1. Navigating a solution to poverty

There are more than a few stories about entrepreneurial success that simply could not be true—at least according to accepted wisdom about why conquering poverty is so impossibly difficult. The first type of story concerns billionaires who brag that they can go into any city in America with a 100 dollars in their pocket and launch a new venture worth more than a million dollars in only 90 days. In fact, the Discovery Plus channel chronicles the stories of three such billionaires who do exactly that (Discovery, 2021).

In other accounts, Stephen Leacock (1922) questioned how someone becomes a millionaire. He claimed that one way to become a millionaire was to arrive in town with five cents in your pocket. He heard this repeatedly from men with millions of dollars. He tried it himself several times by borrowing five cents, leaving town and then coming back. He claimed that if he had not gone into a bar each time on his return that he would have become a very rich man and left his poverty behind.

POVERTY AND SPECIFIC INFORMATION

Poverty has been so frequently characterized as resource scarcity that it has become accepted as the reason that people are poor (Abner et al., 2015). If this is not true, then lacking resources could be a consequence of poverty and the real cause of poverty could be something else (c.f., Barney, 1991, 2011).

In this book, I present evidence that a key step in overcoming poverty is training the poor to utilize specific information, which concerns knowledge of facts related to people, places, special circumstances, timing and technology. To prove its utility, the poor can either leverage their existing specific information to acquire resources or they can proactively acquire and trade it for resources (Fiet, 1991b; Verbeke & Kano, 2012). The obverse could also be true. That is, lacking specific information makes the poor like so many others whose knowledge fails to differentiate themselves from those who are impoverished. What the poor would then share is similar general information that is easily transmissible but economically insufficient to lift them out of their poverty.
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Although no one can obtain all specific information in its totality (Hayek, 1945), each of us already possesses it or can acquire it and use it to launch rare, new ventures (Fiet & Patel, 2006), such that it becomes apparent that specific information is more than simply being an intangible resource. Specific information is the key to the process of intentional, systematic wealth creation (Fiet & Patel, 2006), based primarily on the knowledge of particular circumstances of time and space. This knowledge is the basis of the science of what is possible for the poor.

Today it is almost heresy to suggest that scientific knowledge is not the sum of all knowledge. But a little reflection will show that there is beyond question a body of very important but unorganized knowledge that cannot possibly be called scientific in the sense of knowledge of general rules; the knowledge of the particular circumstances of time and place. It is with respect to this that practically every individual has some advantage over all others in that he possesses unique information. (Hayek, 1945, pp. 321–322)

I intend to show that the science of informational economics, based on leveraging specific information, is vital to understanding how and to what extent poverty can be alleviated even without resources (Fiet, 1991a, 1991b, 1996, 2002, 2007, 2008; Fiet et al., 2005). Viewed at this very micro level, specific information becomes closely associated with entrepreneurship itself, as they both travel slightly separate but parallel paths, in this case toward a solution to poverty.

One thing common to the human condition is that it has its ups and downs. Those who are down today can prosper (again) with well-directed effort, based on specific information. Those who are prosperous can lose their way if they only act impulsively based on general information—the sort that we are taught in school. Life is a more pertinent teacher because it can reeducate us with specific information so there is always hope that misadventures can be corrected and reversed.

Conversely, the problem with relying on the more prevalent resource-based logic is that it has boundary conditions, as do all theories. Within its boundary conditions, it has provided powerful insights about the sustainability of competitive advantage. Although it provides important insights for those with resources, it cannot work without resources, which the poor do not possess. Thus, this approach falls short of meeting its own requirements with regard to the poor.

Informational economics (IE) becomes the science of what is possible because everyone already possesses or can acquire specific information and use it to acquire resources. In effect, information is the lowest common denominator of what all the poor have in common. By the lowest common denominator, I am referring to the last factor that
someone could lose and still be able to act entrepreneurially. Even gaining resources starts with first possessing information about how to acquire them. IE’s primary limitations are bounded rationality and uncertainty/complexity that limit information processing (Williamson, 1975), but these are common to the human condition.

