

Abstract

The Gambia over the past years has experience uneven economic performance, with low and declining national savings. Guided by the theoretical and empirical fact that national savings play a crucial role in augmenting capital accumulation, an attempt to review the role of various factors influencing national savings in The Gambia is quite relevant for sustainable economic growth. Yet, with the vast policy angles and the theoretical determinants of national savings, no single model has been able to deal with every dimension of the savings issue. In this backdrop, the study empirically analysed the role of various determinants of national savings from multiple theoretical perspectives with at least complete time series data availability from 1981 to 2014. Employing the Autoregressive Distributed Lag (ARDL) model, the empirical results indicate a long-run relationship between national savings and its determinants namely; economic growth, debt, inflation, real interest rate, financial development, foreign aid, remittances, trade and dependency ratio. The short-run analysis indicates the existence of the autoregressive hypothesis of time series variables. For the long run analysis, the empirical results support the existence of the virtuous cycle hypothesis, the Ricardian equivalence proposition, Chenery and Strout hypothesis, and the remittance hypothesis. However, the results indicate no support of the Deaton's hypothesis, Haavelmo hypothesis, Overborrowing syndrome hypothesis, Financial Liberalization hypothesis, McKinnon and Shaw hypothesis, Harberger-Laursen Metzler effect hypothesis, and the life cycle hypothesis. Thus, from a policy point of view, the empirical results suggest the need for The Gambian government; (i) to maintain a stable macro environment, (ii) engage in anti-inflationary monetary policy, (iii) encourage more financial development, (iv) maintain friendly international relations, and (v) promote new trade reforms as a way to augment national savings in The Gambia.

Keywords: National savings, Multiple theoretical perspectives, Autoregressive Distributed Lag (ARDL) Model, The Gambia

Intisari

Selama beberapa tahun terakhir, Gambia memiliki pengalaman kinerja ekonomi yang tidak merata, dengan tabungan nasional yang rendah dan menurun. Secara teoritis dan empiris, tabungan nasional memainkan peran penting dalam menambah akumulasi modal dan memberikan kontribusi untuk mencapai dan mempertahankan pertumbuhan ekonomi. Upaya untuk meninjau peran berbagai faktor yang memengaruhi tabungan nasional di Gambia cukup relevan untuk diteliti demi pertumbuhan ekonomi yang berkelanjutan. Penelitian ini bertujuan untuk menganalisis faktor penentu tabungan nasional di Gambia dari tahun 1981 hingga 2014 dengan perspektif teoritis yang lebih luas. Dengan menggunakan *Autoregressive Distributed Lag (ARDL) model*, hasil empiris menunjukkan hubungan jangka panjang antara tabungan nasional dan determinannya yaitu; pertumbuhan ekonomi, utang, inflasi, tingkat bunga riil, perkembangan keuangan, bantuan luar negeri, pembayaran, perdagangan dan rasio ketergantungan. Analisis jangka pendek menunjukkan adanya hipotesis *autoregresif* dari variabel time series. Untuk analisis jangka panjang, hasil empiris mendukung adanya hipotesis *virtuous cycle*, *ricardian equivalence proposition*, hipotesis Chenery dan Strout, dan hipotesis *remittance*. Namun, disisi lain hasil empiris menunjukkan tidak ada dukungan dari hipotesis Deaton, hipotesis Haavelmo, hipotesis Sindrom Overborrowing, hipotesis Liberalisasi Keuangan, hipotesis McKinnon dan Shaw, hipotesis, efek Harberger-Laursen Metzler, dan hipotesis siklus hidup. Justru itu, dari sudut pandang kebijakan, hasil empiris menyarankan perlunya pemerintah Gambia; (i) untuk menjaga lingkungan makro yang stabil, (ii) mengadopsi *inflation targeting* sebagai alat bantu kebijakan, (iii) lebih mendorong pengembangan keuangan, (iv) mempertahankan hubungan internasional ramah, dan (v) mempromosikan reformasi perdagangan baru sebagai cara untuk mendorong tabungan nasional di Gambia.

Kata Kunci: tabungan nasional, *Multiple theoretical perspectives*, Autoregressive Distributed Lag (ARDL) Model