The Uninsurable Social Class?
A Marketing Stance

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A management paper submitted by Jomar F. Rabajante to Prof. Roli G. Talampas for the completion of the course requirements of Mgt 203-Environment of Management

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<u>Executive Summary</u>

This paper discusses a social and economic dimension that has a significant effect to the Philippine life insurance business. The paper revolves around the analysis of the behavior of the income flow of most Filipinos and its effect in bringing life insurance products to many Filipinos.

In underwriting, poor people are usually considered uninsurable because of their financial disability to purchase and sustain a Regular policy. Life Microinsurance is one of the ways to address this, but it is not yet widely popular and maximized in the country. Moreover, because of macroeconomic changes, now these Regular products are also expensive to the middle class. The accident and health insurance (A&H) and a few Direct Marketing (DM) plans are the only insurance products that seem to be affordable for them.

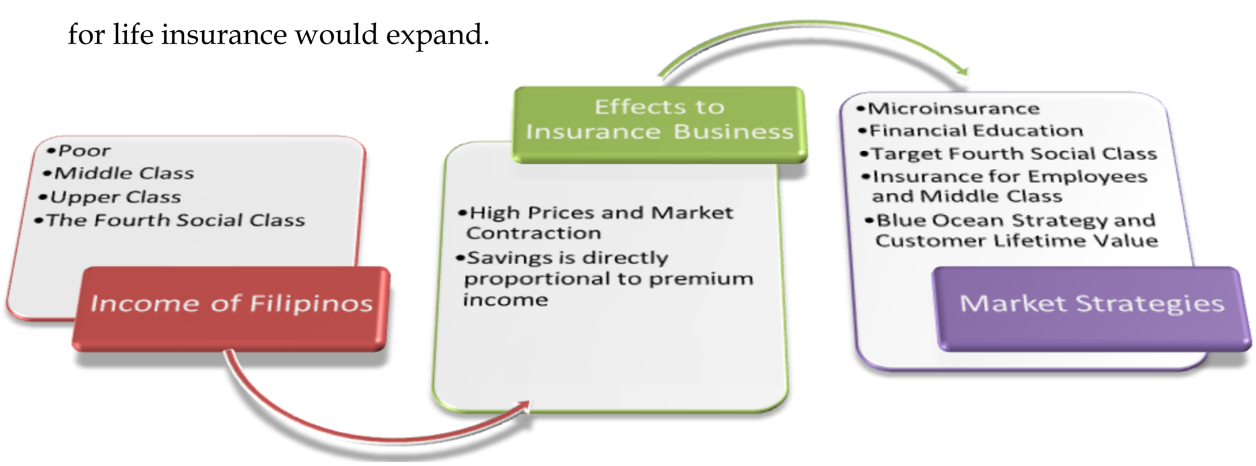
Life insurance companies can lower the prices of their Regular products but only at a limited level due to profitability considerations. However, there is a growing number of people belonging to the *fourth social class* that life insurance companies can target. If these people will be well educated about financial and risk management, then this group could be a potential market for the expensive Regular products.

Regular policies are Traditional insurance plans, such as Whole Life and Endowment plans, which are commonly sold through the agencies.

Direct Marketing plans are low face amount life insurance policies sold through mass marketing.

Summary of Marketing Ideas Generated

1. Promote the value of saving. If savings would increase, then the allocation of people in purchasing life insurance would also increase.
2. Attain *economy of scale* for Life Microinsurance by conducting effective marketing campaigns, such as educating the Filipinos to include the purchase of life insurance in their priorities, and advertising microinsurance.
3. Learn from the experiences of microinsurers, whether for mandatory or optional microinsurance, in other countries.
4. Strengthen DM and A&H products for the the middle class.
5. Expand the 20% of customers that provide 80% of income for the company (Pareto Principle) by targeting the *fourth social class*.
6. Promote education of the *fourth social class* to buy more income-generating assets (e.g. stocks and insurance) rather than buying liability-bearing assets.
7. Promote the importance of insurance to the employed Filipinos; and reinforce Group insurance products, annuities (such as pensions), A&H, term insurance, traditional life insurance through Salary Savings, and endowment plans to cater the needs of the employees.
8. Create a specialized or niche marketing department, reinforce brand differentiation, and create *blue oceans*.
9. Target the *yuppies*, eventhough they are not yet as profitable as the older ones, by realizing their Customer Lifetime Value (CLV).
10. Cross-sell and Up-sell. Remind customers to upgrade their insurance coverage following the changes in their lifestyle.
11. Promote financial education to Filipinos and help them to upgrade their social/economic status. If many would upgrade their social status then the market for life insurance would expand.



