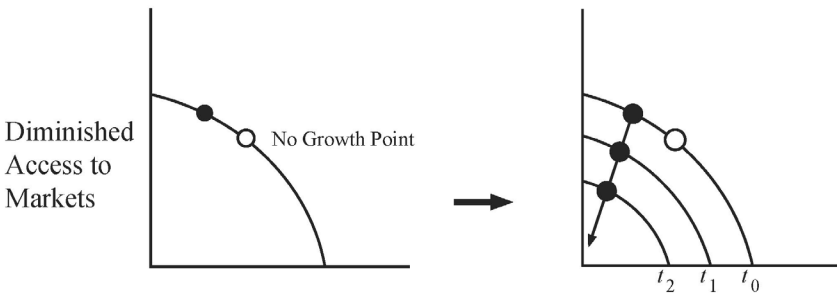


Diagram 3d: Free Trade Contracting Economy PPF

It is clear to everyone that at some point taxation can and will stifle growth. Economic growth stops at the No Growth Point.

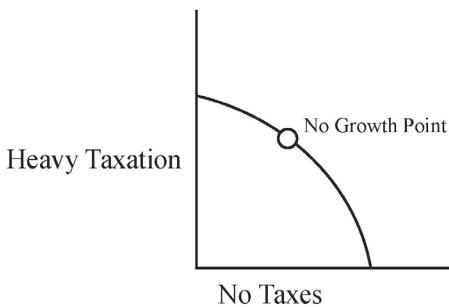


Diagram 3e: Taxation No Growth PPF

Policy Eleven - Minimal Taxation

When taxes are reduced the economy is stimulated.

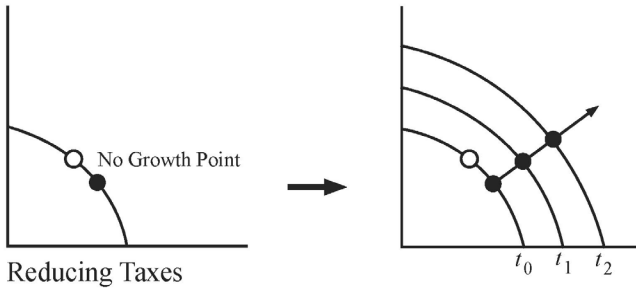


Diagram 3f: Taxation Expanding Economy PPF

Increasing taxes beyond a minimal level causes the economy to contract.

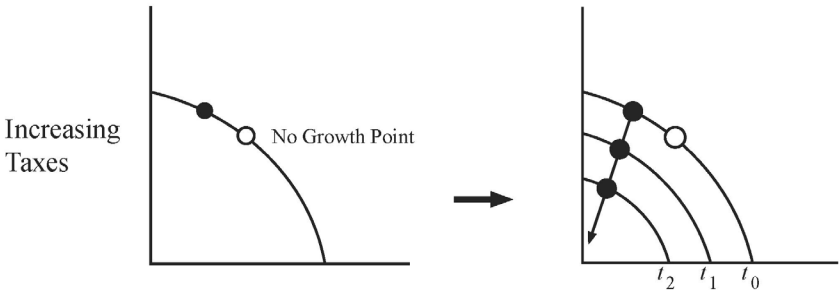


Diagram 3g: Taxation Contracting Economy PPF

The outcomes of policies are predictable once the economic laws are made clear and evident. Empirical economists consciously and unconsciously use data to justify policies that violate economic laws. If predictive economics is desired the economic laws need to be abided by.

What about predictability at the level of the microeconomy? That is the topic of Chapter Two.



Chapter Two

PREDICTIVE POWER OF MICROECONOMICS

Catallactics is a theory of the way the free market system reaches exchange ratios and prices. Ludwig von Mises explains the catallactics of human virtues:

“The buyer must always rely upon the trustworthiness of the seller. Even in the purchase of producers’ goods the buyer, although as a rule an expert in the field, depends to some extent on the reliability of the seller. This is still more the case on the market for consumers’ goods. Here the seller for the most part excels the buyer in technological and commercial insight. The salesman’s task is not simply to sell what the customer is asking for. He must often advise the customer how to choose the merchandise which can best satisfy his needs. The retailer is not only a vendor; he is also a friendly helper. The public does not heedlessly patronize every shop. If possible, a man prefers a store or a brand with which he himself or trustworthy friends have had good experience in the past.”

And again, Mises states: “Good will is the renown a business acquires on account of past achievements. It implies the expectation that the bearer of the goodwill in the future will live up to his earlier standards. Goodwill is not a phenomenon appearing only in business relations. It is present in all social relations. It determines a person’s choice of his spouse and of his friends and his voting for a candidate in elections. “Catallactics” of course, deals only with commercial goodwill. It does not matter whether goodwill is based on real achievements and merits or whether it is only a product of imagination and fallacious ideas. What counts in human action is not truth as it may appear to an omniscient being, but the opinions of people liable to error. There are some instances in which customers are prepared to pay a higher price for a special brand of a compound although the branded article does not differ in its physical and chemical structure from another cheaper product. Experts may deem such conduct unreasonable. But no man can acquire expertness in all fields which are relevant for his choices. He cannot entirely avoid substituting confidence in men for knowledge of the true state of affairs. The regular customer does not always select the article or the service, but the purveyor whom he trusts. He pays a premium to those whom he considers reliable.”³

³Ludwig von Mises, *Human Action*, p. 379

Enterprise Story #1

Our first story is about a medium-sized business based in New Orleans that provides entertainment in all of Louisiana and the Gulf Coast.

Meet the principal agents:

Sergio is a 28 year old capitalist.

Anna is a 27 year old entrepreneur.

Jorge is a 42 year old resource owner.

Melissa is a 53 year old laborer.

Luis is a 44 year old capitalist.

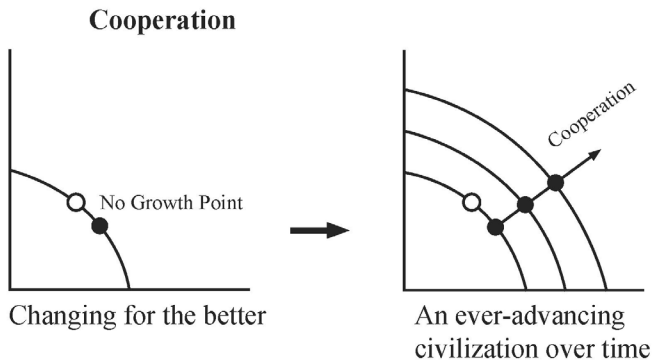
Now let's look at some of the key loci of value for this business:

Anna, who lives in New Orleans, discovers a local group known as "JLM Troupe" and enters into a contractual relationship to expand their exposure. Anna arranges for them to tour 30 cities over the next 12 months.

Anna is passionate about music and the dramatic arts. Anna is a musician herself and is keen to find talent since she knows there is a demand for entertainment throughout the region. Her husband Sergio is invested in her entertainment business. The local performing group, JLM Troupe, consists of a host of musicians and dancers primarily coordinated by Melissa who is a dramatic artist. Jorge is the fashion designer and the stage designer. Luis provides the funds up front for the JLM Troupe.

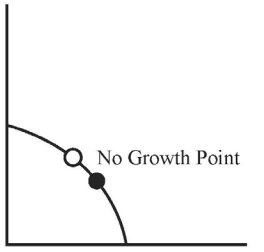
Predictive catallactics

Anna seeks partnerships with others, working together to elevate the arts.

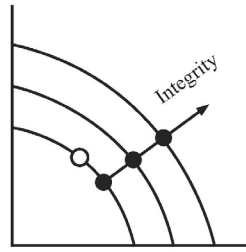


Sergio abides by his heart's deepest promise to support his wife's artistic passion.