ARE RESOURCES REALLY NECESSARY?

Whether it was the confident billionaires or the aspiring entrepreneurs who only had five cents in their pockets, it appears that lacking resources was not a barrier to launching a venture if one knew how to approach the task. This is an important implication because the poorest among us lack resources and otherwise would have little hope of improving their economic situations, which would thwart the well-intentioned optimism of those who see entrepreneurship as a solution to poverty (Agafonow, 2014; Santos, 2012; Seligman & Csikszentmihalyi, 2000). Without entrepreneurship, charity would appear to be more crucial, even though the charitable provision of resources has an unsuccessful track record of providing a permanent solution (Agafonow, 2014; Santos, 2012).

According to Ricardian economics (Ricardo, 1881), entrepreneurial rents are a function of the resources that one possesses, so there is a theoretical advantage inherent in possessing them (Barney, 1991; Baumol, 1970; Penrose, 1959). For our purposes, a rent is an income stream that flows directly from an asset as one of its attributes. Serving as a source of rents is an important way that resources can be valuable, in addition to their utility for other purposes. Another explanation for resources being valuable is due to their heterogeneity and immobility (Barney, 2011). Acquiring such resources can enable entrepreneurs to distinguish themselves from competitors, which could lead to earning above normal economic returns (Copeland & Weston, 1988), based on their rent streams. Otherwise, without resources, there will be no rents.

Valuable resources can be acquired to exploit an opportunity, provided that their rents are generally not well known (Copeland & Weston, 1988). If their value becomes known in advance, their price will begin to rise until the exchanges on offer will only allow buyers to earn normal economic returns, at which point exchangers will lose interest in continuing to purchase or sell them, resulting in market failure.
RESOURCES, MARKET FAILURE AND INFORMATION

When there is no market for goods or services, future exchanges depend on private negotiations and involve searching to find motivated sellers and buyers who then form a bilateral monopoly (Williamson, 1975), which typically is created by investing in a specific asset, such as information, which has little or no value except for its originally intended purpose. There is no secondary market for specific assets, which causes market failure; thus, their sale must be negotiated separately and one at a time, thereby causing market failure. Better would be to leverage specific information that someone already possessed so that no additional risk would be incurred. At the same time it could be possible to benefit from economies of scope by finding a new venture opportunity using the same specific information.

When exchanges depend on searching and negotiating instead of market action, it is likely that the poor will lack the knowledge to compete. Assuming that the poor cannot produce their own resources, and lacking the know-how to acquire them, it is likely that they will continue to be disadvantaged by resource scarcity unless they can utilize the specific information that they already possess to earn above normal returns.

LACKING SOCIAL CAPITAL AND RESOURCES

Another piece of accepted wisdom for launching a new venture is that entrepreneurs utilize their network of acquaintances to gain advice and information (Lexico Dictionaries, 2021; Liao & Welsch, 2005; Lin, 2017). However, neither the billionaires nor those with five cents in their pockets knew any local benefactors. Positioning in time and space is noteworthy due to the decisive and particular nature of local conditions that dictate competitive advantage (Fiet, 2020). Positioning also determines one's access to acquaintances who could serve as information channels themselves or even as gatekeepers to those same channels in order to access specific information about venture opportunities. Moreover, both types of entrepreneurs entered new towns for the first time without any acquaintances to consult. Yet, they somehow were able to launch new ventures, even without social capital.

Let me concede up front that knowing people and controlling resources can be useful stepping stones for overcoming poverty. It would be wonderful if the poor possessed resources, but they do not, and if they were already socially connected. Clearly, the poor are viewed as not possessing resources, nor as being well connected (World Bank, 1996, 2003, 2019).
Because neither scholars nor public agencies can augment these natural endowments quickly, I argue that we need to look in other directions if we are going to be able to make a difference in remediating the plight of poverty. And, one of those directions is avoiding environmental complications. In some cases these complications may be unavoidable so that we must alleviate them indirectly by relying on exogenous sources of support.