Introduction

Life Insurance is a contract whereby a party (insurer), for a consideration (premium), agrees to pay another (insured), a certain sum of money (face amount), in the event of the latter's death (death benefit) from any cause not excepted in the contract, or upon surviving (maturity benefit) a specified period of time or otherwise contingent on the continuance or cessation of life (annuity payment) [Insurance Code]. Life insurance can serve as a family protection in times of premature death, retirement income in times of old age, or guaranteed savings in times of poor health. "Life insurance is successful savings and successful investment" [GEOC]. Now, questions arise: Given the importance of life insurance, is it needed by all Filipinos? If the answer is "Yes", then how can insurers tap all Filipinos to buy life insurance?

Good underwriting combats antiselection. In underwriting, there are criteria for determining a person's insurability. One of these is the person's financial capability to buy or sustain the payment of premiums. This is to assure that the premiums paid would be greater than the acquisition cost and maintenance cost; if not, profitability of the company will suffer. The financial condition of Filipinos at the microeconomic level (economic dimension) and the implication of this to the social status of families (social dimension) are analyzed to come-up with marketing ideas for selling life insurance products to reach all Filipinos, or even to just a large percent of the Philippine population.

Objectives and Methodology

This paper aims to:

1. Describe and analyze the current situation of the income flow of Filipinos (the social and economic environment);
2. Statistically prove that *Savings* is directly proportional to the ability of Filipinos to buy insurance; and
3. Determine ways to address the diverse economic segments of the Filipino population, such as creating marketing ideas to tap the poor, the middle class and the "innovative" class.

Quantitative techniques (e.g. regression analysis, statistical correlation and ratio analysis) and qualitative methods were used to analyze the secondary data (e.g. descriptive statistics from the National Statistics Office), as well as research results and other information gathered.

The Income Flow – Discussion

New Terminology: "Economic Impossibility" is the financial disability of the poor to become rich or for a lower social class to go up a higher social class given same amount of income year by year.

The Economic Impossibilities Under Status Quo

"A ten percent growth in the net income of a stockholder may mean million pesos, but a ten percent growth in the net income of a janitor may mean only less than a hundred, *ceteris paribus*". This is a mathematically proven statement – the larger the numerical base, the larger the relative increment given a constant growth rate; or the smaller the numerical base, the smaller the relative increment given a constant growth rate. Of course, a million-peso increase can already change a lifestyle of a person, but a hundred-peso increase can only solve a day of hunger – not even a one whole month.

"The rich became richer and the poor became poorer."

Evenif an income of a person increases by 10%, which is much higher than the Per Capita Gross Domestic Product (GDP) growth rate of 5.2% for the year 2007 (where the GDP growth is highest for 31 years) [Tetangco 2008], his social status may not change. Actually, the true increase is not really 10%, but less than 10%, if inflation is considered. Following is a table that shows the increase in net income per economic class, assuming a 10% increase less the 2007 annual average inflation rate of 2.8% (which is the lowest in 21 years) [Tetangco 2008]:

Net Income or Savings = Gross Income less Expected Expenditures

See Annex A for the Average Income, Expenditure and Savings of Families at Current Prices by Income Decile: 2006 and 2003 Table.

