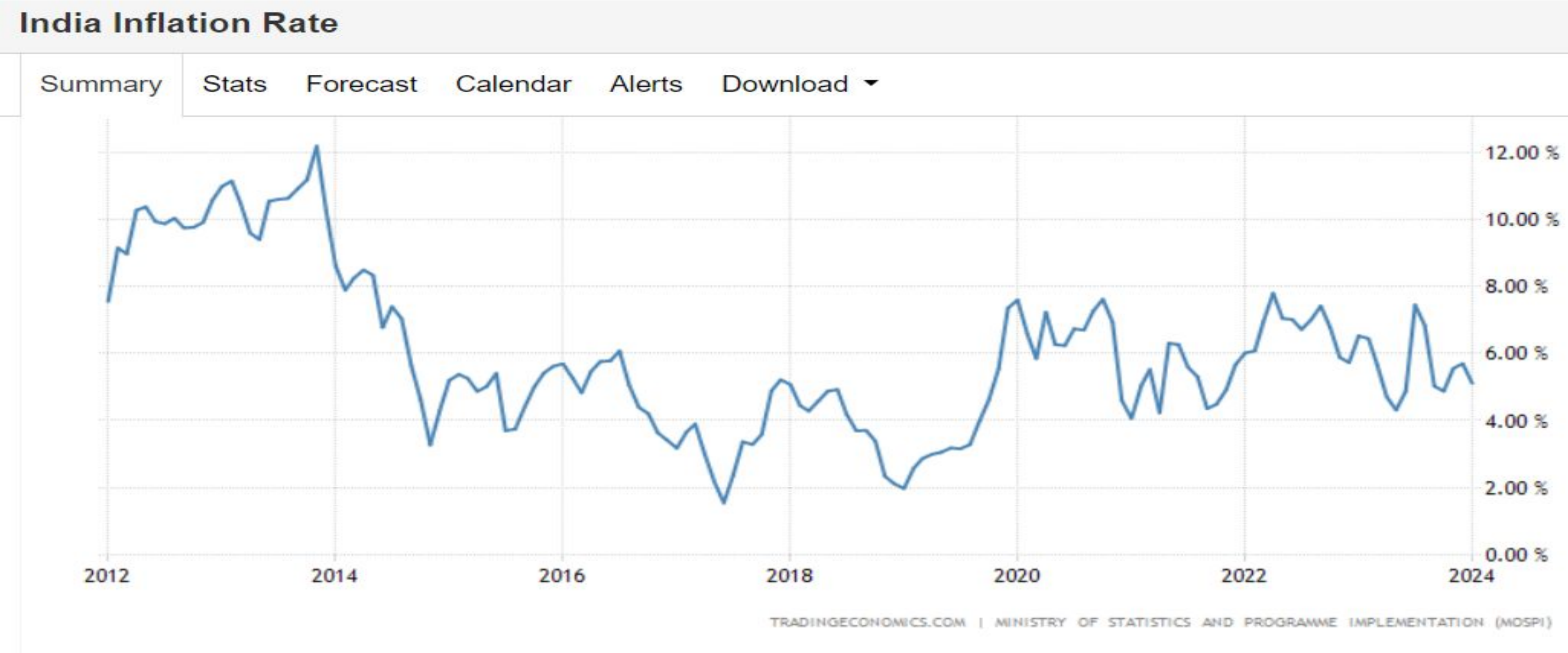
Proposals for India

February 20, 2024

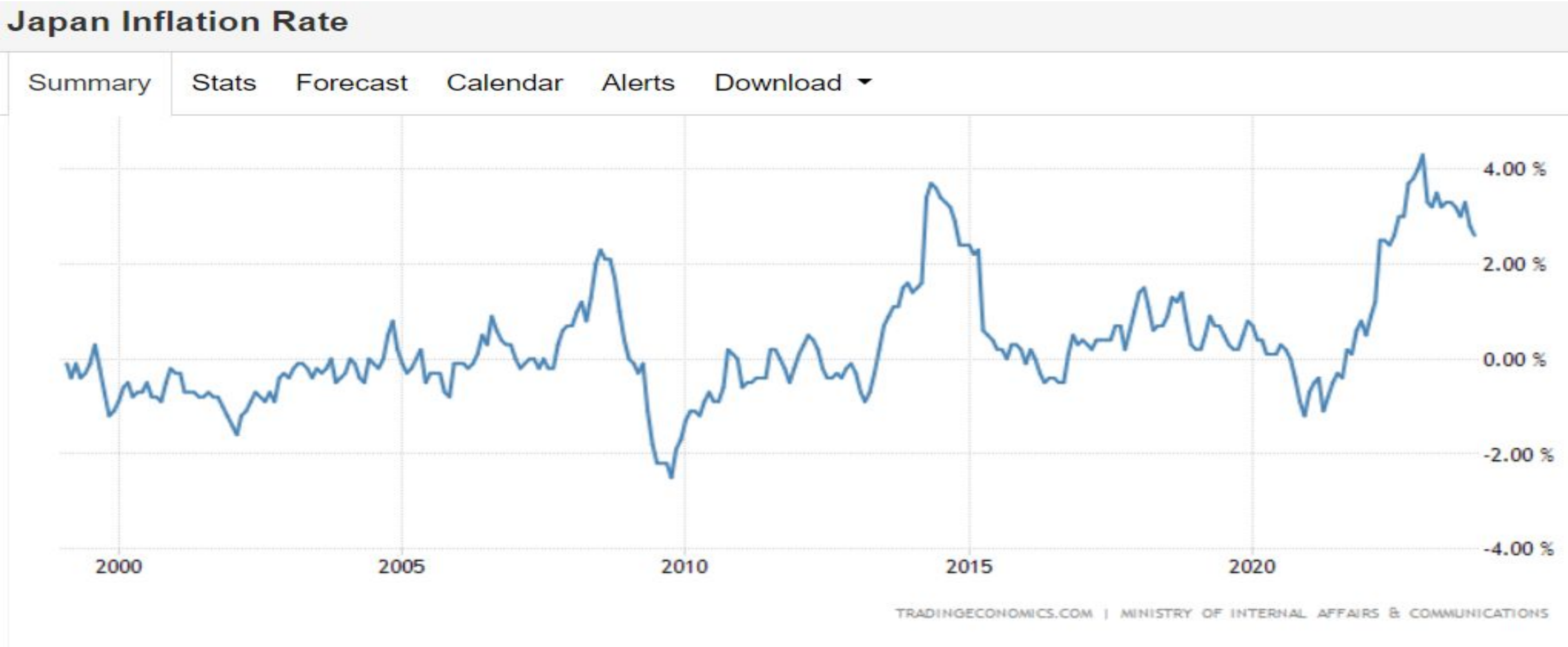
Introduction

- India’s real wealth = domestic output + imports - exports
- Real wealth is produced by people working
- The true cost of unemployment is the lost real output
- If most of India’s unemployed were instead working India would be the most prosperous nation on earth

India’s Inflation Rate with High Rate Policy



Japan’s Inflation Rate with 0% Rate Policy



India’s Interest Expense

Policy Proposals

- Permanent 0% policy interest rate, similar to Japan
- Universal NEGA
- Use fiscal adjustments- tax cuts or spending increases- to keep NEGA employment below 5% of the total workforce

Permanent 0% policy interest rate, similar to Japan:

- 0% policy rate eliminates government interest expense over time
- Interest is paid only to people who already have money and in proportion to how much they already have- is this consistent with anyone’s political agenda?
- Current central government interest expense of over 12 trillion rupee each year will go to 0 over time (as will state government interest expense)
- The rate cut makes room for additional spending without additional inflation
- A 0% policy rate cut government spending on interest saves far more than the increased expenditures needed for universal NEGA
- A 0% interest rate policy combined with universal NEGA is highly deflationary, accelerates growth, and is entirely progressive.

Universal NEGA

- Offer a full time NEGA job to anyone willing and able to work
- The private sector prefers to employ people already working
- NEGA transitions the unemployed to private sector employment
- NEGA provides MORE price stability than unemployment
- NEGA acts as a buffer stock to stabilize the entire wage structure
- NEGA spending adds to the deficit but REDUCES INFLATION
- Universal NEGA replaces minimum wage legislation and enforcement

NEGA Facilitates Additional Public Infrastructure

- Increased public spending beyond NEGA expense will be evidenced by reduced NEGA employment as NEGA workers transition to public and private sector employment
- Only when NEGA employment falls below 5% will the economy be approaching its real limits
- At that point India will be the new “economic miracle”