Integrity



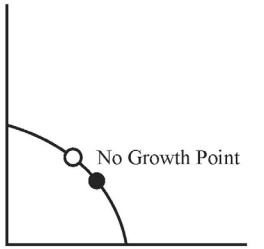
Changing for the better



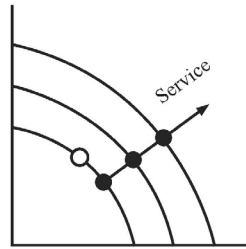
An ever-advancing civilization over time

Jorge delivers his talents in a way that makes a difference in the entertainment world.

Service



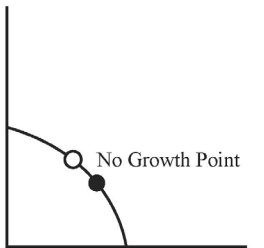
Changing for the better



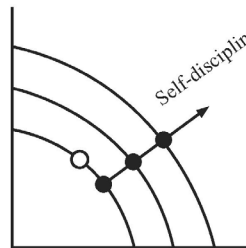
An ever-advancing civilization over time

Luis makes personal sacrifices to be able to provide the capital needed by the JLM Troupe, plus he manages the budget.

Self-discipline



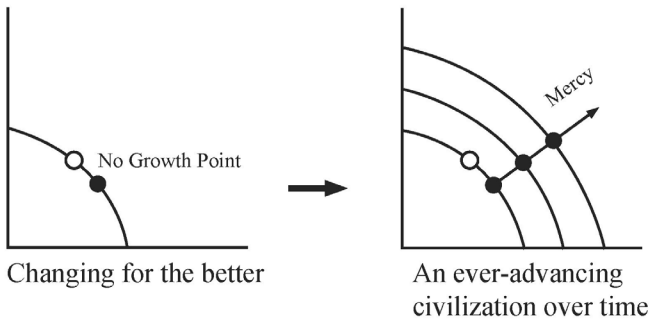
Changing for the better



An ever-advancing civilization over time

Melissa recognizes the blessings in her life and wants to give as much of herself as possible to others.

Mercy



Predictably, all of these traits add value to the business.

Enterprise Story #2

Our second story is about an upstart business in a lake town on the shores of Lake Michigan.

Meet the principal agents:

Lucila is a 34 year old entrepreneur.

Eric is a 71 year old laborer.

Sara is a 65 year old resource owner.

Karl is a 36 year old entrepreneur.

Olivia is a 28 year old capitalist.

Now let's look at some of the key loci of value for this business:

Eric is a physician that has become disenchanted with the influence of pharmaceutical companies over his practice. He has begun to go in a different direction partly because his son and daughter-in-law are both physicians who favor a more holistic approach. Eric retires and turns his patients over to them. Eric has good relations with his patients and now that he is retired he has decided to offer rides to anyone who needs a ride, some of these are patients he has known for over 30 years.

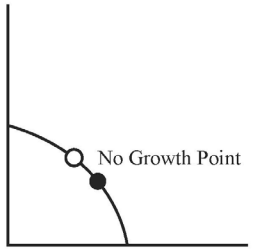
The new practice, Health First, is run by the husband and wife team of Karl and Lucilla. Olivia is a family friend who wants to help finance Karl and Lucilla's efforts to re-educate the people in the area about health issues and to encourage people to visit their new practice.

For twenty years Sara has been the owner of the building and the adjoining properties.

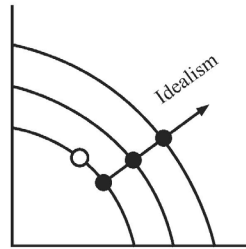
Predictive catallactics

Lucilla has faith that people want to be healthy and she knows encouraging that desire is the essence of wealth.

Idealism



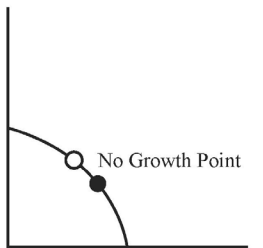
Changing for the better



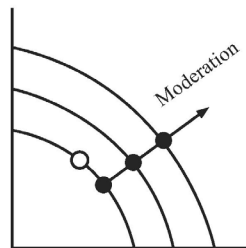
An ever-advancing civilization over time

Eric is continuing to serve his patients and his community and his family in a way that is stress-free and graceful.

Moderation



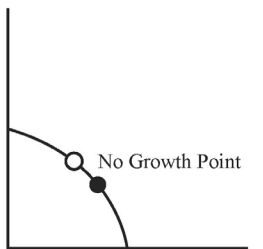
Changing for the better



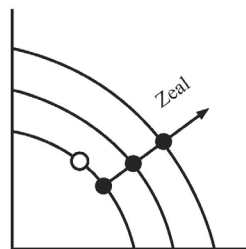
An ever-advancing civilization over time

Karl remembers his father's passion for helping people with their health and knows how to carry that legacy forward using holistic medicine.

Zeal



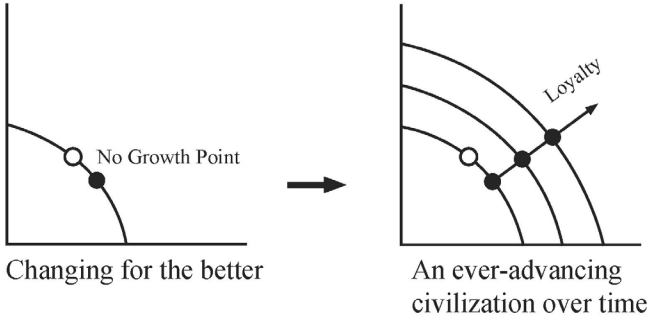
Changing for the better



An ever-advancing civilization over time

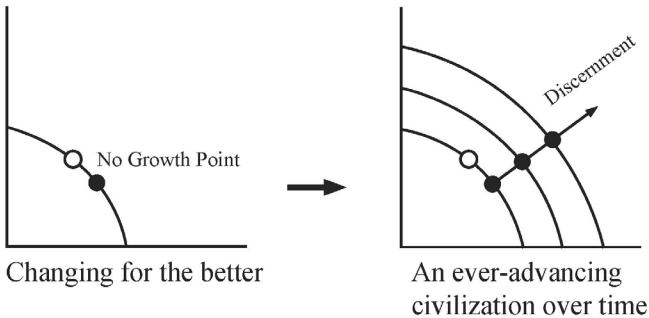
Sara has unwavering commitment to the same cause that is near and dear to Eric, Karl, and Lucilla. She has always been a strong supporter of their success in the community.

Loyalty



Olivia knows how valuable to the community and to her friends this new direction is and cannot imagine a better investment.

Discernment



Predictably, all of these traits add value to the business.

Enterprise Story #3

The third story is about a small architect firm in a rural town along a spring fed river. Andy is the owner of the firm, Trout Run Architecture, but he is now retired. He is still available for consultation within the firm.

Andy is a 60 year old resource owner.

Sherry is a 27 year old laborer.

Brian is a 23 year old capitalist.

Ashley is a 65 year old entrepreneur.

Phillip is a 34 year old resource owner.

Now let's look at some of the key loci of value for this business:

Brian is from a well-known, prosperous family that owns a four story warehouse that is no longer used as a warehouse but it has a lot of interesting features.

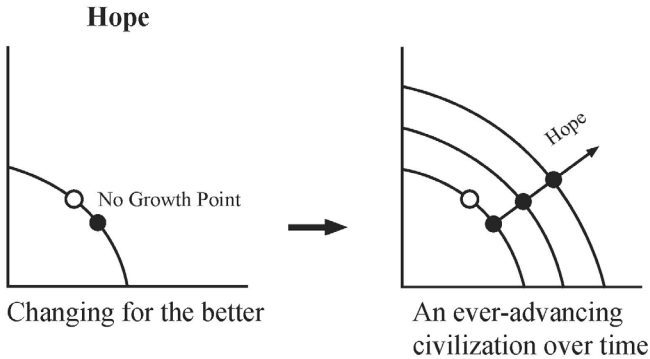
Phillip is a developer with a keen interest in renovating old buildings.