ENVIRONMENTAL COMPLICATIONS

Ongoing changes in the macro-environment might have made pockets of poverty more intractable, the economy less dynamic and less munificent, resulting in fewer rungs on the ladder for the poor to pull themselves up. Here are some reasons for concern.

The rate at which firms were created in the US economy decreased from 10 percent of all businesses in 1982 to 8 percent in 2018, and the share of employment belonging to start-ups (those less than 5 years old) fell from 14 percent to 9 percent over that same period.

In the 1980s, 80 percent of new locations were startup businesses. Today, 40 percent of new locations are chain stores.

The rate of new firm formations in the high-tech industry as a whole fell from 60 percent in 1982 to 38 percent in 2011 (Levine & MacBride, 2021).

Amazon has 2.3 million active third-party sellers on its marketplace worldwide, and a recent survey indicated that 37 percent of them—about 850,000 sellers—rely on Amazon as their sole source of income (House of Representatives, 2020).

In addition, in 2021, federal programs to assist the unemployed have become more profitable for many than working. Thus, companies that wish to attract workers are paying them $20 per hour. Large firms can afford the expense, but new and smaller firms may not be sufficiently profitable to be able to pay workers at this higher rate. In the end, small firms failing to hire more workers will overwork their core staff and when that happens they will resign and collect increased unemployment benefits. That is, for as long as they last. The problem of competing with federal programs is even more severe for startup firms that will be squelched in their efforts to compete. The trend is that the only jobs left will be found at large firms or in the government. If small firms disappear, larger firms will be unable to compete in every niche where there is a market to serve, and if they attempt to do so, they will do it less efficiently.

The forgoing are examples of industry consolidation, which concentrates power in fewer businesses, making it more difficult to compete against them. Larger firms can simply raise the cost of competing against them by
targeting price decreases at startup products, again to the detriment of the poor who consequently have fewer opportunities.

Perhaps, the most overarching environmental complication for the poor are changes in the demography of markets and workforces, which few analysts highlight. A long and predictable slide downward looms for the world’s population (Fiet, 2022).

There will be fewer babies’ cries; more abandoned homes; and toward the middle of this century, as deaths start to exceed births, changes will come that are hard to fathom. These changes will occur because all over the world, countries are confronting population stagnation and a fertility bust, a dizzying reversal unmatched in recorded history. First-birthday parties will be a rarer sight than funerals and empty homes will be a common eyesore. Maternity wards are already shutting down in Italy. Ghost cities are appearing in northeastern China. Universities in South Korea can’t find enough students, and in Germany, hundreds of thousands of properties have been razed, with the land turned into parks. (Cave et al., 2021)

One could surmise that fewer births would mean less competition for wage work and higher wages to attract workers. This scenario depends on growing companies that need more workers; however, companies will find it more difficult to increase their sales to a smaller market. That is, unless they can take market share away from weaker firms. Many companies will turn to cloud-based solutions, the Internet, robotics and automation to be able to accomplish more with fewer workers so that they can squeeze cost savings from their work routines. In fact, companies will attempt to reduce the number of workers, not increase the number of those they hire.

Workers with specialized training will have a competitive advantage in the coming workforce downsizing. Some workers will attempt to update their skills through continuing education. Even government subsidized training programs will be constrained by the same poverty entanglements that prevent the poor from upgrading their own education to be able to compete for the fewer opportunities that will be available with a sliding, declining population.

I admit that these trends lead to a glum prognostication for the poor. To encourage and support the poor, they must stop doing what has brought them to poverty and look for new ways forward. Nor can they rely on others to solve their problems for them. I am an optimist and of the opinion that our theorizing will open doors to a more bountiful future for the poor.

