

JAMAICA'S BALANCE OF PAYMENTS

1960 - 1984

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This paper examines Jamaica's balance of payments for the 25 year period, 1960 to 1984. The objectives are, first, to identify the main factors affecting the balance of payments. Second, to differentiate between internal and external influences. Third, to distinguish between cyclical and structural factors. A cyclical factor is one which develops and exists in the short-term because it is self-correcting or can be corrected by policy measures in the short-run. The short-run in macroeconomics is understood as 1 to 7 years but in economic stabilization it is regarded as being 1 to 3 years, e.g., judging by the length of time provided by IMF stabilization programmes. Structural factors are those which persist over the long term and which derive from the economic structure.

To date, most studies of the balance of payments have examined short periods and concentrated on distinguishing between internal and external factors, e.g., Bonnicksen,¹ Girvan, Bernal and Hughes² and Worrell³ which focus on the 1970's. In an earlier work Jefferson⁴ reviews the period 1959-1968. These studies are limited to ten year periods and therefore do not furnish the basis for differentiating between cyclical and structural factors. The single study of the Jamaican economy which has a long-term perspective is the Bank of Jamaica's survey of the period 1960-1985. The main conclusions were -

- (1) "Jamaica's balance of payments over the last two and one-half decades has been characterized by persistent current account deficits For the period 1960 to 1974, the current account deficits were on the whole more than offset by inflows of private capital Subsequently, however, despite substantial inflows of official capital, these deficits led to a deterioration of foreign reserves and a build up of arrears".⁵
- (2) "The performance of the merchandise account over the years reflects the country's basic problem of excess aggregate demand over aggregate supply".⁶

A similar notion of excess aggregate demand along with price distortions is prominent in the analysis of the IMF and Fund economists.⁷ This requires closer scrutiny since both GDP and private final consumption declined in real terms during the period 1974 to 1984; see Table 1.

STRUCTURE OF THE ECONOMY

The Jamaican economy is a small economy, having a land area of 4,411 square miles, a population of 2.2 million and a Gross Domestic Product of J\$9.4 billion (roughly US\$1.6 billion) in 1984.⁸

The main features of the economic structure are:

1. Disarticulation

(a) The sectoral composition of the economy is distortion as it consists of sectors producing raw materials,

consumption goods, and services for export and domestic use (see Table 2). But there is no capital goods producing sector. The range of commodities produced by the manufacturing sector is limited, largely to consumer goods as is shown in Table 3.

(b) Inter-sectoral linkages are limited i.e. sectors do not use each others' outputs as inputs hence expansion in one sector does not stimulate significant expansion in other sectors. The limited linkages is partly reflected in the import content of output, for example, the ratio of imported raw materials to gross value of output of the manufacturing sector is 43%.⁹ The total import content (which in addition to raw materials, includes royalties, managerial fees, capital goods and interest on loans) is estimated to be 57%.¹⁰

(c) Much of production is for export and consumption has a high import content. There is a divergence between the pattern of consumption i.e. demand and the structure of production i.e. supply. Hence, there is a limited basis for an internally dynamic process of growth.

2. Openness

The economy has a high degree of openness, i.e. international transactions are large in relation to total economic activity. A substantial portion of demand is satisfied

by imports, and the import content of production is high, as is shown by the imports/GDP ratio, which ranged between 37% and 53% during 1970-1980. A sizeable share of production is exported as is reflected in the exports/GDP ratio which varied between 31% and 51% in the same period.¹¹ Figures for the 1960's are of similar magnitudes.¹²

3. Dependence

The macroeconomic processes of production, consumption and investment are dependent on inputs secured outside the economy. Consumption and production have a large import content e.g., the import content is 20% in export agriculture, 25% in construction and installation, 34% in bauxite/alumina and 69% in quarrying, petroleum refining,¹³ and 40% in tourism.¹⁴ Investment is influenced considerably by foreign capital inflows; in fact, these inflows accounted for 29% of gross domestic investment during the period 1954 to 1980.¹⁵

4. Distortions in Institutional Arrangements

(a) The economy is dominated by private enterprise with a high degree of control by a few large enterprises, in many instances, subsidiaries of multinational corporations. The ownership of the means of production is very concentrated as is illustrated by land ownership. In 1968, some 293 owners of farms

over 500 acres held 43.2% of total farm land, while 151,705 owners of farms, less than 5 acres, held 15.4% of total farm land.¹⁶

(b) Associated with this pattern of ownership is a highly uneven distribution of income. The richest 4% of the households received 30% of total income, while at the other extreme 20% of the households received 19% of total income.¹⁷

(c) Foreign capital, particularly in the form of transnational corporations from the United States, have traditionally had a significant role in the Jamaican economy. Foreign capital in the post-war period has dominated bauxite/alumina, export agriculture, banking, tourism and manufacturing.¹⁸ Consequently, there has been a denationalization of decision-making about resource allocation and the repatriation of profits.

