
A Review of Monetary Policies in
the Jamaican Economy: 1980-85

by

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The purpose of this paper is to provide a review of the monetary policy pursued by the Jamaican authorities between 1980 to 1985. The start of this period is one in which a major effort at achieving economic recovery and growth was undertaken following several years of economic decline. However, financial imbalances, apparent in large fiscal and current account deficits, contributed to a rapid deterioration in the balance of payments and the accumulation of large external payments arrears. A marked shift in policy resulted as the authorities implemented a programme of economic austerity. Monetary policy reflected this shift in policy and it was heavily relied on to achieve targets consistent with balance of payments objectives.

The shift in monetary policy objectives during this period allows the paper to be divided into two sections. The first section reviews the period 1980 to 1983, when monetary policy was aimed primarily at containing inflationary pressures while holding the economy on a growth path. Note is made, however, that the objectives of monetary policy were often superceded by the need to provide resources to cover budget deficits which remained large despite efforts at fiscal discipline. Section two describes the change in monetary policy in response to severe balance of payments disequilibria in 1984 and 1985. A distinctive feature of this period was the extensive utilisation of an array of monetary instruments as economic stabilisation extended to defending the exchange rate which had been permitted to float.

The paper closes with the observation of a new initiative taken by the authorities by way of attempting to broaden the scope of monetary policy. The growing perception is that monetary policy should extend beyond its role as a stabilisation device and be actively used to pursue longer term goals of structural transformation. Thus, at the end of 1985, the Bank of Jamaica began

to issue its own paper as a means of exercising greater control over the monetary aggregates and as an initial step in more clearly defining the objectives of monetary and fiscal policies. More importantly, the focus of the authorities is on targeting growth and on determining the level of balance of payments financing and growth in monetary aggregates consistent with this target.

I.

At the start of the 1980's, one of the main concerns of the monetary authorities was that of containing inflation while at the same time stimulating economic activity following an extended period of decline. Inflation, on a mean annual basis, was 28.7 per cent in 1979, which although below the record level of 34.9 per cent in 1978, far exceeded the average rates of 5.3 per cent a year at the start of the 1970's.

TABLE 1

MEAN ANNUAL RATE OF INFLATION (%) 1971-79

<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
5.3	5.4	17.6	27.3	17.4	10.0	11.4	34.9	28.7

Source: Statistical Institute of Jamaica, Consumer Price Indices.

Disturbances in the world oil market, in particular the price shocks of 1973 and 1978, no doubt contributed to the surge in inflation in Jamaica. The world environment, characterised as it was by high commodity prices and accelerating rates of inflation in many countries, inclusive of our major trading partners, also induced the steady rise in the price level.

Although external developments provide some explanation of movements in the price level, underlying domestic conditions account for the persistence of such high inflation rates. The trend of declining output in the latter half of the 1970's compounded by an acute shortage of foreign exchange by 1979, put strong upward pressure on prices. In addition, wage settlements which resulted in increases far in excess of the growth in productivity added to the cost-push component of inflation. The policies of the authorities also factored in the rise in inflation.

Monetary and fiscal policies, especially between 1978-80, were far less restrictive than domestic conditions required. Money supply growth remained excessive, as too was the expansion in the fiscal deficit. As the shortage of foreign exchange became critical, the banking system was increasingly called on to provide financing for the operations of the central authorities through the provision of credit. The growth in bank credit, particularly to the public sector, not only had inflationary consequences but impacted adversely on the balance of payments. Thus, in addition to restraining inflation, a second task of monetary policy was that of reversing the negative trends in the balance of payments.

The deterioration in the balance of payments accounts during the late 1970's reflected for the most part the widening gap in the current account balance which in turn mirrored developments in the real sector. Declining output had led to lower levels of exports and earnings of foreign exchange which in turn

had reduced the country's ability to acquire imports of raw materials and intermediate goods. The predictable effect on the production process was a further reduction of output. Thus a vicious circle of self sustaining decline characterised the relationship between domestic activity and the external accounts. In addition, an increasingly overvalued exchange rate reducing the export competitiveness of Jamaican goods, and the growth in black market activities exacerbated developments in the external sector.

By 1980, the growing fear of political instability in the country had led to a significant outflow of private capital, while concomitantly, official inflows steadily declined. The suspension of negotiations between the Jamaican authorities and the International Monetary Fund highlighted the difficulties in achieving balance of payments adjustments. With a change in political administration during late 1980, the policies of the authorities were directed towards reviving economic activity so as to promote growth. Monetary policy was therefore directed towards achieving price stability and securing improvements in the balance of payments without impairing the prospects for economic growth.