Sherry is the principal architect of the firm and she loves the idea of renovating the warehouse, making it into condos with some retail spaces on the ground floor.

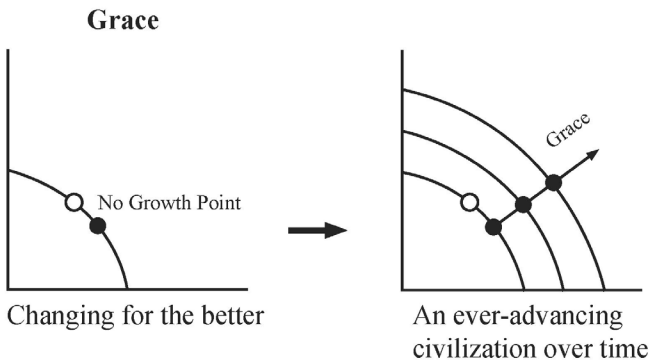
Ashley is excited about leaving a legacy. She sees the resurgence of interest in the downtown area and she knows Brian and his family and has worked with Andy and Phillip in the past.

Predictive catallactics

Even though Andy is retired he sees a bright future for his firm and for his town.

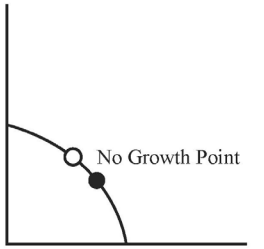


Brian has a deep connection to his roots and is thankful for all the blessings his family has received for generations and now he is at the point in his life where he feels he can give back.

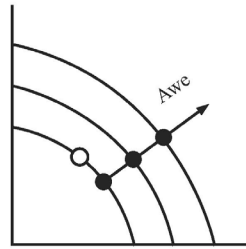


Phillip finds beauty and mystery in old buildings and loves to rework them to reveal their hidden qualities.

Awe



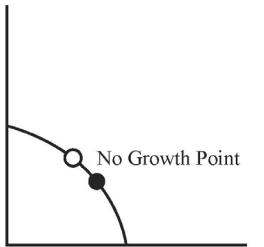
Changing for the better



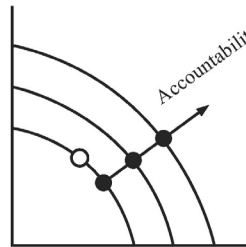
An ever-advancing civilization over time

Sherry knows that by having high standards the outcome will bring honor to the firm and glory to the town.

Accountability



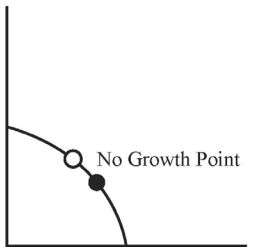
Changing for the better



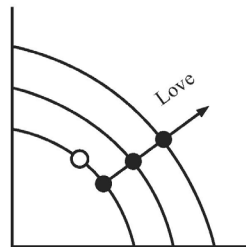
An ever-advancing civilization over time

Ashley treasures the relationships she has built over the years and has a strong affection for her town. She is committed to nurturing its potential.

Love



Changing for the better



An ever-advancing civilization over time

Predictably, all of these traits add value to the business.

Enterprise Story #4

The fourth story is about a small fish in a big pond which seems ironic since this is a business in a large city in an arid climate.

Hannah is a 27 year old laborer.

Roland is a 52 year old capitalist.

Nini is a 49 year old entrepreneur.

Abraham is a 24 year old laborer.

Nora is a 54 year old resource owner.

Now let's look at some of the key loci of value for this business:

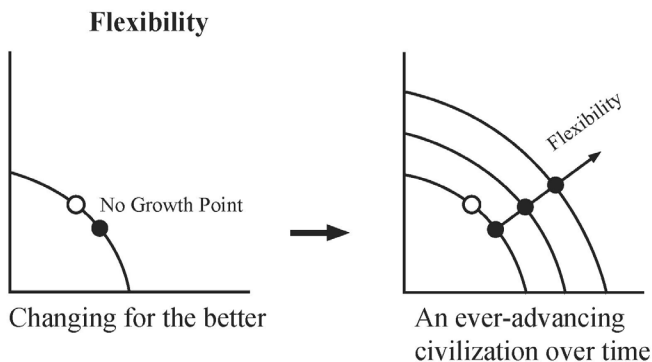
Nora is currently the owner of her husband's business. Her husband recently passed away. Sabino Cooling has always been a small business. Nora's friend Nini has convinced her that there are many opportunities to expand the business. Nini's husband, Roland, has extended a substantial amount of capital to finance the expansion.

The first step taken was to hire an HVAC technician named Hannah to help Abraham handle the workload.

Nini and Roland see this as an opportunity to build a business together and Nora is relieved to know that she can hold onto the business. She needs a source of income.

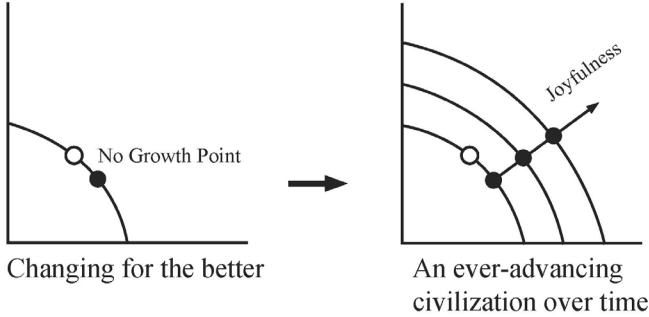
Predictive catallactics

Hannah likes working with her hands, which is why she became a technician. She also makes southwest jewelry so if there are no pressing demands for her HVAC work, she is fine with pursuing her jewelry-making passion.



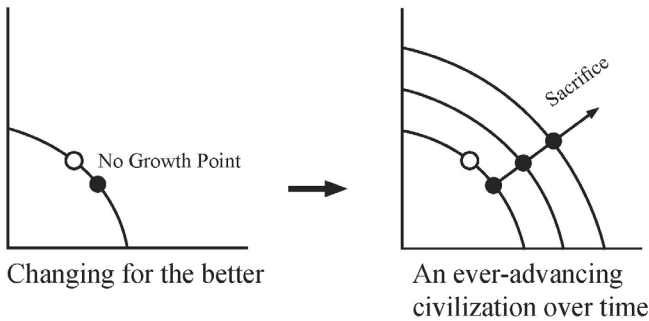
Roland is amazed at his wife's good fortune. He has always wanted to be supportive of his wife's pursuits and he has always wanted to be a business owner.

Joyfulness



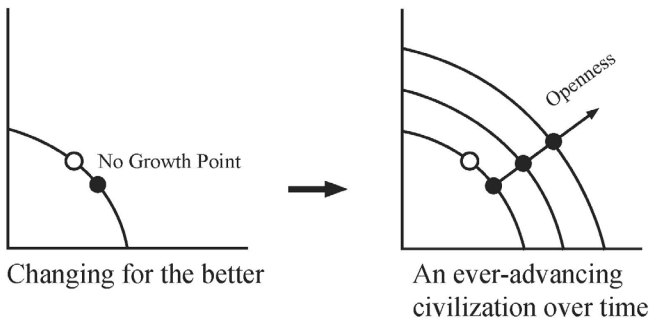
Abraham came as a refuge from Ethiopia and his parents and siblings trust that he will help them. Abraham is not a workaholic but he wants as many hours as he can get so he can alleviate the deprivation faced by his family members back home.

