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Save to help the economy

SAVINGS, the time honoured saying goes, is the succour that will finance retirement. It is on this rock-solid rationale that provident fund schemes are structured. But for many the money in the nest-egg of the Employees Provident Fund might not be sufficient. It is not just the quantum; the increasing life-expectancy is the other equally important factor. A news report last week revealed the arresting fact that 20 pensioners are in their 90s. Clearly then the need to save regularly in order to alleviate the financially trying times of retirement when the tap of a steady flow of income would have run dry.

It is not only this selfish reason that prompts savings. Savings also serve the national cause. It is mobilised to drive the country's economy. And Malaysia has long had a high national savings rate by international standards. For 1996 the savings rate as a percentage of the Gross National Product was 38.5; for 1997, the estimate was 39.8 and the forecast for 1998, 39.9. Translated into hard figures, the 1997/1998 Economic Report forecasts the gross national savings for 1998 to total RM113.4 billion. A remarkably high figure but still not sufficient to meet the financial requirements of projected investments, totalling RM124.7 billion. There will still be a resource gap of four per cent between the national savings and investment requirements. The forecast figures, which might have to be revised given the additional stimulus package and the declining economy, provide the broad picture of funds required to maintain the economic health of the country.

Given this scenario it would be clear why the Prime Minister, Datuk Seri Dr Mahathir Mohammed, urged people to increase savings, and conversely, spend wisely. Responding to a question, on what people could do in these difficult times, in a special interview aired over TV1 and TV2 on Tuesday night, Dr Mahathir said people could help the country to overcome its economic problems if they save with banks as the money could be mobilised and put to beneficial use. For one, financial institutions currently stifled in a credit squeeze would have that much more in funds to provide loans to productive sectors, money that is necessary to boost the economy.

Granted these are not exactly times conducive to save more, leave alone saving regularly. Many have been retrenched; many more face the looming spectre of being laid-off. For others perks have been withdrawn and wage packets thinned. The cost of the daily marketing basket has increased just as the contents shrivelled. But adversity spurs resiliency and invention. It is time for a reassessment of spending habits, a rethink of eating patterns and a review of the household budget. If we buy the papaya and the pineapple instead of the apple and the apricot we could save. If we could be content with the ordinary grade of rice, giving up the acquired and expensive taste for the premium grains, we could save. If we could wear clothes longer, postponing the annual wardrobe replenishment, we could save. The savings would be amazing if we tally the list. Indeed the list would emerge to be long, very long, if only we sit down and take a hard look at the household expenditure items.

Certainly such adjustments would entail changes in lifestyle. But hard times warrant hard decisions. They have to be made. We have to continue to save. Present pleasures must be sacrificed for future financial security. What is more, savings help the country's economy.

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