While in 1981 and 1983 the main instruments of monetary policy comprised the cash reserve and liquid assets ratios and selective credit controls, in 1980 these were accompanied by interest rate measures. In 1980, moving in tandem with an adjustment in the Bank rate from 9.0 per cent to 11.0 per cent, the prime lending and savings rate increased by 2 percentage points to 13.0 per cent and 9.0 per cent respectively. The increase in interest rates was to provide support to the balance of payments by dampening demand for credit, as well as to curb inflation by providing an incentive to consumers to delay present consumption. Although the statutory liquid assets ratio was at 29.5 per cent, commercial banks were asked to hold 40.0 per cent of their liquid assets with the

central bank on a voluntary basis. The cash reserve ratio remained at 5.0 per cent. Effective also during 1980 were ceilings on consumer oriented credit as it was felt that ~~consumer expenditures and activities in distribution were~~ contributing to the high rate of inflation as well as placing pressure on the balance of payments.

The effectiveness of monetary policy was severely constrained during that period as credit expansion was far in excess of that which had been targeted. Breaches in credit guidelines were evident at the end of 1980. Credit extended to consumers and to the distributive sector exceeded the ceilings by 6.0 per cent and 27.4 per cent respectively. Moreover, banking system credit to the public sector for financing of the budget deficit was also excessive, amounting to J\$1,635.7mn. or 67.7 per cent of total credit. The extent of Bank of Jamaica's financing of the deficit can be more greatly appreciated against the background of data which shows that, over the period, there were net repayments to the commercial banks. As the burden of fiscal accomodation rested primarily with the monetary authorities, it became virtually impossible to realise the objectives of lower inflation and a stronger position in the external accounts. An inflation rate of 27.0 per cent was recorded in 1980 compared to 28.7 per cent in the previous year and the widening of the current account gap by US\$61.6mn. or 42.3 per cent.

Between 1981 and 1983, efforts to regulate money supply growth and the expansion in credit were carried out within the framework of a three-year fund adjustment programme. Monetary policy was therefore related to performance criteria through the imposition of quarterly ceilings on credit. Ceilings with respect to the net domestic assets and the net international reserves of the Bank of Jamaica as well as on net banking system credit to the public sector were established. In addition, guidelines on credit to the household and distributive

sector were reinforced. In an attempt to influence the direction of market rates of interest, the decision was taken by the monetary authorities to peg the Bank Rate to the Treasury Bill Discount Rate and at the same time to increase the ceiling on the volume of Treasury Bills available for tender.

TABLE 2
IMF SELECTED PERFORMANCE CRITERIA

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	<u>Mar 31</u>	<u>June 30</u>	<u>Sept 30</u>	<u>Dec 31</u>	<u>Mar 31</u>	<u>Dec 31</u>
<u>Net Int'l Reserves</u> <u>of BOJ (US\$mn.)</u>						
Ceiling		-662.8	697.8	692.8		-587.0
Actual	-582.8	-593.2	683.6	679.1	-472.7	-554.8
<u>Net Domestic Asstes</u> <u>of BOJ</u>						
Ceiling		1,511.2	1,581.2	1,620.2		1,448.4
Actual	1,351.2	1,370.6	1,530.9	1,583.6	1,186.4	1,380.5
<u>Net Banking System</u> <u>Credit to Public</u> <u>Sector</u>						
Ceiling		2,030.3	2,144.3	2,230.9		3,829.3
Actual	1,869.3	1,916.9	2,056.3	2,216.8	3,271.5	3,723.8

Source: Bank of Jamaica, Annual Report, 1981, 1983.

The effort at greater control over the monetary aggregates during the 1981 to 1983 period was accompanied by the attempt by the authorities to exercise much greater restraint over their fiscal expenditures. The limits on banking system credit to the public sector were undoubtedly a principal factor in ensuring that the authorities conformed to greater fiscal discipline. While following these financial guidelines, overall economic policy was geared to expanding the resource base of the economy. Aided by large flows of foreign financing, the authorities dismantled many of the existing trade restrictions. The rationale behind this measure was that with an active policy of deregulation, it would serve the objectives of increasing capacity utilisation as well as improving the efficiency and competitiveness of the productive base. In addition, a parallel market in foreign exchange was sanctioned by the authorities as a means by which the private sector could replenish their inventories and obtain vital productive inputs.