Sacrifice



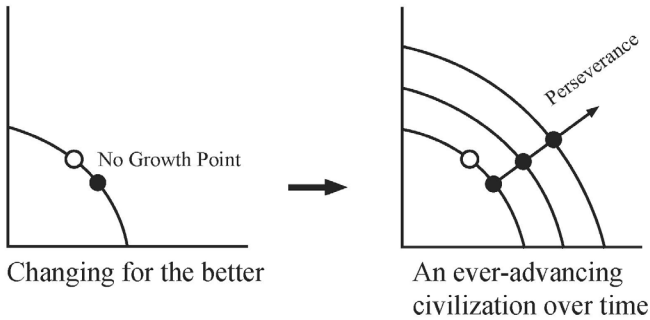
By nature, Nina is willing to consider new ideas and possibilities and she sincerely listened to her friend Nora's predicament. Without pretense she was receptive to the new blessing and surprise in her life.

Openness



Nora is not a quitter. She is determined and has the commitment to work things through regardless of the obstacles that arise.

Perseverance



Predictably, all of these traits add value to the business.

Enterprise Story #5

Story number five is about DS Networking, which is an upstart business in a small town.

Ali is a 69 year old capitalist.

Naomi is a 50 year old entrepreneur.

Alberto is a 56 year old resource owner.

Sophia is a 56 year old capitalist.

Harry is a 38 year old laborer.

Now let's look at some of the key loci of value for this business:

Naomi is well-liked and well-established with the business community. She is good at connecting dots. She knows that many businesses are transitioning to the digital world. Fortunately her son Harry is a geek who loves solving these kinds of problems. But to get the business up and going Naomi needs capital.

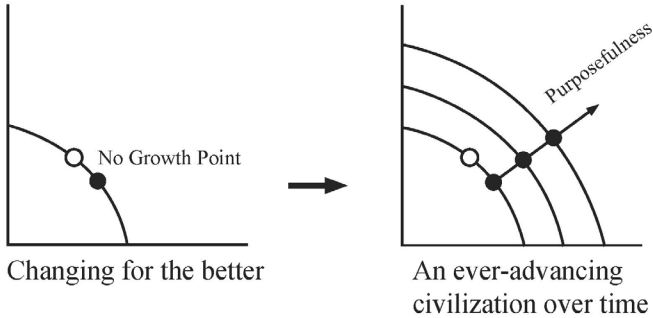
Ali and Sophia are married and are longtime friends of Naomi. Each of them decides to invest in DS Networking.

Alberto is a longtime mentor of Harry. He was Harry's computer science teacher in high school and together has belonged to the same video game club since Harry's high school days.

Predictive catallactics

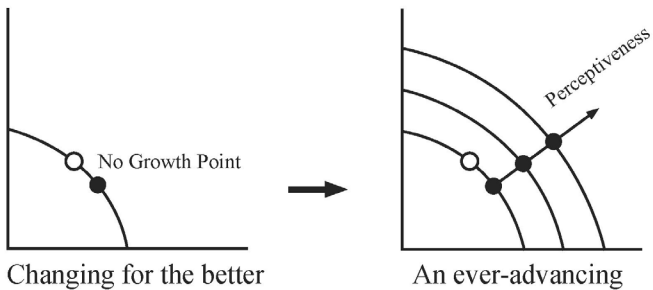
Ali is at a transition point in his life. He was pondering what to do next, what role to play.

Purposefulness



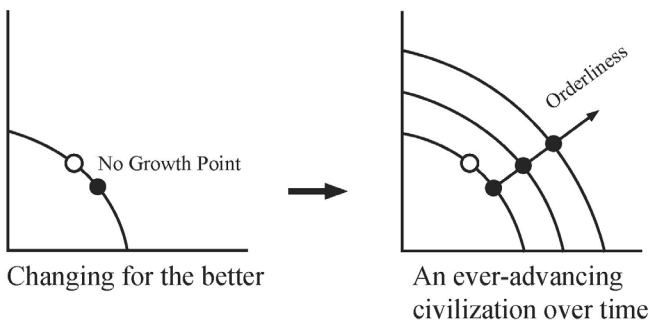
Alberto knew that his mentorship/friendship with Harry would someday translate into something more than simply enjoying video games.

Perceptiveness



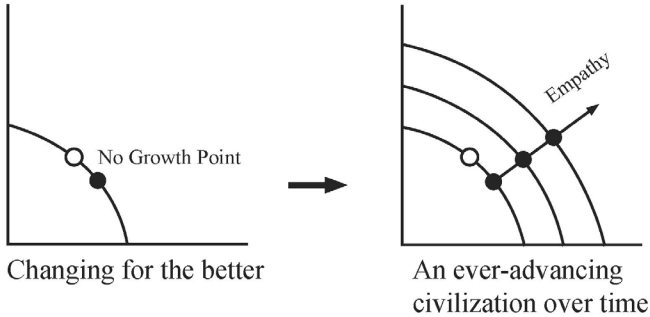
Harry is good at solving problems step by step and he does this by removing those things that clutter the process. As a result, he makes the digital applications user-friendly.

Orderliness



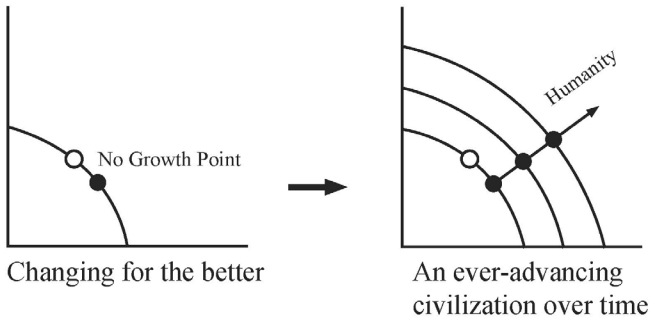
By being a good listener Naomi is able to discover that many business owners are feeling frustrated and even overwhelmed by the ever-increasing pressure to upgrade their business to the digital world. She wants to help them.

Empathy



This is where the connection with Sophia is so great. Sophia is deeply concerned about the problems that businesses are having, as described by Naomi, and she sees how it affects the scheme of life for their town.

Humanity



Predictably, all of these traits add value to the business.

Enterprise Story #6

The sixth story is about NB Groves which is a third-generation small farm that grows organic avocados.

Leslie is a 70 year old capitalist.

Manuel is a 31 year old resource owner.

Faten is a 44 year old laborer.

Ivan is a 72 year old entrepreneur.

Christina is a 25 year old entrepreneur.

Now let's look at some of the key loci of value for this business:

Ivan is always finding outlets for their organic avocados. He also arranged the purchase of a neighboring property as part of the expansion of the farm.

Leslie is the wife of Ivan and she is the third generation owner of the family farm. It was her capital that bought the neighboring property, which had to remain fallow for three years.

This newly producing grove was planted four years ago and it is the 'baby' of Christina. Christina is the granddaughter of Ivan and Leslie and she represents the next generation for this family farm.

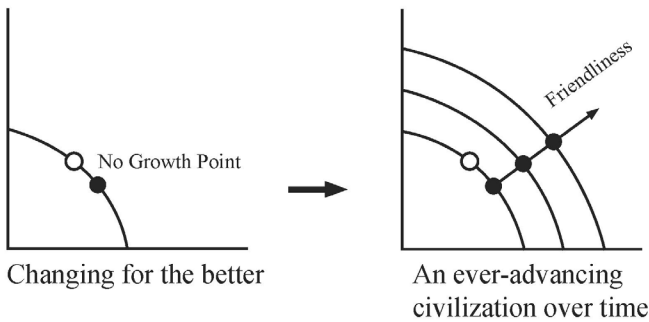
Manuel is the owner of the mechanical harvester, and he also hires and trains the hand-picking crews that harvest the avocados.