Table 1. Average Annual Income of Filipino Families [FIES 2006]

In thousand pesos, except for the percentage

		Average Net Income (Savings) [FIES 2006]	7.2% Increase in Ave. Net Income	Ave. Gross Income Needed to Go Up Social Ladder	Percent of Current Ave. Gross Income
1st	Decile	-3	0.216	0.4	1%
2nd	Decile	-2	0.144	449	880%
3rd	Decile	0	0	435	669%
4th	Decile	2	0.144	419	517%
5th	Decile	5	0.36	400	400%
6th	Decile	7	0.504	377	307%
7th	Decile	13	0.936	344	221%
8th	Decile	23	1.656	296	145%
9th	Decile	46	3.312	210	72%
10th	Decile	156	11.232		

Given lack of income segmentation data, only three economic/social classes based on the table above were named in this paper, namely:

1. The Poor, which is those in the first decile;
2. The Middle class, which is those in the second to ninth decile; and
3. The Upper class, which is those in the tenth decile.

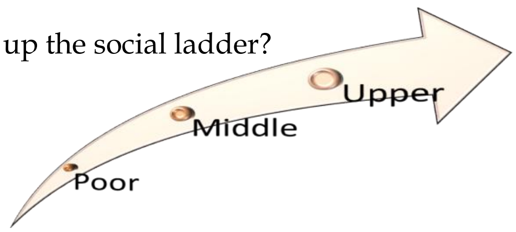
The derivation of the definition of being Poor came from the World Bank using US$ 1=PhP 45. World Bank defines extremely poor as those living below US$ 1 a day and moderately poor as those living below US$ 2 a day [World Bank]. The upper class is defined to include those with PhP 500k annual gross income. As a clarification, upper class is not equated to the rich class since PhP500k annual gross income or PhP 42k monthly gross income is practically not enough to say that the person is rich.

See Annex B for the ranking of areas with most number of families with PhP500k or more annual gross income [FIES 2003, forecast].

The average number of household members is five [Census 2000], but in this paper, a family is equated as a single entity/person because the calculation of the expected expenditure is a lump expense of the family and there are members that are really non-income generating members of the household, such as the children. It is also assumed that a family and a household is assumed the same.

One of the assumptions in this paper is the use of averages to generalize the society. The information in Table 1 in *Ave. Gross Income Needed to Go Up Social Ladder* column show that the poor need to get extra PhP 400 annually to be considered a middle class. To some the additional PhP 400 income is easy to attain; but for some, such as those beggars in the street, having a constant additional PhP 2 a day means hardwork. On the other hand, looking at the middle class, getting additional 72% to 880% of their annual gross income or PhP 17.5k to PhP 37.4k monthly gross income to become a member of the upper class is quite challenging.

Now the question is Who's who can go up the social ladder?



The Fourth Social Class

New Terminology: The "Fourth Social Class" is the class of people who are in the process of transfering from one social class to a higher social class or "social innovation".

It is *economically impossible* for most Filipinos to step up in the social class ladder if they get same same income. One needs to INNOVATE to go up (as shown by some rags-to-riches millionaires). Following are some of the Filipino ways to innovate and some comments about them:

1. Going to abroad to get a higher paying job;
2. Becoming an entrepreneur (but there is a big probability of failure);
3. Being promoted or looking for greener pasture in the Philippines (but competition is high and the increase in income is slow);
4. Getting high commissions (but if the person has the skill in selling);
5. Investing (but this is usually the way of the upper class only, since they have enough capital to have a higher yield);
6. Marrying the rich;
7. Gambling and winning big (but if the person is lucky enough); and
8. Acquiring large amount of money from illegal transactions (of course, this is unethical and is not encouraged).

In the Philippines, Items number 1 and 7 are very common. It is a naked truth that there is a Filipino diaspora going abroad, and there is a surge in buying lotto tickets as shown by long lines in a lotto booth. It is a social chat that Item number 3 is the way of the middle class, since a large percentage of the middle class are those who have graduated from college education and pursued a career as an employee.

