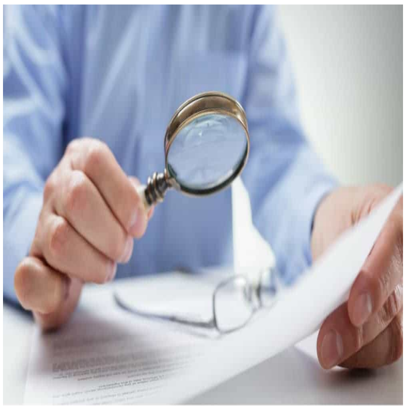

1 Savvy Warren Buffett Move That Governments Can Follow

Description

The pandemic-driven global economic crisis hasn't run its course yet, and we have yet to see how long it will run before blowing out. Many believe that Canada is already going through a technical recession, and no one is arguing with them. In fact, some people are contemplating whether it will simply be a recession or a depression.

A closed-down economy means thousands of lost jobs, bankruptcies, and pay cuts. While the governments across the globe are trying to alleviate the pain of their people as much as they can, they will be hard-pressed to contain the situation completely. Canada has also taken measures in this regard and released a sizeable stimulus package to boost the economy. But there is one more thing that the Canadian government and other governments can do.

Following in the footsteps of Warren Buffett

Mark Cuban, another famous billionaire investor, said that the U.S. government should emulate Warren Buffett's 2008 bank bailout template. When the Oracle of Omaha bailed the institutions out, he bought preferred shares and warrants for future share purchase options. Consequently, when the banks stabilized and the stock went up, Buffett profited greatly from the "help" he provided to the banks.

This might only seem like a simple move by a savvy investor, but it's something that the Canadian government can mimic in its bailouts of financial institutions and airlines. If structured the right way, a deal like this won't only help businesses and get the country's economy back on its feet; it will also help the government recover a lot of its taxpayer's money.

Any profits that the government can make in the future, for the money it has to insert in the system anyway, might be a boon for Canadian people. Those profits can be used to strengthen the economy and pay back the people in several different ways.

A company that doesn't require a bailout

As an investor, you may want some companies in your portfolio that are naturally sheltered from the market downturns. And even if they do go down with the broad market, they have a shorter recovery time. **Shopify** (TSX:SHOP)(NYSE:SHOP) might be one such stock. It's one of Canada's most favourite growth stocks, and it might be too oversold for some investors. But its history and future potential of growth are hard to ignore.

Shopify's shares fell in March, along with the TSX, but it only took the company less than a month to regain its lost market value. Currently, the company is trading at $831 per share — a price 56% higher than what the company started the year with. The company's three-year CAGR of 100% is beyond impressive. Shopify's total assets are over seven times its total liabilities.

But the most powerful reason behind investing in Shopify is that its sector, online retail, has yet to grow. As an e-commerce company, Shopify is well positioned to capitalize on the continual digitalization of the business landscape.

Foolish takeaway

Warren Buffett's investment wisdom has helped investors around the globe adopt good investment habits. Maybe governments can learn something from him too, especially from his decisions in the times of financial crises.

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