Steady national saving rates in Asia

% GDP

- China
- Malaysia
- Indonesia
- Korea
- Thailand
- India
- Taiwan
- Philippines

1990, 2000, 2012
Some sharp movements in household saving rates

% household income


Korea
Taiwan
India
China
Three drivers of household saving (or consumption)

- Life-cycle
  - Population
  - Income dynamics
- Habit
  - Sticky consumption
- Financial constraint
HH saving rate fell from 19.8% (1990s) to 4.7% (2000s).

Of the 15.1%,
- 6.5%, worse employment and social insurance
- 2.4%, increase in more “sticky” expenditure
- 3.0%, increase in HH debt
Demographic transformation for Korea

- Korea
- Taiwan
- India


Percentage (%)
Role of three drivers in Korea

- Population — now and to come
- Income dynamics and habit
  - late rise in saving in the early years (Carroll and Weil, 2000)
  - decline in saving since the late 1990s
- Financial constraint
  - rise in household debt in the 2000s
Korea leading Asian growth story

Success brings about a maturing deceleration in growth.
Will growth lead saving in Asia? Probably not, except maybe India.
Speculate on the future

- No particular reason to expect rises in saving
- How fast or far a decline to expect?
- Bound to see a deceleration in main changes: demographics, economic development, financial deepening, social welfare provisions