But among all, it seems that being an Oversees Filipino Worker (OFW) is the fastest way to innovate with lower risk (that is, if the person would have a good employer abroad and he already accepted the emotional effect to his family). Maybe this is why many Filipinos go abroad. Looking around, the fruitful effect of the OFW remittances to the lifestyle of their families are obvious – the new cellphone, the high technology gadgets, the big houses, etc. The number of OFWs deployed in year 2006 totaled to 1.06 million [POEA 2006]; and in year 2007, the total OFW remittances amounted to US$ 14.4 billion [BSP].

The Truth about Employment

According to the best-seller book Rich Dad, Poor Dad, owning the system or means of production is better than being an employee of someone else. It even said that "The poor and middle class work for money. The rich have money work for them". [Kiyosaki & Lechter 1997]

The author of the Rich Dad, Poor Dad, Robert Kiyosaki, formulated a Cash Flow Quadrant which teaches that employment & self-employment never obtain true wealth, while owning a business & investing are the roads to true wealth. He enforces that working as an employee is like a rat-race. [Kiyosaki & Lechter 2000]

Figure 1. Robert Kiyosaki's Cash Flow Quadrant [Kiyosaki & Lechter 2000]

Robert Kiyosaki's CASHFLOW Quadrant

Based on the January 2008 Labor Force Survey, 63.4% of the Philippine population belong to the country's economically active population, and 92.6% of these people are employed. Among those employed, 18.9% are underemployed. Employed persons fall into any of these categories: wage and salary workers of private establishments (38.2%); wage and salary workers of the government (7.9%); wage and salary workers of family-owned businesses (5.6%); own account workers, such as self-employed workers (36.1%); and unpaid family workers (12.2%). The large portion of these employed Filipinos are the laborers and unskilled workers, and the farmers, forestry workers and fishermen. [LFS 2008] Now, according to the Cash Flow Quadrant of Robert Kiyosaki, the question is how many Filipinos would succeeed to go up the social ladder using the results of the above Labor Force Survey?

A study was commissioned by Citibank about the financial intelligence of consumers across the Asia-Pacific region. The study revealed that only a few Filipinos feel that they are financially secure, and an average Filipino would have just nine weeks worth of savings as resources in the event of job loss. Majority say that they are not financially ready for retirement, and nearly half of the respondents of the study expect financial assistance from their adult children when they retire. More than half of the respondents said that they have an average or poor understanding of money management and personal finance. In fact, only 33% of the respondents said that they are able to save every payday as a habit. [Reyes 2008, Business Mirror]

The Insurance Business – Discussion

The Correlation

By testing the statistical linear correlation of various macro- and microeconomic variables and the life insurance industry's total premium income (at 5% level of significance), it is concluded that the following factors linearly affect the life insurance industry:

1. GDP (very strong positive linear association)
2. Average Annual Family Savings (very strong positive linear association)
3. Demographic factors such as number of births, death and marriages (strong positive linear association)
4. Inflation rate (weak, but significant, negative linear association)

It is statistically tested that the premium income of life insurance businesses follows the economic growth (Item number 1) and population growth (Item number 3). Moreover, it is statistically proven that the average annual family savings of Filipinos affects the life insurance sales; and thus it is safe to correlate the previous discussion about the economic and social dimension of income flow of Filipinos with the insurance business. Using total family income (gross income) is unreliable since expenditure increases faster (5.1%) than gross income (2.6%) [FIES 2006]; hence, information on savings is preferably utilized in the analysis.