An assessment of the performance of the economy, certainly during 1981 and 1982, would suggest the objectives of monetary policy were largely achieved. Inflation was contained to 12.0 per cent in 1981 and fell further to a rate of 6.5 per cent in 1982. The recovery in economic activity was reflected in the growth of real GDP which increased by an average of 1.5 per cent a year in 1981 and 1982. However, in 1981 the external accounts continued to deteriorate largely as a result of a surge in imports which followed from the trade liberalisation programme of the authorities. Although the current account deficit continued to widen in 1982, substantial capital inflows as well as the clearing of arrears led to a balance of payments surplus of US\$86.0mn. compared to a deficit of US\$95.6mn. in 1981. It is debatable, however, whether monetary policies were in fact directly responsible for the improvements.

An examination of activities in the banking system indicates that growth in the monetary aggregates remained robust although credit expansion remained within the prescribed ceilings. Over the period 1981-82, net domestic credit of the banking system expanded by about 31.0 per cent a year, most of which continued to be channelled into financing of the public sector deficit, while the demand for loanable funds by the private sector increased by some 35.0 per cent. Over this period, the net international reserves declined by 42.0 per cent. Reflecting the growth in banking system credit, money supply, broadly defined, grew by 23.0 per cent a year. Increases in time deposits largely accounted for this expansion as these grew by some 50.0 per cent on average in 1981 and 1982. Narrow money, however, grew at a much sedate rate of 6.1 per cent over the period.

Against this background, it seems valid to suggest that in effect monetary policy continued to be expansionary and that successes in controlling inflation mainly stemmed from other factors. On the external side, it can be argued that the second round of increases in world oil prices in 1978 and 1979, represented a once and for all shock on the domestic price level. This being so, it would be expected that the rate of price increase in subsequent years would, *ceteris paribus*, be lower. Moreover, as a result of deepening world economic recession, commodity prices and inflation rates had begun to decline. This too would have eased pressures on domestic prices. On the home side, conditions in supply had improved markedly. The increased availability of consumer goods, albeit imported, would also have impacted favourably on prices. The country's external accounts however, did not fare as well.

Although the availability of foreign resources may have discouraged recourse to the banking system for financing of the budget deficit, in absolute terms lending to the public sector remained high. This was reflected in a

significant outflow of private capital which contributed to a worsening of the external payments position. By the beginning of 1983 the ceilings on public sector credit extended by the banking system had been exceeded. A waiver from the Fund in respect of this breach allowed for the continuation of the Fund programme into its third year. However, failure to satisfy performance criteria in the September test culminated in the termination of the Fund programme. At the end of 1983, total net domestic credit had grown by 35.4 per cent of which over 70.0 per cent had been extended to the public sector. It seems logical to conclude, therefore, that the obligation of the monetary authorities to finance the gap in fiscal resources, far from the stated objective of protecting the balance of payments, was contributing to its deterioration.

The impact of fiscal demands also affected monetary policy in another way. Towards the end of 1982, the banking system was faced with a marked tightening of liquidity as demand for credit by the private sector increased rapidly. Commercial bank liquidity had fallen to 38.0 per cent at the end of 1982 from a position of 40.5 per cent and 41.9 per cent at the end of 1980 and 1981 respectively. It would seem apparent that the credit requirements of the public sector were crowding-out the credit needs of the private sector. In order to alleviate this situation, the monetary authorities in 1983 removed the voluntary 40.0 per cent requirement and raised the statutory liquid assets ratio on a two step basis from 29.5 per cent to 36.0 per cent. In addition, commercial banks were allowed to include foreign currency balances resulting from parallel market transactions as part of their liquid assets. By the end of 1983, the liquidity constraints of the commercial banks had been eased considerably, and the liquid assets ratio stood at 43.7 per cent. The accommodating nature of monetary policies in 1983 occurred, however, in the face of an increasing shortage of foreign exchange and a rapid worsening of the balance of payments.

By the end of 1983 the effects of a prolonged world economic recession and the consequent slump in world alumina markets were evident in severe external payments disequilibria. Sluggish export growth combined with buoyant import demand led to a rapid deterioration in the merchandise trade balance. However, unlike previous years, official capital inflows dropped significantly while outflows of private capital increased dramatically. As a result, the overall balance of payments reverted to a deficit of US\$289.1mn., the largest ever recorded.