Faten is the horticulturist for the grove, and among her many duties, she supervises the harvest.

Predictive catallactics

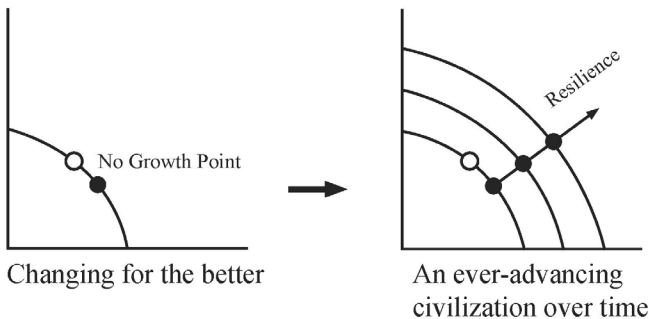
Ivan is genuinely interested in others which makes him a great ambassador for NB Groves. It is his compassionate curiosity that leads to discoveries and opportunities.

Friendliness



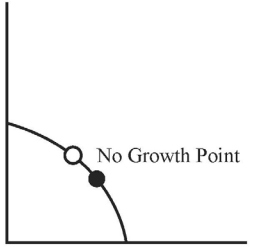
Leslie has endured many ups and downs trying to keep the family farm relevant and profitable. The challenging transition to organic avocados fifteen years ago took a great deal of faith.

Resilience

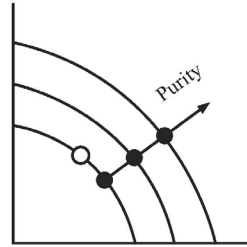


For Manuel NB Groves is his favorite client because their avocados are organic. He does everything he can to provide excellent harvesting practices so that the avocados from NB Groves are of the highest quality.

Purity



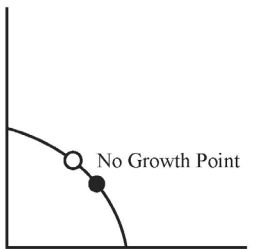
Changing for the better



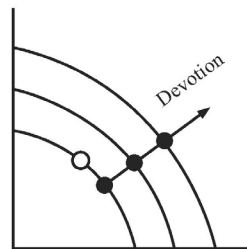
An ever-advancing civilization over time

Faten is keenly in tune with the health of the trees in the grove and nothing is more important to her than that.

Devotion



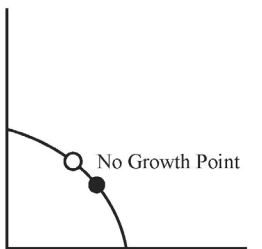
Changing for the better



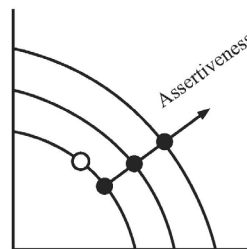
An ever-advancing civilization over time

Christina fully embraces the responsibility of carrying forward the family farm. As soon as she finished schooling she jumped with both feet into the farming operation, not being timid or shy about it.

Assertiveness



Changing for the better



An ever-advancing civilization over time

Predictably, all of these traits add value to the business.

Enterprise Story #7

Big Peaks Garden Center has five garden centers in the metro area. Story seven is about this medium-sized metropolitan business in a mountainous region of the country.

Cesar is a 41 year old resource owner.

Mirna is a 19 year old laborer.

Rajeev is a 50 year old capitalist.

Jo is a 53 year old entrepreneur.

Drew is a 33 year old resource owner.

Now let's look at some of the key loci of value for this business:

Jo is the glue that holds everything together. She is attuned to what people want now and for the next season. She knows how to find suppliers.

One of the suppliers is Cesar. He specializes in growing a wide variety of houseplants.

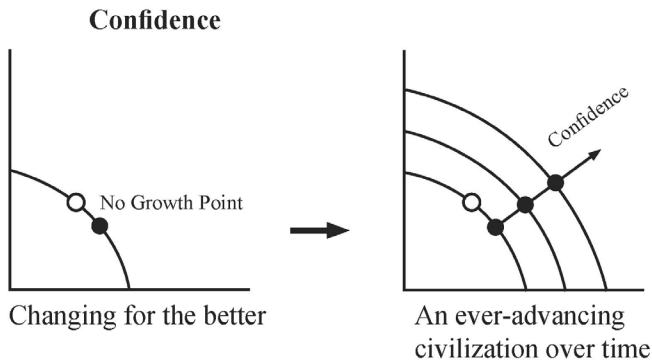
Drew is another supplier. He specializes in growing vegetables and annual and perennial flowering plants.

Rajeev is the owner of one of the garden centers and he makes sure that Jo has the finances she needs to purchase the plant material and garden ornaments to keep the garden center well stocked.

Mirna has just been promoted to manager. She is the daughter of Rajeev and this is her chance to prove herself.

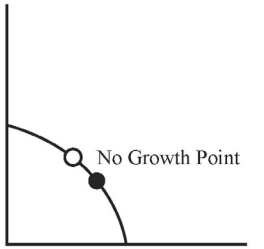
Predictive catallactics

Cesar learned over the years how to produce quality houseplants free of disease and pests. His mastery of his craft is complemented by his positive attitude.

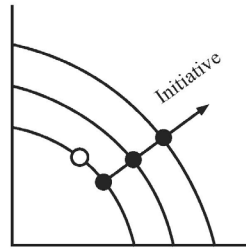


Rajeev is amazing. He seems to anticipate the needs of others and then puts them in a position to succeed.

Initiative



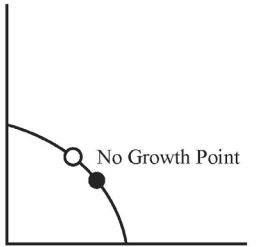
Changing for the better



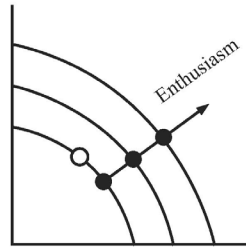
An ever-advancing civilization over time

Drew not only knows them well and is kind to his customers, but he also jokingly talks to his plants and treats them like friends.

Enthusiasm



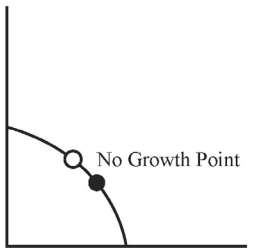
Changing for the better



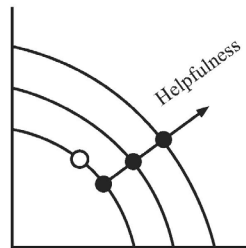
An ever-advancing civilization over time

Mirna has worked her way up to manager by finding ways to make life easier and more productive for others.

Helpfulness



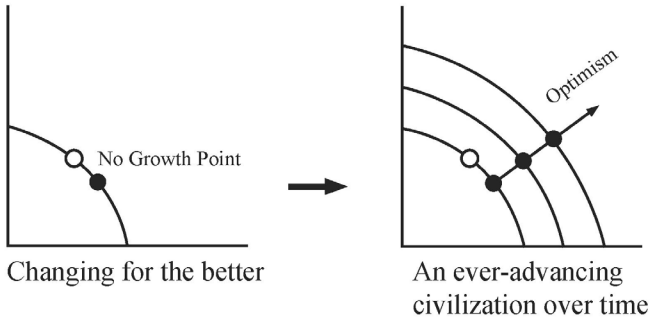
Changing for the better



An ever-advancing civilization over time

Jo never sees a problem that can't be solved. She trusts that everything will work out.

Optimism



Predictably, all of these traits add value to the business.

