

## Recession Proofing An Economy

Sadly we are currently teetering on the edge of a global economic recession brought about in part by trade wars, Brexit, a refusal to properly regulate banks and financial institutions ensuring they have sufficient reserves and also a global reluctance to create a global regulatory system to promote economic stability.

We currently have only very blunt instruments to fight against recession, as follows:

Tax cuts to stimulate economic activity, this is problematic as there are no stipulations attached as to what you have to do to get the tax cut.

Cutting bank interest rates to promote spending rather than saving, mostly interest rates are poor returns anyway, can work but not always as it is of limited utility once you reach 0% interest as this didn't work in Japan as the policy was followed for a decade or more with no noticeable improvement.

Quantitative easing where banks print money to increase liquidity, again a limited success story as there has been no strong upsurge in economic growth subsequent to this policy being followed. Indeed what has followed is more accurately described as an economic miasma where all of the previous expectations and laws of economics have proven to be divergent to the current situation.

Austerity or the cutting of public service provision, is totally the wrong policy to follow as you create a state of diminishing liquidity right across the economy from individuals in receipt of benefit to peoples wages, a consumer lead recovery cannot take place when such a widespread reduction in peoples disposable income takes place and this is why austerity always results in a long period of time in recovery.

So how do we stabilise the economy when previous tools are failing us.

A government can commit to a long term program of public investment providing economic certainty and confidence with projects such as crossrail etc.

If the government were to legislate that a mandatory 20% of profit was invested by all companies all of the time, this would be a stabilising influence and if a mandatory 40% reinvestment of profit took place once a recession started, not necessarily in the company itself, but using something like a crowdfunding platform for business opportunities utilising the business template described in another pdf, then you are creating businesses, jobs, products for export etc. and economic stability.

When people realise a recession is imminent they seek to find safe places to stash their wealth these have been utilised successfully in the past, they do however reduce the financial liquidity in the economy worsening the recession.

Traditional safe places have been gold, government bonds and securities and investments in necessity spending, water companies, electricity companies, supermarkets, capital lending for house mortgages all situations that create a continuing income stream.

As a result of this continuing income stream when pension companies sell shares to pay pension annuities the wealthy are also able to increase their stake at a reduced rate (buy low sell high) as they can afford to hold on to the shares until their value recovers.

Not to penalise the wealthy but to fight a recession we need to make these safe places less attractive to retain investment capital and liquidity.

So increase taxes on purchases and sales of gold once one financial quarter of negative financial GDP growth has taken place exception for industrial and manufacturing purchases. When a recession is declared reduce interest rates on government bonds and securities to 0%. Increase taxation rates on necessity spending providers once a recession is declared.

The Civilisation Uplift Stabilisation Project (see pdf) is also a significant way to stabilise the global economy and increase GDP nationally and internationally.

Utilising the above tools as mechanisms to fight a global recession will work as they promote both growth and money flow, at the same time as increasing wealth and benefiting the human condition.