Monetary policy over the period 1980 to 1983 can generally be described as having had to accede to the budgetary requirements of the public sector. While initially this fiscal accommodation may not have been reflected in the balance of payments accounts or in the price level in 1981 and 1982, the outcome in 1983, given the downturn in the economy, shows that throughout this was an underlying factor. This interdependence of fiscal and monetary policies must be viewed as posing a serious constraint on the exercise of monetary control.

II.

The crisis in the balance of payments led to a marked modification in the monetary policies pursued by the authorities during 1984 and 1985. A major effort at adjustment was undertaken under the terms and conditions of a twenty two-month stand-by arrangement approved by the Fund. Monetary and credit policies were tightened considerably and the exchange rate was allowed to float. During 1984, the statutory liquid assets ratio and cash reserve requirement were

raised on several occasions. The liquid assets ratio moved from 36.0 per cent to 40.0 per cent and further to 44.0 per cent during 1984 and similarly the cash reserve ratio was raised from 5.0 per cent to 10.0 per cent and then to 14.0 per cent. The recognition of the impact of non-bank activities on domestic credit led to the liquid assets ratio of deposit-taking non-bank financial institutions from 10.0 per cent to 15.0 per cent during 1984 and from 15.0 per cent to 25.0 per cent in 1985.

A succession of adjustments to the Bank rate resulted in its rising from 11.0 per cent to 16.0 per cent in 1984 and further to 21.0 per cent in 1985. In tandem with these increases, the savings rate and prime lending rate of commercial banks moved from 9.0 per cent to 20.0 per cent, and 13.0 per cent to 23.0 per cent respectively over the corresponding period. In addition to an overall ceiling on credit, a limit of 12.0 per cent was imposed on commercial bank credit to the private sector during 1984 and subsequently lowered to 10.0 per cent during 1985. Restrictions were maintained on the growth of consumer credit. So as to reinforce these credit restrictions, a deposit scheme in respect of external payments arrears was established with the aim of containing the high liquidity in the system.

In conjunction with these measures was the introduction of a foreign exchange auction mechanism for determining the exchange rate. Up to November of 1983, a dual foreign exchange market was in existence with an increasing amount of transactions being shifted from the official to the parallel market. The exchange system was unified at a rate of J\$3.00 = US\$1.00. Initially, participation in the auction was confined to the commercial banks while bids on foreign exchange were only permitted within a prescribed band which periodically was adjusted. Many adjustments followed, among which the exchange rate was allowed to float freely, bidders were required to pay the bid price rather than

the market clearing price and participation in the auction was widened. A currency depreciation of roughly 50.0 per cent was recorded during 1984 as the exchange rate moved to J\$4.95 = US\$1.00.

The tight monetary policies led to a marked deceleration in the growth of net domestic bank credit and an improvement in the net international reserves of the banking system. In contrast to growth of 33.9 per cent in 1983, net domestic credit expanded by 6.4 per cent and 1.5 per cent in 1984 and 1985 respectively. Reflecting the imposition of credit ceilings and sharply reduced reliance on the financial resources of the banking system, net domestic credit to the public sector grew by 2.9 per cent in 1984 and fell by 0.7 per cent in 1985. Growth in private sector credit was also restricted as it increased by 12.5 per cent and 5.6 per cent in 1984 and 1985. The slowdown in credit expansion was mirrored in increases in the net international reserves of US\$179.0mn. The restrictions on banking system credit resulted in broad money supply growth of 12.1 per cent in 1984 and 24.8 per cent in 1985.

A notable turnaround in the position of the external accounts was evident in 1984. The tight demand management policies and the sharp exchange rate depreciation no doubt contributed to this improvement. A surplus of US\$225.7mn. was recorded in the balance of payments compared to the previous year's deficit of US\$289.1mn. However, this was not sustained as in 1985 the balance of payments reversed to a deficit of US\$81.8mn. The weakened payments position to a large extent reflected developments in the external sector, in particular the softness of the world bauxite/alumina market. The poor performance of other traditional exports was also a function of adverse local weather conditions. Another factor which may explain the decline in exports, especially those in the non traditional sector, is the sharp increase in interest rates. Notwithstanding the encouragement of savings occasioned by high interest

rates, these movements in interest rates would also have translated into increases in the cost of working capital of many productive enterprises. Declines in output associated with these increases in operating costs would thus have included the production of export goods. Insofar as the manufacturing sector depends almost entirely on credit as its source of working capital, this to some extent may explain the fall in exports despite a more competitive exchange rate.