Enterprise Story #8

The eighth story is about a medium-sized transportation company that delivers supplies via boats in a coastal town.

Luli is a 42 year old laborer.

Zhang is a 56 year old capitalist.

Zaina is a 29 year old entrepreneur.

Alfred is a 34 year old resource owner.

Paola is a 56 year old laborer.

Now let's look at some of the key loci of value for this business:

Zhang has owned Harbor Freight for 15 years and he realizes that it is time to update. This may mean changing the name of the business.

Alfred owns port facilities that load and unload commercial boats.

Zaina is a brand consultant hired by Zhang. She sees opportunities to improve their image by modernizing. The new business name that excites everyone is "Supply U Always Freight". It fits Zhang's desire to expand services.

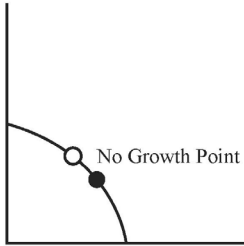
Luli likes the early morning delivery routes since that frees her up in the afternoons and evenings.

Paola pilots the principal deliveries, midday every day, and oversees the rest of the delivery schedule. She supervises the other pilots and also the maintenance crews.

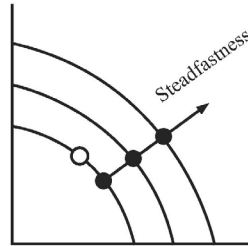
Predictive catallactics

Luli is a skilled pilot making her deliveries regardless of the weather conditions. Her commitment to her morning routes and to her family is unyielding. She is a happy and balanced person.

Steadfastness



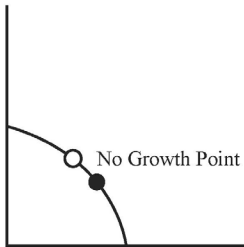
Changing for the better



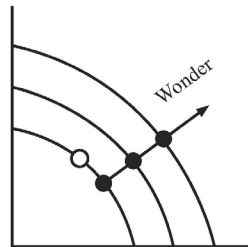
An ever-advancing civilization over time

Zhang won an award for his vital services to the area, and it seemed to open new vistas for him. He sees himself pioneering new transportation services.

Wonder



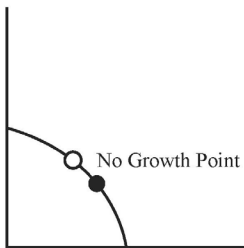
Changing for the better



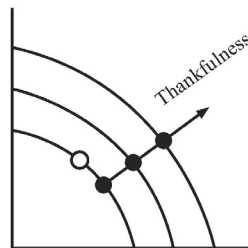
An ever-advancing civilization over time

Alfred is a giver. He regards his distribution portal as a way to give to others what they need. He feels connected and content.

Thankfulness



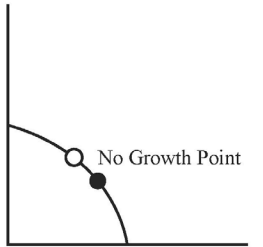
Changing for the better



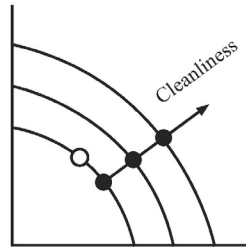
An ever-advancing civilization over time

To Zaina the new brand name refines the purpose of Zhang's business and it provides impetus to update and redirect the business image and strategy.

Cleanliness



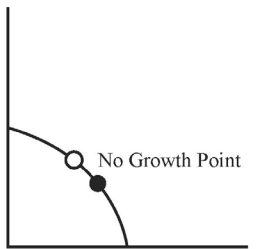
Changing for the better



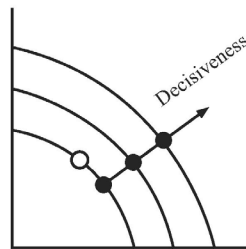
An ever-advancing civilization over time

Everyday Paola encounters and solves problems. Her many years of experience make her discerning and confident, resolved to act wisely.

Decisiveness



Changing for the better



An ever-advancing civilization over time

Predictably, all of these traits add value to the business.

Enterprise Story #9

For the ninth story we go to a big city along a major river. This is a story about a private language academy.

Rahul is a 59 year old capitalist.

Disha is a 57 year old entrepreneur.

Omid is a 38 year old resource owner.

Lily is a 55 year old laborer.

Xiong is a 33 year old capitalist.

Now let's look at some of the key loci of value for this business:

Rahul is a wealthy businessman who has always recognized the value and importance of language skills. As a child he had to learn a second language to help his parents assimilate into a new country.

His son Omid acquired Rahul's passion for language and now designs the language training programs for Speak First Language Academy.

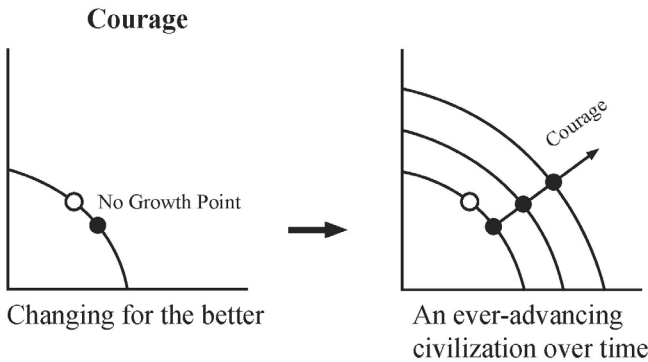
Xiong is an alumnus of Speak First Language Academy and owns a very successful international marketing firm.

Disha is out in the community identifying students with language needs and aptitude. She is seeking out individuals with entrepreneurial aptitudes.

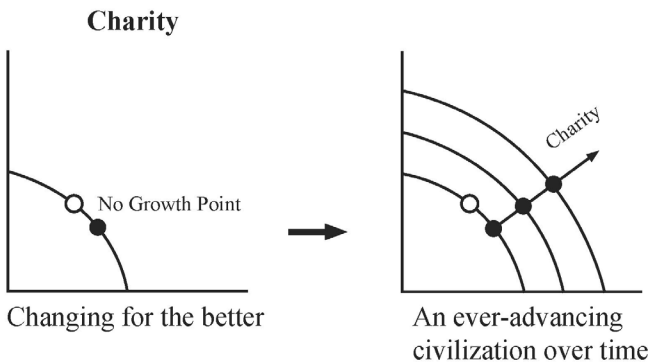
Lily is fluent in 6 languages. She is an instructor and counselor.

Predictive catallactics

Rahul has fought and conquered the odds all his life and is determined to make the journey easier for others. This is something that needs to be done and he accepts the challenge.

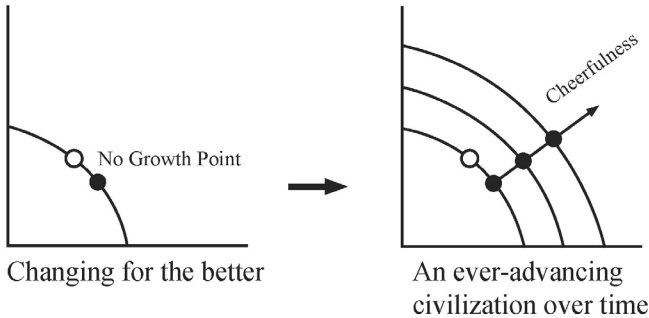


Omid learned about the difficulties his father experienced and he experienced many himself. It has lit a fire of compassion and purpose in him.