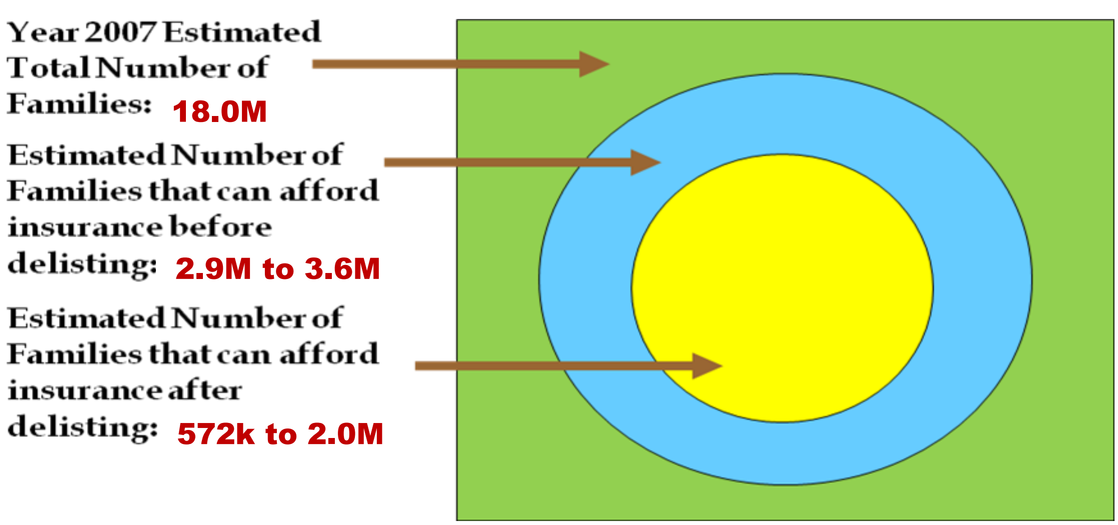
Filipinos give small attention to the importance of insurance. Households in the Philippines spend a total of roughly PhP 38 billion on life insurance and retirement premium from their total gross income of PhP 2,437 billion [FIES 2003]. Hence, it can be derived that only 1.56% of Total Family Income is spent for life insurance and retirement premium. Nevertheless, this is in terms of gross income and not of savings – for consistency and as a rule of thumb used by researchers in the insurance industry, instead of using the 1.56% of gross income ratio, 10% of savings is used. This means that Filipinos allocate only a 10% of their savings for insurance. Savings is used as a measure because a person's spending pattern changes.

What is the implication of this to the life insurance business? Insurers should promote the value of saving; because if savings would increase, then the allocation of people in purchasing life insurance would also increase.

The Story

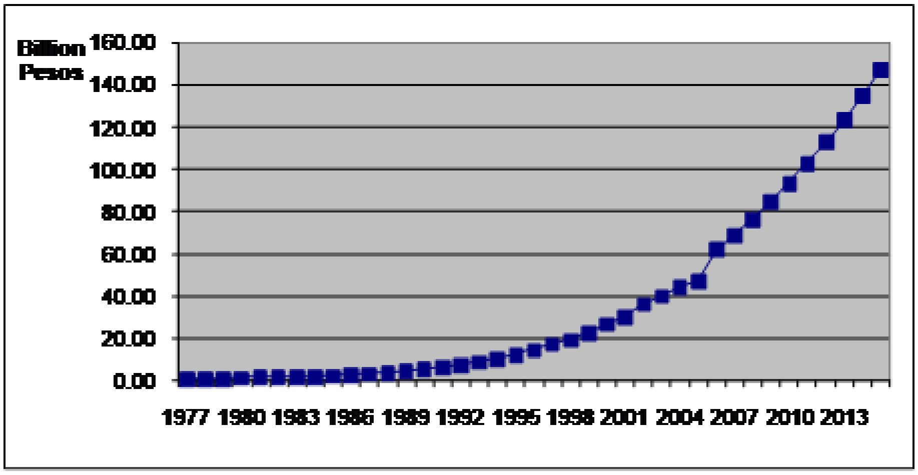
Last December 15, 2006 the Insurance Commission released a circular, the IC Circular No. 40-2006 or the "Inventory of Insurance Products." The circular requires insurance companies, including life insurers, to review the pricing assumptions of their products, mainly because of the easing interest rates. [IC 2006, circular] This memorandum resulted in the delisting of most existing life insurance products and the increase in premium rates for the new products. Customarily, the current minimum annual premium for Regular plans is PhP 10k (10-pay Ordinary plan). Hence, the portion of the population that can afford life insurance products contracted. Probably, only the upper class or 10% of the total number of families (10^{th} decile) have the ability to buy Regular plans. Before, only the poor has the financial incapability in buying insurance; now, even the middle class are being challenged.