Balance of payments considerations provided little leeway for stimulating growth during 1984 and 1985. It would have been difficult to secure the adjustment in the external accounts had monetary policy been less restrictive. Moreover, increases in inflation by 31.3 per cent in 1984 and 23.3 per cent in 1985 due to exchange rate depreciation reinforced the need for tight monetary policy. However, by 1985 many of the developments in the balance of payments were beyond the control of the monetary authorities while at the same time there were visible signs of economic stagnation. The recognition of these external adversities by the Fund enabled the authorities to obtain a waiver subsequent to the non-observance of certain performance criteria. The outlook of the Fund was towards further tightening of demand management policies so as to prevent any further erosion of the external payments position. The authorities, however, became increasingly concerned with the declines in economic activity. The dilemma of fulfilling balance of payments objectives or reviving production was thus the problem which confronted the authorities at the end of 1985.

III.

This paper provides a review of the monetary policies pursued by the Jamaican authorities between 1980 and 1985. It is divided into two sections examining the period 1980 to 1983, and 1984 to 1985.

The paper shows that banking system credit grew rapidly between 1980 and 1983. This primarily reflected the heavy reliance on banking system credit to finance the fiscal deficits of the central authorities. The difficulties in restraining the borrowing requirements of the public sector intensified pressures on the balance of payments. It is evident that during this period the distinction between monetary and fiscal policies became increasingly blurred. This proved a major obstacle to the effecting of a more restrictive monetary policy in the latter part of the period.

During 1984 and 1985, it is shown that the burden of adjustment in correcting external disequilibria rested heavily on monetary policies. The more extensive use of monetary instruments was accompanied by the introduction of a floating exchange regime. While the restrictive monetary policies led to some improvements in the external accounts, it also assisted in sharply curtailing economic activity. The growing dichotomy between growth and balance of payments objectives proved problematic for the determination of an appropriate monetary policy stance.

A conclusion which may be drawn from this review, is that monetary policy has tended to assume a role which is secondary to that of fiscal policies. Moreover, the institutional approach by which growth is deferred in order to achieve balance of payments objectives has also inhibited monetary policy in actively mobilising the country's resources. Although outside the time frame of this paper, it is interesting to note that in 1986 a programme of financial reform has been initiated by the authorities. An initial step in this direction

has been the introduction of Bank of Jamaica Certificates of Deposit in November 1985 as the monetary authorities began to broaden the scope of its open market operations. Over time, it is intended that greater reliance will be placed on base money management as a tool of monetary policy. It is hoped that by creating an environment conducive to more efficient financial intermediation, monetary policy may assume a more active role in determining the economic path of the country.

TABLE 3

KEY ECONOMIC INDICATORS, 1980-85

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Inflation (%)	27.0	11.9	6.5	11.3	31.3	23.3
Real GDP (%)	-5.8	2.5	1.0	2.0	0.4	-3.7
Unemployment (%)	27.9	26.2	27.0	26.4	25.5	25.0

Source: Bank of Jamaica, Statistical Digest and Annual Reports.

TABLE 4

SELECTED INTEREST RATES, 1980-85

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Bank Rate	11.6	11.0	11.0	11.0	16.0	21.0
Prime Rate	13.0	13.0	13.0	13.0	18.0	23.0
Treasury Bill Rate	9.9	9.9	9.3	12.1	16.4	21.3
Saving Rate	9.0	9.0	9.0	9.0	13.0	20.0
Overall Weighted Deposit Rate	9.0	11.4	11.4	12.3	17.2	19.6
Overall Weighted Loan Rate	16.7	16.2	16.4	17.6	20.1	29.2

Source: Bank of Jamaica, Statistical Digest 1986.

TABLE 5
NET DOMESTIC CREDIT OF THE BANKING SYSTEM, 1980-85
(J\$MN)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Net Domestic Credit</u>	<u>2,416.2</u>	<u>3,452.2</u>	<u>4,208.3</u>	<u>5,633.8</u>	<u>5,999.1</u>	<u>6,089.6</u>
Public Sector	1,635.7	2,380.8	2,724.1	3,749.0	3,856.8	3,828.4
Private Sector	872.3	1,195.8	1,594.8	2,030.0	2,284.5	2,412.6
Other Financial Institutions	-91.8	-124.4	-110.6	-145.2	-142.2	-151.4
Net Foreign Assets	-852.3	-1,380.4	-1,676.0	3,587.0	-4,799.6	-6,456.1

Source: Bank of Jamaica, Statistical Digest.