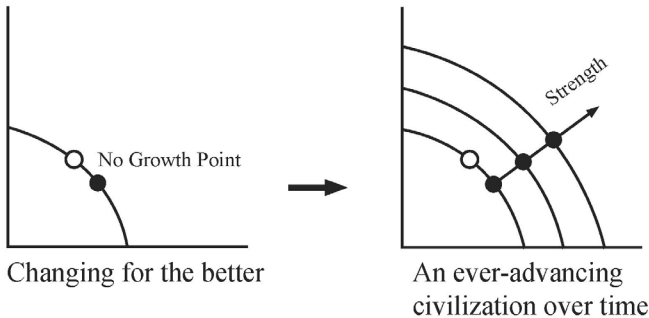
Xiong is successful because he is optimistic and confident. To him supporting the Speak First Language Academy is a tangible way to be helpful so he wholeheartedly supplies the capital needed.

Cheerfulness



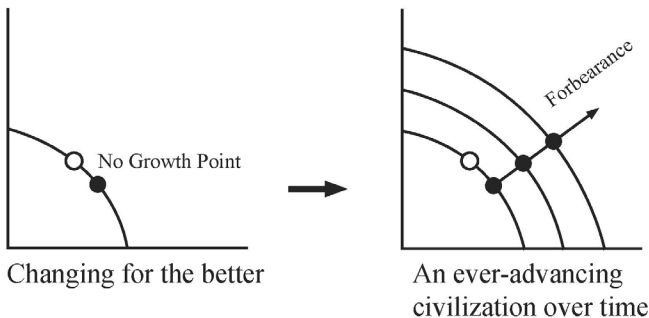
Disha is out in the community interacting directly and gently with individuals and families helping them to tackle life's challenges. She can't help but be affected by their suffering. Her inner power quietly helps her to transform their tests gracefully.

Strength



Lily has a resilient spirit. She is long-suffering in situations that she cannot control. These are the humble qualities that show her students that she is committed to their well-being for the long-run.

Forbearance



Predictably, all of these traits add value to the business.

Enterprise Story #10

The tenth story is about an innovative firm that creates a banking system for individuals, built upon whole life insurance. This firm, Red Rock IBC, is an insurance agency in a medium-sized town in an arid region of the country.

Meet the principal agents:

Mona is a 34 year old resource owner.

Mira is a 63 year old capitalist.

Ty is a 52 year old laborer.

Ju is a 42 year old laborer.

Jinhai is a 72 year old entrepreneur.

Now let's look at some of the key loci of value for this business:

Jinhai learned about the infinite banking concept from Mira 17 years ago and for the last ten years he has been seeking out entrepreneurs that needed capital and has helped them grow their businesses.

Mira is the insurance agent who first brought the Infinite Banking Concept to the area. She was Jinhai's agent and she herself has practiced the IBC method. Now she provides the impetus and capital for expansion of Red Rock IBC.

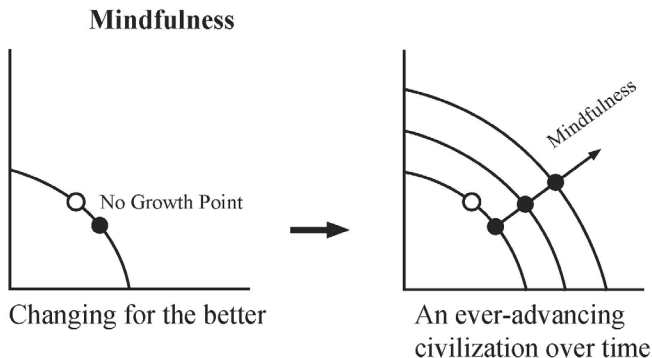
Mona is the IBC expert for the firm. She advises and designs the IBC plans for each and every interested customer.

Ty is an IBC associate. He works with whole life policy clients and refers them to Mona if they show an interest in IBC.

Ju is the office manager taking care of all the affairs of the office. Ju is Jinhai's daughter.

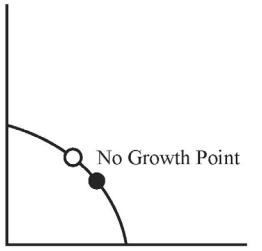
Predictive catallactics

Mona is attentive to the needs of her clients. She is a lifelong learner, and she is keen to notice life's lessons as they unfold.

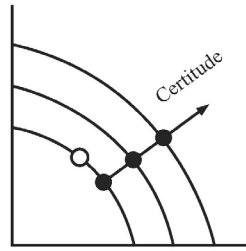


Ty is devoted to counseling his clients on the financial and moral elements of whole life insurance and leads them with clarity.

Certitude



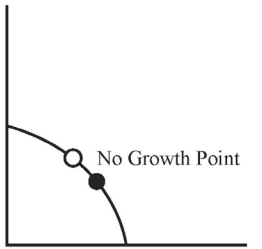
Changing for the better



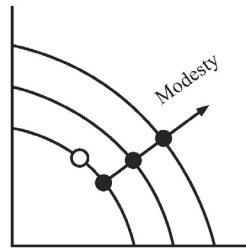
An ever-advancing civilization over time

Jin Hai's quiet confidence is truly inspiring. He attributes his success to what he learned from others and to the powerful combination of capital and the spirit of entrepreneurship in the community.

Modesty



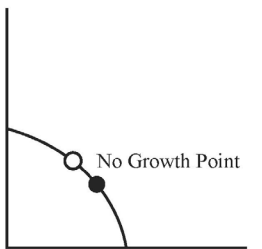
Changing for the better



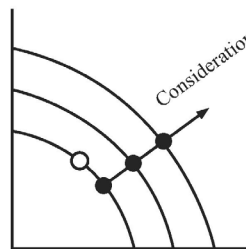
An ever-advancing civilization over time

Mira wants to make sure that everyone feels supported and is in a position that leads to success.

Consideration

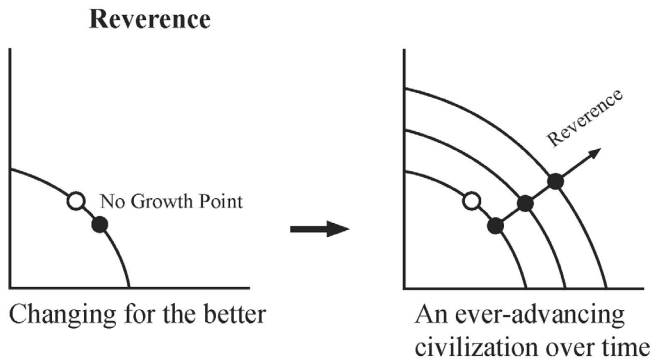


Changing for the better



An ever-advancing civilization over time

Ju adores her father and has always honored him for his miraculous impact on the community. She feels blessed to be an important contributor to his initiatives.



Predictably, all of these traits add value to the business.

The Final Enterprise Story

This is the story of my business, Divine Economy Consulting. At this juncture it is a small business in a medium-sized town situated along a river.

Now let's look at some of the key loci of value for this business:

Meet the principal agent:

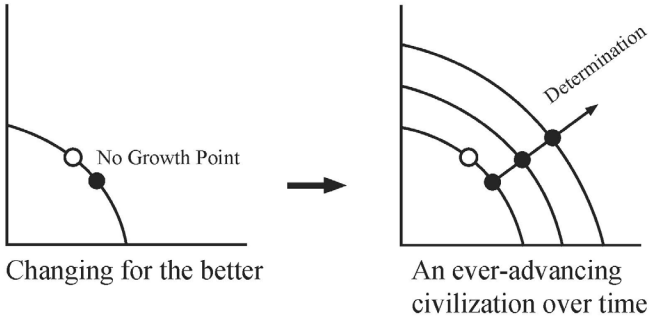
Bruce Koerber is a 66-year-old entrepreneur. I am the author and originator of the divine economy theory and of the divine economy model. Divine Economy Consulting is building a network of wonderful people around the world who spread the knowledge of the divine economy theory.

