

FINANCIAL INSIGHTS BLOG

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Voting: A Strategic Investment in Our Future

As our U.S. neighbors prepare for their upcoming election, it's a good time to reflect on the parallels between voting and investing. Voting isn't merely a civic responsibility; it's an investment in the future of our community.

Just like putting money into stocks, preference shares, bonds, or real estate, casting a vote can shape the economic and social landscape of our lives and those of future generations. Effective voting requires due diligence, much like assessing a potential investment by using some of the same investing techniques as researching candidates' policies and plans, evaluating, and comparing their credibility, and consider their experience and endorsements. Understanding this connection can empower your choices.

In The Bahamas' September 2021 election, occurring at a pivotal point in the Covid-19 pandemic, voters evaluated a range of economic plans and policies, including reforms and adaptations in healthcare, education, and agriculture. Whether guided by emotion or rational assessment, the careful consideration each voter gave to these plans was crucial in deciding which candidate's vision most closely matched their values and economic expectations.

Voting as an Investment

When you cast a vote, you're making a strategic decision that impacts both the present and future. Imagine you're investing in a tourism startup. You would research its potential for growth, assess the risks, and make an informed choice about its future prospects. Similarly, just as you carefully select investments based on research and goals, your vote influences policies for future economic and social outcomes.

For example, in 2015, the Christie administration led



an effort to implement Value-Added Tax to diversify The Bahamas' revenue base. This move aimed at fiscal reform, promising and opportunity long-term benefits for the community. The anticipated "investment returns" from this policy were expected to manifest as improved revenues and a reduction in national debt.

The Risk and Reward and Economic Indicators in Voting and Investing

Just as investments come with risks and rewards, so does voting. Policies and leaders you choose will affect economic stability, social justice, and the environment. Your vote can either yield positive changes or, conversely, lead to adverse outcomes.

Economic indicators like GDP, national savings rates (% of GNI), and employment statistics are crucial in evaluating the health of an economy, but they shouldn't be the sole basis for decision-making. As economist Simon Kuznets pointed out to the US Congress in 1937, GDP alone does not measure societal well-being—it cannot be a primary indicator of economic progress. Consider the emergency effects of the COVID-19 pandemic and Hurricane Dorian. Voters who supported stronger regulatory policies and effective economic spending might have hoped for economic growth but faced a significant risk when these crises occurred bringing measures that might have prioritized short-term stability over long-term gains.

The average Net National Savings rate is an interesting economic metric that offers insight into a nation's financial health and its potential for development.

For instance, the Bahamas has maintained an average Net National Savings rate of around 10.861% of Gross National Income (GNI) over the past decade, a figure that reflects a positive savings trend. However, The Central Bank of The Bahamas survey, revealed residents hold less than \$5,000 in commercial bank and credit union savings accounts, which may highlight the need for enhanced personal savings practices.

Effective pension policies and incentives for retirement savings are essential in this context. Research shows that robust pensions and higher savings rates are not only vital for individual financial security but also for overall economic stability and growth. By promoting savings and financial security, nations can foster economic resilience and stimulate investment, ultimately supporting national development and providing a reliable safety net for future retirees.

Key Points to Consider in Your Evaluation

Your Vote is Important: Your choice influences national policies that shape the economy and society. Think of your vote as an investment in the quality of life and future prosperity. Review current economic indicators and assess how candidates' plans align with your expectations for stability and growth. Assess the economic plan that is being presented. If a candidate proposes significant cuts, examine how this will affect public services and infrastructure and how any reduction will be funded. For example, a reduction might boost short-term economic growth but could potentially reduce funding for essential services like education and healthcare.

Decisions Have Compounding Effects: Just as investment returns accumulate over time, the impact of your vote will compound, affecting various aspects of life including education, healthcare, and infrastructure. Evaluate beyond the rhetoric how plans for job creation and training will work. For instance, job training programs and small business growth can lead to better job opportunities and stimulate economic development.

Examine current and potential budgets and spending plans. Effective fiscal management is essential for long-term economic health. A candidate who advocates for balanced budgets and debt reduction may provide more fiscal stability, whereas one proposing extensive new spending without clear funding sources could risk increasing national debt.

Voting is Like Investing: Absolutely! Both involve making decisions with significant long-term consequences. Just as you would carefully research investment opportunities, it's crucial to thoroughly evaluate the candidates and policies you support, especially those who will occupy key ministerial positions such as Finance, Education, Healthcare, Agriculture, and National Security. Assess the potential social impacts of their policies, particularly in areas like education and healthcare. Investments in these sectors can enhance economic performance by cultivating a more skilled and healthier population. For instance, a candidate advocating a good plan for increased funding for public schools or healthcare services could foster a more educated and healthier society, which in turn can positively impact economic performance.

Voting thoughtfully is like making a strategic investment—both require careful consideration to yield the best outcomes. By understanding the parallels between voting and investing, you can make more informed choices that reflect your values and contribute to a better future for all. Let your vote be a deliberate, strategic investment in the kind of society you want to build.

CFAL is here to help.

If you need additional help, feel free to reach out to us for a Financial Planning Session. Our Certified Financial Planners are here to assist you with your budgeting, saving, and investing needs.

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