We cannot absolutely prove that those are in error who tell us that society has reached a turning point, that we have seen our best days. But so said all
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those who came before us, and with just as much apparent reason. … On what principle is it that, when we see nothing but improvement behind us, we are to expect nothing but deterioration before us? (Ridley, 2010; c.f., Rosling, 2018)

POVERTY ENTANGLEMENTS

One of the assumptions that I make about poverty is that it becomes entangled in other problems, which could obscure, or at least complicate, its resolution. Before we can alleviate it theoretically, or in practice, we must first disentangle any associated problems or entanglements, as well as macro-environmental and competitive factors that make addressing it more urgent.

I suspect that many of these entanglements must be addressed simultaneously if those persons whom poverty affects are to be able to improve their economic conditions. There is anecdotal evidence to suggest that the following could be poverty-related entanglements—crime, poor dental health, obesity, disease due to lack of medical care, illiteracy, drug addiction, lack of suitable clothing and grooming, dependents, divorce, abuse, mental illness, lack of transportation, inadequate housing, and poor interaction skills.

Each of these could require the assistance of a specialist—in fact, different specialists, particularly because many cases are chronic and interconnected. Social workers would not have the option of disentangling these problems one at a time because they can cumulate and exist in complex multiples, which themselves require a team of specialists coordinating to develop workable programs that would not overwhelm clients (c.f., Lichtenstein et al., 2007). Such a program could consist of intermittent and progressive learning assignments spaced among specifically assigned implementation steps (World Bank, 1996, 2003, 2019). These lessons could be based on the positive effects of treatments that I have already tested experimentally among the poor (Fiet et al., 2006), and in other contexts.

There are many governmental agencies, charities, religious organizations, individual philanthropists, fraternal organizations, and civic groups that have experience in providing temporary support to address chronic social, health, mental and behavioral challenges that accompany poverty. Because poor clients must free themselves from their worst entanglements before they can escape poverty, one approach is to screen for clients who are receiving outside support prior to attempting to alleviate their poverty. It may be advantageous to tie poverty-alleviation assistance to participating jointly in a program or programs that target these other
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entanglements. Once their daily needs are met and they are mentally and emotionally self-sufficient, they are prepared, if they are willing, to learn the science of what is possible now to improve their economic circumstances. Self-sufficiency by itself does not require excess resources; however, it is the engine that keeps the poor moving forward so that they can escape poverty.

A NEW WAY FORWARD

This book changes the assumptions about the solution to poverty by avoiding the logjam of competing firms that could overwhelm a startup while simultaneously substituting knowledge that the poor can use to trade for needed resources to launch their own ventures.

Some people would argue that there are no solutions, only tradeoffs. I could see the problem with encountering tradeoffs more clearly if we were to not consider our assumptions and boundary conditions. There should not be any tradeoffs within the boundary conditions of the entrepreneurial solution to poverty. It is when we outdistance our theoretical solutions that we encounter tradeoffs. Thus, there is a pressing need for this book because it can point us toward solutions that cannot be achieved by ignoring the science of what is possible.

If resources were not needed, it might not be necessary to treat knowledge as a substitute nor to evaluate it as if it had entrepreneurial value. In fact, there are other promising paradigmatic approaches, such as (1) hybrid entrepreneurship (Doherty et al., 2014; Folta et al., 2010; Raffiee & Feng, 2014), (2) effectuation (Sarasvathy, 2001, 2003, 2008), (3) bricolage (Baker & Nelson, 2005; Baker et al., 2003; Fisher, 2012; Senyard et al., 2014) and (4) Lean LaunchPad (Blank & Dorf, 2012) that can work with minimal resources. Unfortunately, they will not work when entrepreneurs possess no resources or means for starting a business. The closest of these methods to working without resources is the Lean LaunchPad approach; however, it still requires some resources. When the poor completely lack resources, there is nothing for these paradigms to leverage in the marketplace.