It is not unusual for a small business owner to wear multiple hats: resource owner, entrepreneur, capitalist, and laborer. With all of these resources at play and with persistence, the network will grow, and a flow of revenue will permit greater division of labor.

Predictive catallactics

I know there is nothing comparable to the divine economy theory as is evidenced by this book about predictive economics. There is no other economic theory that spans macroeconomics, microeconomics, ethical economics, and economic justice. It is just a matter of time, plus hard work (and possibly an economic tragedy) before the divine economy theory is adopted widely.

Determination



What is predictable about all of these individuals exercising their qualities is that the end result will most likely be profit. To learn more about the predictability of profit read the Epilogue.



PREDICTING PROFIT

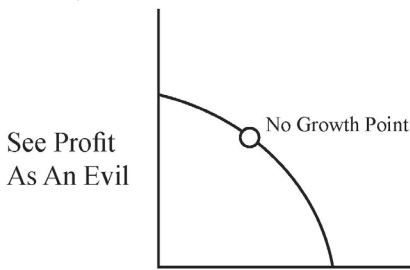
What if the story told is only a small part of the real story? What if predictions are understatements? One of the best ways to understand this is to look at profit.

Profit is the gain made from purposeful action. Some profit can be measured and that measured profit is used for good and for bad. 'Measured' profit may be used to secure the capital needed for production. It may also be used as a determinant of the level of confiscation, ex. taxation.

Profit is the gain - which includes what is referred to in the economic literature as psychic profit - from purposeful action. It may help to understand this by using the redefinition of praxeology used in the divine economy theory: the study of purposeful action by spiritual beings. Not all gains are material, some are ideal. One example, a mountain climber reaches the summit. Another one, even if an entrepreneur fails to make a measurable profit the gain from the learning process is a profit.

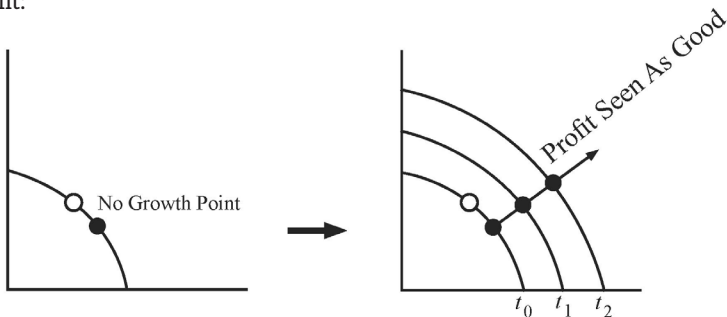
Only empiricism rejects profit as it truly is for humans. That is one good reason to discard that approach to economics.

There is another erroneous mentality that has significant political traction. It causes confusion, perhaps enough to bring about a No Growth Economy.

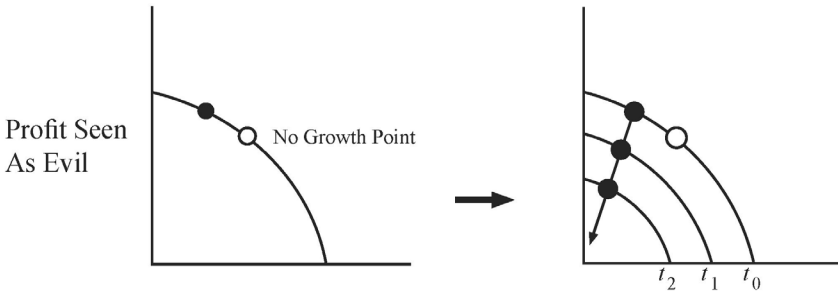


See Profit As Essential For Humans

What again needs to be understood is that not all profit is merely measurable. Measurable and psychic profit yield wealth (both material and ideal) for people, for society, and for civilization. See the effects of profit:

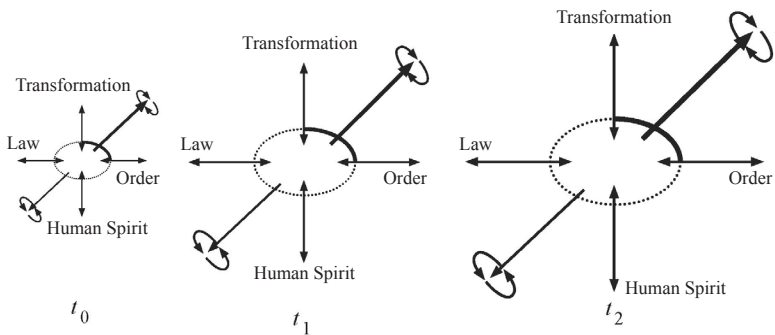


When people are propagandized and accept political ideas instead of economic truth the result is a regression of civilization.



Already we've expanded the concept of profit and looked at the impact of a positive versus a negative attitude towards profit. But this is just the tip of the iceberg!

The production possibilities frontier used in contemporary economics is itself a frail and minimal representation of reality. To state it simply; it is a mere quadrant, a small piece of a whole. A better representation of reality is used in the divine economy theory. It is called divine economy sphere frontiers.



The effect profit, of all kinds, has on the ever-advancing economy is widespread and universal. It impacts people everywhere, it stimulates purposeful action of all kinds, and it has impacts all along the time horizon.

The same broad vision illumined by the divine economy sphere frontiers applies to each of the diagrams you saw earlier in this book. The positives and negatives shown in the earlier quadrant diagrams can now be seen in their proper perspective, affecting things universally as shown in the divine economy sphere frontiers.

Here are my economic predictions!

- Predictive macroeconomics (Chapter One) plus predictive microeconomics (Chapter Two) increases the possibility of predictive profits (Epilogue).
- Economics will become known as a predictive science, and the omnipotence and omniscience of the economy will be appreciated more fully.

Here are the books about the divine economy theory that you can purchase on Amazon:

- *More Than Laissez-Faire*
- *The Human Essence of Economics*
- *Ethical Economics for Today and Tomorrow*
- *Liberty & Justice of Economic Equilibrium*
- *Macro and Micro Economics Renewed*
- *Voluntary Theocracy: Divine Economy Theory*
- *Divine Economy Model*



Contact me if you have any inquiries:
divineeconomyconsulting@gmail.com

Bruce Koerber's latest book, *Predictive Economics*, is a worthy addition to his impressive body of work. What makes this book different from most other books on the market is the approach it takes - predicting the economic future using subjectivism rather than merely crunching static, lifeless, historical numbers. Economics is the study of purposeful human action. Incorporating this concept into economic predictions results in better outcomes than mere empirical approaches. It is written in a style that is understandable by a nonprofessional, and incorporates applications of political economy, which is an important feature in a world where government intervention is the rule rather than the exception. The examples he provides bring economics to life.

Robert W. McGee

Fayetteville State University

Predictive Economics provides a practical thought-provoking perspective to support the use of simple tools to predict economic outcomes with precision. The illustrative economic analysis to current and future knowledge of events of economies have been clearly expressed to enlighten readers on the inherent economic order that ought to be handled with care. I must confess that *Predictive Economics* is a star of economics, and I am in love with the illustrations and how they made the book more practical. This should be used in colleges and be a sought-after book by analysts to relate to practical economic assumptions.

Peter Bismark

CEO/President, Institute for Liberty & Policy Innovation

I am a psychologist who has read the *Economist* cover to cover for the last two decades. Invariably I have wondered where humanity and the individual fit into our vision of the economic life of the world. Because of their absence, economics has become a series of numbers and guesses based on the patterns of the past that are designed to hold systems together rather than promote predictable growth. What *Predictive Economics* does is place humanity at the center of our institutions and our understanding of them. It offers straightforward policies and clear examples that work to make complex issues understandable. Revolutionary. Elegant. Profound.

Dan Popov, PH.D.

Co-Founder, The Virtues Project