TABLE 6
MONEY SUPPLY, 1980-85
(J\$MN.)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Money Supply(M₁)</u>	<u>647.4</u>	<u>687.1</u>	<u>729.2</u>	<u>884.3</u>	<u>1,012.4</u>	<u>1,210.4</u>
Currency with Public	257.5	280.7	313.2	372.8	433.3	524.5
Demand Deposits	389.9	406.4	416.0	511.5	579.1	685.9
<u>Quasi Money</u>	<u>906.3</u>	<u>1,231.3</u>	<u>1,630.0</u>	<u>2,097.2</u>	<u>2,438.8</u>	<u>3,099.2</u>
Time Deposits	218.6	417.3	614.0	975.0	1,134.1	1,091.7
Savings Deposits	687.7	814.0	1,016.0	1,122.2	1,304.7	2,007.5
<u>Money Supply(M₂)</u>	<u>1,553.7</u>	<u>1,918.4</u>	<u>2,359.2</u>	<u>2,981.5</u>	<u>3,451.2</u>	<u>4,309.6</u>

Source: Bank of Jamaica, Statistical Digest.

TABLE 7

JAMAICA: BALANCE OF PAYMENTS SUMMARY, 1980-1985
(US\$MN.)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
<u>Merchandise</u>	<u>-75.4</u>	<u>-322.7</u>	<u>-441.5</u>	<u>-438.5</u>	<u>-334.7</u>	<u>-428.6</u>
Exports (f.o.b.)	962.7	974.0	767.4	685.7	702.3	570.2
Imports (c.i.f.)	1,038.1	1,296.7	1,208.9	1,124.2	1,037.0	998.8
<u>Services (net)</u>	<u>-181.7</u>	<u>-138.4</u>	<u>-96.8</u>	<u>-143.5</u>	<u>-83.4</u>	<u>-112.7</u>
Foreign Travel	228.9	270.6	306.1	374.3	385.3	374.0
Investment Income	-251.7	-201.5	-183.5	-266.1	-265.2	-310.8
Other	-158.9	-207.5	-219.4	-251.7	-203.5	-175.9
<u>Unrequited Transfers (net)</u>	<u>90.8</u>	<u>124.3</u>	<u>150.4</u>	<u>101.5</u>	<u>120.6</u>	<u>140.2</u>
<u>Current Account Balance</u>	<u>-166.3</u>	<u>-336.8</u>	<u>-387.9</u>	<u>-480.5</u>	<u>-297.5</u>	<u>-401.1</u>
<u>Net Capital Movements</u>	<u>107.1</u>	<u>225.4</u>	<u>465.6</u>	<u>190.5</u>	<u>482.7</u>	<u>319.3</u>
Official	226.6	240.2	446.0	300.7	362.9	248.7
Private	-119.5	-14.8	19.6	-110.2	119.8	70.6
<u>Change in Reserve</u>	<u>57.8</u>	<u>95.6</u>	<u>-86.0</u>	<u>289.1</u>	<u>-225.7</u>	<u>81.8</u>

Source: Bank of Jamaica, Annual Reports.

TABLE 8
JAMAICA: CENTRAL GOVERNMENT OPERATIONS
(J\$MN.)

	<u>1980/81</u>	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>
<u>Revenue</u>	<u>1,217</u>	<u>1,512</u>	<u>1,773</u>	<u>1,771</u>	<u>2,654</u>
Tax revenue	916	1,160	1,406	1,535	2,021
Non-tax revenue	71	52	73	76	150
Bauxite levy	230	300	294	160	397
Grants	-	-	-	-	86
<u>Expenditure</u>	<u>2,022</u>	<u>2,358</u>	<u>2,535</u>	<u>2,904</u>	<u>3,270</u>
Current	1,550	1,715	1,861	2,388	2,816
Capital	472	643	674	516	454
<u>Current Account Balance</u>	<u>- 333</u>	<u>- 203</u>	<u>- 88</u>	<u>- 617</u>	<u>- 162</u>
<u>Overall Balance</u>	<u>- 805</u>	<u>- 846</u>	<u>- 762</u>	<u>-1,133</u>	<u>- 616</u>
<u>Financing</u>	<u>805</u>	<u>846</u>	<u>762</u>	<u>1,133</u>	<u>616</u>
External (net)	220	504	353	212	1,108
Domestic (net)	585	342	409	921	- 492
Near Banks	(118)	(124)	(212)	(203)	(158)
Banks	(467)	(218)	(197)	(718)	(-650)

Source: Bank of Jamaica, The Central Bank and the Jamaican Economy, 1960-85.

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