If time were not a critical constraint (Fiet, 2020), the poor could slowly acquire minimal resources and at a certain point, they could employ one of the four resource-dependent approaches above to begin to escape poverty. However, the poor live day-to-day (Abner et al., 2015). There is no time for them to delay if they are going to be able to survive. Because most humans possess more information than resources, they can use it to act now. Later, with resources, they will have more options, one or more of which will be
to grow their resource base using the time value of money, which I will explore in Chapter 9.

Perhaps, you see the lack of financing as an impediment because the subjects are poor. If markets were semi-strong informationally and allocationally efficient, which is true of public equity markets (Copeland & Weston, 1988), and a poor person found a way to create or discover new value, the market would rush to invest and provide needed resources to commercialize the new opportunity.

This is not wishful thinking. The provision of resources and financial support would not be an act of charity, even in less efficient markets; rather it would be a way for the provisioners themselves to profit. In fact, it would be irrational not to provide the resources and financial support, which in a sense is an argument about building a better mousetrap and the world beating a path to one's door. This level of market efficiency assumes that market actors respond to all current and historically known opportunities, especially when they are advertised. Otherwise, lacking resources could be an impediment because I assume that they will be needed at some point in the startup process, or as they attempt to do business as independent entrepreneurs.

**PURPOSE OF THIS BOOK**

The purpose of this book is to examine how the poor, and those who are concerned with helping them now, can overcome poverty, despite lacking conventional resources and personal connections outside their local communities. The same approach can be used by those who were not born into poverty who are only resource-poor because they are on the front end of their careers. However, the theory that I will demonstrate how to operationalize will focus on the poor because their situations are more dire. I do not expect that their success will depend on luck (Knight, 1921, 1933; McMullen & Shepherd, 2006), although it will involve being aware of where their greatest chances of success lie, and which are largely determined by one's positioning in time and space (Fiet, 2020).

Abnormal value is created when entrepreneurs are able to identify environmental patterns that offer value in the market place of ideas. Pattern matching requires hard work but entrepreneurs can be more successful when they understand that poverty is mainly an information problem (Baron & Ensley, 2006; Fiet 1996). Competitors, suppliers, buyers and potential entrants into a poor person's world are simply better informed (Porter, 1980), which turns the poor into relative beggars for resources. They are also more successful when they understand that building wealth
is a math problem whose rules for growth are fundamental laws of nature (Fiet, 2020). Thus, wealth creation takes on a momentum of its own once the poor comply with them.

As I have mentioned, many of the theoretical insights for my approach come to entrepreneurship from informational economics (Fiet, 1996, 2002, 2008), which is really the science of what is possible for entrepreneurs. It is the science of what is possible with the specific information that the poor already possess or can acquire. To increase the likelihood of escaping poverty, I will be reviewing approaches that are the most forgiving and that require nearly no up-front financial commitment (Fiet & Patel, 2008). The poorest among us have no margin for error or bad luck—one inopportune loss would probably be devastating. The worst outcomes could lead to more drug addiction, postponing marriage, family dissolution, mental illness and suicide together with the harm that they could inflict on those who are entangled in the failure.

I will not be focused on how the poor actually go about overcoming poverty, nor how philanthropic efforts have approached the problem, nor whether they have succeeded or failed. I am aware that this could seem illogical to those scholars who attempt to understand what the poor actually do. My approach is rooted in the observation that half of new ventures fail within five years and 60 percent within six years and that these estimates are for those ventures that are not burdened by poverty (Kirchhoff, 1991; Hayward et al., 2006; Head, 2003). If they included those of the poor, I expect that their failure rate would be even higher.

Moreover, while focusing on the poor’s escape from poverty, we are mostly observing efforts that fail (Head, 2003; Shepherd, 2003). Because I am more interested in success than failure, I emphasize what is theoretically possible. If a program could work theoretically but fails, then we can narrow our examination of the failure to how it was implemented, and for what reasons, or to macro-environmental or competitive factors, which assumes that we hold constant its positioning in time and space (Fiet, 2020; McMullen & Dimov, 2013). I am also taking into account that philanthropic, governmental and charitable approaches have generally failed if they came with financial support to help the poor while they were being trained. Financial support creates mixed motivation for participating and makes it more difficult to separate what works from what does not (Jensen & Meckling, 1976). Past efforts have shown that near the time the money runs out, so does the effort expended by the poor to be trained.

