

## Summary on consumption theory

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By Gerald Häge

### Some economical prerequisites:

- An endless chain of reinvestments (example: a machine) ends at the term of cash in out of that machine, divided through calculation-interest rate (decimals). That is the net present value of this investment. From now on in all future. If calculation-interest-rate becomes negative...term it is not defined. So recommendation can just be: stop investments.
- In the 70ties German Economist had the idea to search for a mathematical term allowing to derive a valid consumption model out of balance-sheet figures. The question was: What can be taken out of a company, without harming base for future revenues and cash-flows. (Idea: to separate the cow from the milk). Idea was to take periodic profit. We end, if we want to calculate the net present value of all, in future expected profits, with a ratio called economical profit. That is calculated with: future expected annual profits X interest rate (percentage). Again we have a problem with negative interest rates: the term gets negative.
- To derive the periodical (annual) profit is not uncritical: All rules leading to the result of periodic profits are conventions. No matter which accounting rules will be applied. Moreover, as soon, as we would have good and realistic estimations on future profits, we have destroyed much better information: that is expected cash-flows. If we ask now for the sense in doing balance-sheet reporting, there is not a lot left, except that these figures which might be accepted in conflicts as a base for discussions.
- If conflicts arise and are judged by law ... these laws are a result of elected people deciding about the law. Authorities have to safeguard framework for doing good business. So in average the framework is defined and safeguarded by non-professionals, when it comes to economic questions. That doesn't make things easier: A lot of information is lost. Moreover, we have our new technologies (Internet). If we assume, that people are acting rational according to available information and if we consider new technologies speed is increasing and increasing. Nowadays we have a situation that worldwide only 2 % margin is left. Everyone fights for this ... with the effect we can see every day in the news. So currently (destroying) transaction costs is higher

than value generation. If we add facts like corruption or other methods of power-play ... the result is not very cosy. And it becomes very clear, under which conditions decision-making takes place nowadays.

- Therefore we can assume today mature - markets all over the world. Just the allocation tools are not working: Think of subventions, scandals (e.g. Diesel in Germany...)
- If we consider an „artificial unity“ like European Union, this doesn't make sense any more: countries/regions should beware their culture...their currencies...their religion...their food...
- We know from economical work, that currencies should reflect productivity: if productivity is not longer the issue, money has just an allocation function left. And the more free floating systems are covered under these circumstances ... the longer it takes, to become stable systems...in the end peace. Money is just covering, not solving issues, if it cannot work under current framework circumstances.
- If we consider further more the theory of GNP (Gross National Product): There is the Fisher'she Transaction term stating that in a closed economy investments are equal to savings. The incentive is the interests rate. What happens now: Negative interest rates can only give the advice to companies to divest. Consumer has the only incentive to spend more and more and more...look at travelling/tourism...
- The question remains: What will the world look like, if we proceed another 10 years like this: simple; anything will be everywhere the same...the same handbags, the same glasses, the same food, Nike, Mc Donald's....just anything...

If we take all this scientific assumptions together, we face a situation as follows:

- Political discussions make the impression of just senseless discussions from another world.
- Money-volume-policy of banks is just opium for folks: the result will end in the lowest intellectual spheres. The question needed to be asked is: Is in mature markets culture necessary any longer? What will the following generations think about us? Just topmodels and singers?
- Youth is unemployed, frustrated. On the other hand speed of consumption of young generation is by far too high.
- More and more automization and digitalization is accelerating this process dramatically.
- We expect 10 Bio people on earth the coming years.
- Airlines plan for 700.000 new pilots the coming years.

- 8 Bio people travelled by aircraft the last year.
- New financial Instruments like „Bitcoin“ are accelerating this process, too.
- Towns for example in Germany are in-between ghost towns in some regions. Old people, Casinos, no restaurants, no shops, Döner, Pizza...that's it.

That theoretical background brought together by a group of proven scientist who were looking on that critically. We decided to search for case studies to do prognosis on future development.

We first analysed stock markets and made projections based on learning Monte-Carlo-Simulations. But we realized soon, that our financial platform is not able to verify assumptions practically...we searched for a vehicle. That was sport's betting (German soccer toto). You have to predict 13 results. We end at a confidence level above 85% and do currently for sure not losing. Neither in sports betting, nor in stock-market prognosis.

Why did we do that: We wanted to verify, that our simulation and prognosis for economical-, social development and politics will prove as valid. This have been our test fields.

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Our idea is the following: We empty markets (sports betting... complexer models ... less investment; later stock-markets: models are less complex but need substantial amounts to get influence). After having been made available those profits, we intend to using the funds for humanitarian projects.

There are supranational topics which can be defined and funded: That is public safety (unstable equilibrium), medical supplies, food, beverage, energy, infrastructure, education and science, tourism,... All this based on the main thesis: help others to helping themselves.

With the next essay you will receive the discussion of the implications of Bitcoin.