Figure 2. The Life Insurance Market Contraction [NSO, derived]



However, eventhough the market contracted, premium income of life insurance industry still increases. In year 2006, the industry's premium income grew by 17.96% [IC 2005-2006], which is much higher than the country's GDP growth rate. Using historical data [IC, compiled records] [PLIA, compiled records], it was infered that the trend of the life insurance industry's total premium income follows a 10th degree polynomial fit and approximately follows an exponential trend. Using regression analysis, it is forecasted that the total premium income would grow continuously for the future years.

Figure 3. Life Insurance Industry Premium Income Trend



But when this is closely scrutinized, the increase in premium income is not mainly because of sales of Regular policies but of sales of Variable Universal Life (VUL) or unit-linked products. VUL plans are not pure insurance because they have an investment portion. The usual customers of the VUL plans are the upper class or those who mainly want to invest. In year 2006, VUL accounted 36.14% of the total premium income of the life insurance industry [IC 2006]. The increase in VUL sales is experienced by the big boys of the insurance industry, e.g. Philippine-American Life, Philippine Axa Life, Sun Life of Canada, Insular Life, and Prudential Life of U.K. Yet it is a fact that while the premiums are increasing, the volume of policies is decreasing.

In addition, the government has social protection schemes, but these social securities are not enough to cover the needs of the people and are still unable to tap most of the Filipinos. In spite of of this, still only a few Filipinos have availed themselves of voluntary insurance, or insurance outside the Social Security System, Government Service Insurance System and the Philippine Health Insurance Corp. [Remo 2007, Inquirer, interview] *Note: Majority of the discussions in this paper are about life insurance excluding social securities.*

It is a sad realization that the poor are the ones who are more vulnerable to many of the risks, such as illness and accidental death and disability, yet they are the least able to cope up when crisis occur. The poor are in a financial downward spiral, since dealing with risks can deplete their savings, force them to sell productive assets, incur more debt or default on loans. [NAPC 2007] Interestingly, when insurance first became widespread in the late 19th century, it was seen as a poor man's financial service [ILO, Munich Re & CGAP 2006].

The number of people who are unable to buy insurance is expanding, as shown in the above discussion. However, excluding the financial disability of these people, most of them can be considered insurable. One of the emerging global solution for this issue is offering microinsurance.

Generally microinsurance is for persons ignored by mainstream commercial and social insurance schemes, persons who have not had access to appropriate products [ILO, Munich Re & CGAP 2006]. Currently, microfinance institution (MFI)-owned insurance companies offer microinsurance to small and micro entrepreneurs through their co-operative members. The biggest among these insurers is the Co-operative Insurance System of the Philippines (CISP) and Co-op Life Insurance Mutual Benefit Systems (CLIMBS) [Barbin, et al], which even do not belong to the top 20 insurers in terms of premium income.

Microinsurance offered by MFI-owned insurers are life insurance (such as credit-life), and health insurance. Credit-life is the most widely available because it reduces the credit risk burdened by the creditors. There is also Traditional Life Insurance which is based on *damayan* where relatives and friends in the community voluntarily contribute cash to the dependents of an individual who passed away. However, the offering of micro-health insurance was not that successful. [Barbin, et al]

Obviously, there is a large gap between the supply and demand for microinsurance. Significant investments in microinsurance training, research and development, as well as discussions about preliminary microinsurance regulations are required to narrow the gap. [Barbin, et al] If offering of life microinsurance would be successful, then the poor, even those middle class and those who have not yet discovered how to "innovate", can now be insurable in terms of financial underwriting.