The fact that the plight of the poor is so dire highlights the ineffectiveness of previous attempts at amelioration. Thus, my approach is systematically and intentionally different, based on the science of what is possible, not
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based on avoiding what has not worked in the past. The advantage of this way forward is that it presents the poor with plausible options that do not depend on their access to resources nor to social capital.

Informational efficiency is the enemy of those who are resource-poor because it enables those with resources to exercise their market power (Lippman & Rumelt, 1982). Paradoxically, power takes the place of efficiency when markets fail to perform their market-clearing function (c.f., Kirzner, 2009). The needs of market actors go unserved, especially those without resources, largely because potential providers are uninformed about opportunity. However, there is more to overcoming informational inefficiency because it is likely to be the case that winners based on price have more power than their competitors.

Kirzner (2009) argued that the most important role of entrepreneurs is to clear markets by being alert to differences in arbitrage opportunities. To succeed, they must tacitly understand that some types of information are more useful than others, as they relate to differences in people, places, timing, special circumstances and technology, which is specific information (Fiet, 1996, 2020; Hayek, 1945). Information that describes how things usually occur is general information because it consists of rules and procedures that could in some instances dictate how market clearing occurs on average (Kihlstrom & Laffont, 1979). However, only understanding how things usually occur will not create incentives for entrepreneurs because they are motivated to seek above normal economic returns.

In the next several chapters I will describe informational economics solutions to the challenge of alleviating poverty. These solutions are described in the following chapters.

Chapter 2  Informational Economics as the Science of What is Possible

Scholars have identified four different roles played by aspiring entrepreneurs in the discovery of venture opportunities. The poor may not know it yet, but one way for them to escape poverty would be to discover their own opportunities by being successful in one of these roles. What each of these roles has in common is that the discovery process consists of the acquisition of specific, risk-reducing information. Uncertain returns from such investments may deter poverty-stricken entrepreneurs from making discoveries. This approach, based on the science of informational economics, suggests that the vision to make entrepreneurial discoveries depends on making cost-effective informational investments, not on special talents possessed by only those with resources of their own, which provides an opening for the poor.
Chapter 3  Estimating the Wealth-Creating Potential of a Venture Idea

This approach is based on the attributes of a venture idea expressed as a business plan and its capacity to generate rents into the future (Fiet & Patel, 2006). Some have suggested that the new venture itself is the proper unit of analysis (Davidsson, 2021); however, prior to becoming a venture it must first be an idea and it is just a question of where in the process to measure what is becoming a new venture. I will model this venture creation process mathematically while using data from a field study of the evaluation of its predictions (c.f., Fiet et al., 2006). Predicting valuation is essential for conducting controlled experiments on the value of wealth that will be generated. Without the generation of new wealth, there is no permanent solution to poverty.

Chapter 4  Modeling Constrained, Systematic Search as an Instrument of Informational Economics

Constrained, systematic search works because it is less costly and risky than alternative approaches, assuming we hold constant an entrepreneur’s timing and place. Knowing that it works theoretically, justifies field testing it among the poor (Fiet et al., 2005). Specifically, this chapter examines how the entrepreneurial poor can search systematically for discoveries. It uses consideration sets to impose constraints on how and where to search. A consideration set is a promising group of information channels, which an entrepreneur can select and search based on prior knowledge. To decide how to search the channels, I apply mathematical formalism to illustrate a maximal search sequence. Because there is some probability that a search sequence could continue indefinitely, this chapter determines stopping rules. It argues that entrepreneurial search is more feasible within a consideration set than it is in the rest of the world, including in the world of the poor.

