

Overspending and high incomes may not mix

WHEN an individual lives beyond his means, he is inviting trouble for himself and his family.

When masses of consumers and citizens across the country live beyond their means, we have a serious social problem.

This is what prevails in this country today.

Recent figures make for grim reading: some 15,000 Malaysians go bankrupt every year, many of them young adults under 40, 60% of whom are already in debt.

Some 75% have no retirement plans.

This is no way for any developing

first place.

There was a time when credit card use was somewhat limited by the authorities.

However, half-hearted and piecemeal policies tend not to work.

Public awareness campaigns can only go so far, and usually that is never far enough.

Practical, tough-minded policies that can help to rein in runaway spending are sorely needed.

Since Malaysia is aiming for high-income status, the debt situation needs special attention.

What good is additional income if the shortage of savings and invest-

ment only becomes worse?

If compulsive spending remains an unchanged mindset, more income will mean more wasteful expenditure.

Those who have not yet learned to live within their means may, with a financial windfall, find that a crisis will be that much more damaging.

A high-income nation is presumed to enjoy comparably high savings and investments.

Overall, it means a higher standard of living and a better quality of life.

However, the opposite will occur

when conspicuous consumption eats into savings and investments like a cancer.

In such a society, the bright lights of retail outlets that may superficially appear to signify "developed" status are but a smokescreen to hide the financial decay within.

Unless and until a society is financially sound, no amount of commercial advertising or sales campaigns can make a country developed.

High spending from higher incomes with no savings or retirement plans could instead lead to a crash, as even developed economies have experienced.



country to aspire seriously to developed status.

When the next financial crisis hits, many of the country's individual households will be devastated.

The next generation of Malaysians could be setting themselves - and the country - up for a very bad crash.

Such a predicament cannot be left entirely to the market, because market forces had created it in the