However, the big boys of the Philippine life insurance industry are still in the dilemma of making microinsurance products profitable, not to mention that their distribution channels (e.g. agents and brokers) are not designed to serve the low-income market. In other countries, there are examples of large companies that offer microinsurance, such as AIG Uganda, Delta Life in Bangladesh and many insurance companies in India that have a product line that is appropriate for low-income persons. A study was conducted and revealed that microinsurance is indeed viable, and even profitable under certain circumstances. [ILO, Munich Re & CGAP 2006] Philippine insurance business can learn from the experiences of these insurers abroad.

In microinsurance, *economy of scale* is important in the product's profitability, but not all Filipinos, especially the poor, are educated and aware of the importance of insurance. Since most Filipinos have their own priorities, educating them to include the purchase of life insurance in their priorities maybe beneficial to the insurance business. Effective marketing campaigns, such as cheap but effective advestisement of microinsurance, may also help to get the attention of Filipinos.

See Annex C: Microfinance Industry Advisory, for more information [NAPC 2007, advisory].

Microinsurance can help attain the Insurance Commission's vision of providing insurance to more Filipinos [Remo 2007, Inquirer, writer's interview]. In fact, President Gloria Macapagal-Arroyo has signed Proclamation 1212 declaring January 2007 and every year thereafter as "Microinsurance Month" [Sun.Star 2007, press release].

DM and A&H

Insurers in the country should strengthen their existing products to offer not only short-term insurance but also long-term life insurance to the middle class. Although DM or mass marketing products are quite expensive for the lower middle class, they can still be offered to those upper middle class who are financially incapable to buy Regular products.

A&H plans can also be improved to offer not just comprehensive accident and health insurance, but also insurance that would provide benefits caused by natural death (such as I-Shield Prime of Insular Life). A&H plans can be offered to those who are financially uninsurable as a temporary substitute to traditional plans. A&H plans can also serve as a lead for up-selling.

Every DM and A&H plans may provide lower premium income to the insurance company. But as the number of clients of DM and A&H increases, so then the total premium income would increase. Basic accident plans offered as a one-year term incurance can also be profitable, since there is a low probability that accidents would occur in a year compared to several years of coverage. Insurers can also benefit as A&H policyholders renew their policies. However, life insurance companies would compete with the A&H products (e.g. Personal Accident insurance) of the non-life insurers.

Insurance for the 4th Social Class

According to Pareto Principle, 80% of the revenue of a business can be attributed to approximately 20% of customers. If insurers want to expand this 20% of customers, which is mostly comprised of the upper class, then they need to search for another group of people as an addition. Hence, insurers could target the fourth social class, because probably they can afford the expensive insurance plans.

However, extensive consumerism is a competitor of life insurance business. For example, OFW remittances were immediately withdrawn by family members not just to settle bills and as payment for basic consumer goods [Bersales & Mapa], but also to buy luxuries. Insurers may promote financial education by endorsing the purchase of income-generating assets (e.g. stocks and insurance) rather than buying liability-bearing assets (assets that give expenses instead of giving income; e.g. luxury cars and widescreen television) [Kiyosaki & Lechter 1997].

Insurers may strive to offer appropriate insurance and investment products to the fourth social class and to their dependents. This market is undoubtedly growing, as seen in the increasing number of OFWs.

Insurance for Employees

Employees cannot always stay in their job, they must retire when they reach a certain age or stop working if a certain crisis happend to them. For employees, unemployment may mean zero income. As implied in *The Truth about Employment,* employed people seriously need financial protection, such as insurance.

Employees need to be educated about the value of saving and investment. Eventhough paying premiums is an added burden for the present, it would really help in future. Insurers should review, strengthen and widen their annuities (such as pension), A&H, traditional life insurance through Salary Savings Insurance, term insurance and limited-pay plans, and endowment plans, especially their Group Insurance, to cater this group of people.

The Blue Ocean Strategy and Customer Lifetime Value

The market contraction discussed above resulted to a stiff competition among the insurers. In fact, 14 foreign insurers already exited the Philippines [Insular Life 2007, compiled records], because of the economic characteristics of the Filipino market. If small insurance companies have hard time fighting in the arena, they may try niche marketing. Insurers may also boost their brand differentiation to attract customers, or do the Blue Ocean Strategy by creating or capturing *blue oceans*.