Chapter 5  A Test of the Science of What is Possible by the Poor

This chapter reports on a test of entrepreneurial discovery by the poor, which is really a test of what is possible, based on the same principles of informational economics that have been elucidated in the previous chapters. Specifically, it demonstrates how the poor can be trained to use specific information to find discoveries at a rate that is 25 times more effective than the extant prescription to stay alert. Also, this chapter operationalizes training protocols for employing constrained, systematic search. It concludes by discussing the special entanglements of the poor
that hold them back as they try to escape poverty. Finally, the lack of trust of those from outside the local community necessitated the building of bridges to study participants. In fact, bridge-building becomes an integral part of public policy that can be most effectively employed by cultivating relationships with the local community.

Chapter 6  Arbitraging Information Using Windows of Opportunity

One of the most underutilized means of earning a profit is to discover a business concept, tie it up in a pending purchase and then sell it to someone else, thereby earning a middle man profit. This arbitrage maneuver depends on being able to first recognize a profitable opportunity for someone else’s eventual use. In effect, instead of consummating a sale, an entrepreneur negotiates for a window of opportunity, all of which will be financed through an eventual sale, which may be pre-negotiated (Fiet, 2020). Given the right circumstances, all that will be exchanged by the middle man will be information, which makes it a form of informational economics.

Chapter 7  Shifting Risk Using Forgiving Business Models

The problem with launching a venture to escape poverty is that it poses a risk of loss, which has traditionally favored those with resources. I discovered that some business models are more forgiving than others, which offer no protection from downside risk. Using more forgiving models does not eliminate risk, but shifts it to other willing stakeholders, not because they are allies, but because the deal on offer to them becomes their most profitable, known option (Fiet & Patel, 2008). Such a shift can occur because of an imbalance in information, which once again becomes a problem of informational economics.

Chapter 8  Cooperative Arrangements to Develop Economies of Scope

Entrepreneurs’ best odds of finding a promising venture opportunity are found within their personal consideration sets. One of the advantages of working with someone else with a separate consideration set is that they can be combined to generate savings through economies of scope (c.f., Patel & Fiet, 2011). This chapter explores how the use of formal or informal cooperative arrangements, which are the default mechanisms that the poor use to interact with those outside their community, can be leveraged to generate economies of scope in searching for venture ideas.
Chapter 9  The Friendly Mathematics of Wealth Accumulation as a Way of Alleviating Poverty

The time value of money favors wealth accumulation, resulting in not only the alleviation of poverty but also its eventual solution. This chapter describes various approaches to jump start the natural advantages of mathematics (Fiet, 2008, 2020). However, it emphasizes the role of individual determination as a means of making the proposed solution the beneficiary of friendly mathematics. In addition, it provides guidance on how to use information specialists, whether to launch a venture or to invest the proceeds.

Chapter 10  The Complementary Tools in Informational Economics

Informational economics offers a set of tools that can offset the risk of loss from being without resources. The poor are uneducated, not stupid. Once they understand how they can use these tools to increase their odds of success, human nature suggests that many people will embrace them to advance their own self interests. In fact, discovering unknown opportunities through the constrained, systematic search of one’s consideration set can be highly motivating, once they understand that they are creating property rights for themselves, perhaps for the first time.

The next chapter will be the discussion of the science of what is possible to alleviate poverty. This understanding is essential so that we do not waste scarce resources pursuing doomed solutions. It will also be beneficial to the poor because they will be able to understand the reasoning behind the coaching that they could receive. Finally, it will provide guidance to those who have a public policy interest in finding solutions to poverty that can work. Other known approaches in the end fail because they are not based on premises for which there is both theoretical and empirical support.

The first nine chapters are written so that they may be considered independently as separate, self-contained projects because they were actually developed separately as part of an information-based research program. Chapter 10 summarizes the cumulative findings of these projects and what they mean not only for alleviating poverty but also for the expansion, application and development of informational economics.