The upper social class is a *red ocean* market for the insurance business. Insurers can create or capture *blue oceans*, such as the fourth social class, microinsurance market and the forgotten middle class. These markets are probably ripe for harvesting. However, immediate and effective action is needed – the OFW

Blue ocean is an analogy to describe the wider, deeper potential of market space that is not yet explored. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth and the corner-stone is Value Innovation. It is contrasted with the Red oceans, which are the known crowded market space. [Kim & Mauborgne]

The CLV of a person shows the lifetime profit that a business institution can get from a person. For example, a loyal 25 year-old customer can provide, in the long-term, more revenues to the Company than a 55 year-old customer. The 25 year-old man can buy additional policies in the future every time there is a change in his life's status.

market, for example, are now starting to be saturated as financial institutions and the government are now launching products that would maximize the potential income coming from the OFWs.

Moreover, insurers can create huge long-term sales from the Young Professionals or *yuppies*, which usually belong to the middle class. Eventhough the *yuppies* are not yet as productive as the older people, these markets can be profitable by realizing their Customer Lifetime Value (CLV). Insurers could offer them savings and investment products, such as endowment plans and VUL plans with lower premiums; since the *yuppies* all over the world are willing to invest just to get their preferred lifestyle (garbs, gadget and gimmiks) [Umashanker 2006, The Hindu]. It is estimated that the 20 to 34 years old group comprises the 25.94% of the Philippine population [Census 2000]. Moreover, realizing the CLV of the customers could lower client-acquisition cost of businesses, since it is easier and less costly to retain current customers than acquiring a new one.

Concluding Remarks

How to further boost Insurance Penetration

Insurance penetration (in terms of economic importance) = industry's total premium income divided by the GDP.

The life insurance penetration in the Philippines is significantly lesser compared to other countries. In year 2006, life insurance industry posted 0.9% insurance penetration. A lower penetration may mean that the life insurance industry has lot of place to grow in the economy. However, this may also mean hardwork for the Insurance Commission and for the life insurance companies. It is a challenge for them to increase the relative importance of life insurance in the Philippine economy.

In terms of population, the life insurance coverage in year 2004 was estimated at 13% of the Philippine population. The Insurance Commisssion intends to increase this to 20% by 2007 through microinsurance. The Insurance

Commission also aims to make the Philippines as the microinsurance capital of Asia with 40% of Filipinos insured by 2010. However, the dreams of the Commission are thought by the local market to be a high level to aim for. [AXCO 2008]

It is also a challenge for the insurance companies to strengthen insurance penetration not only to the economy, but also to the insured's life. Having insurance does not mean that a person is "totally insured". There are who are "partially insured" and "totally insured" depending on the scope of the need of a person. Insurance penetration in a person's life should follow the cycle of his life. Furthermore, insurers must also strategize on how to lessen surrenders and lapsation of policies.

The Role of Development Economics

The macroeconomic growth is not enough to reach and significantly improve the lives of the people at the bottom of the economic ladder. Only the people in the upper and upper-middle class of society appreciably feel the effects of the macroeconomic flow. A considerably higher and sustainable macroeconomic growth and an effective program of spreading such growth to the bottom-middle and bottom social class are needed to have a significant net effect to the whole microeconomy. The government should pursue programs of bringing the macroeconomic growth to the microeconomy and reducing income disparity (Gini ratio). The government should strive not just giving jobs but providing opportunities to change ones status.

Family planning may also help in increasing savings. According to a study, higher proportion of young dependents (ages 0 to 14 years) creates hindrance to the aggregate household saving. Achieving a slower rate of population growth, coupled with a significant economic growth, should be an explicit development objective of the country. [Bersales]

Accroding to The End of Poverty, the use of *clinical economics* can address and remedy certain economic problems. Countries, like patients, are complex systems, requiring differential diagnosis. [Sachs]

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