(d) The concentration of ownership together with the small size of the economy has resulted in the situation of one, two or three firms dominating output and setting prices in the market for several products¹⁹ even when there are numerous small producers. In addition, there are many instances of oligopolies and monopolies. The lack of competition has resulted in high prices and poor quality output, especially where these markets are protected from imports by tariffs and quantitative restrictions. There are structural rigidities in the process of resource allocation via the market.

5. External Vulnerability

It is absolutely critical to distinguish between 4 types of balance of payments situations, which, unfortunately, are usually conflated to the detriment of balance of payments adjustment policy. Economies may be classified as relatively closed, open, highly open or externally vulnerable. I define external vulnerability as a situation in which an economy has the following 3 characteristics:-

- (a) a high degree of openness i.e. international transactions are large in relation to total economic activity;
- (b) inelastic demand for imports, i.e. because of the lack of capacity to produce domestic substitutes or only in the long run as productive capacity has to be established;
- (c) primary product export concentration, i.e. exports consisting of one, two or three primary products. Primary products have traditionally been subjected to fluctuations in demand and prices.

External vulnerability is more acute, if in addition there is export market concentration, i.e. exports are directed to one, two or three

markets.

Highly open economies may have diversified exports, e.g., Belgium, Malaysia, mainly manufactured goods, e.g. Austria, South Korea or mainly primary products, e.g. the Netherlands, Norway. The crucial difference is that regardless of the composition of exports, these economies have the capacity to produce domestic substitutes, including capital goods, in the short run. The Jamaican economy is a case of acute external vulnerability, exhibiting a high degree of openness and an inelastic demand for imports of some basic foods, oil, some consumer durables and capital goods. Primary product export concentration is high as three commodities accounted for over 80% of total export earnings, see Table 4. This has been a traditional feature of the economy (see Table 4), similarly exports have concentrated on three major markets, the U.S.A., Britain and Canada, although there has been some diversification since 1950, (see Table 5).

BALANCE OF PAYMENTS 1960-1984

The analysis of the balance of payments in years 1960 to 1984 is divided into three sections. The first section examines the period 1960 to 1971, the second reviews the years 1972 to 1980 and the third deals with 1981 to 1984. The year 1971 was chosen because there was a marked change in the extent to which net capital inflows financed the current account deficit. Up to 1971, these flows were sufficient to offset the deficit on current

account.²⁰ In the case of 1980, that year witnessed a sharp change in economic policy resulting from a change of government.

Each section is organized in the following format:

1. Current Account

(a) Trade

- i) value of imports and exports
- ii) prices of imports and exports
- iii) volume of imports and exports

(b) Services

- i) tourism
- ii) investment income

2. Capital Account

1960-1971

The main feature of the balance of payments during the period 1960-1971 was a persistent and growing current account deficit which was financed by a surplus on the capital account.

1. CURRENT ACCOUNT

(a) Trade

During the period 1960 to 1971 the economy had an adverse trade balance in every year except 1963 when there was a surplus.

of J\$6.8 million. The size of the trade deficit increased significantly from J\$16.6 million in 1960 to J\$109.0 million in 1971. The value of imports increased much more rapidly than export earnings, with imports rising from J\$134.2 million in 1960 to J\$395.1 million in 1971. Exports during the same period increased from J\$117.6 million to J\$286.1 million. Whereas exports covered 87.6% of the cost of imports in 1960, it declined steadily, so that in 1971 exports paid for only 72.4% of total imports. The principal exports were all primary products given the minimum processing, namely, bauxite and alumina, sugar and bananas (see Table 4). Exports of bauxite and alumina became increasingly important during the decade, accounting for 66.2% of total exports by 1970. Raw materials and food exports averaged 80.6% of total exports between 1960 and 1971. Exports were destined to three principal markets, namely, the United States of America, the United Kingdom and Canada, which together received 82.4% of total exports in 1960 and 76.2% in 1970.²¹ Two of the main exports were sold through negotiated preferential marketing arrangements, i.e. sugar and bananas and were handled by multinational corporations, i.e. Tate and Lyle²² and Elders and Fyffe.²³ Bauxite/alumina export prices were non-market accounting prices established by the multinational corporations.²⁴ (The export figures for the period 1966 to 1969 were revised in 1970 when a new tax agreement was concluded between the Government and aluminium multinationals and made retroactive).²⁵

(i) Value and Volume

The value and volume of imports increased significantly during the 1960s. The value of imports increased almost three-fold during the period while the volume of imports almost doubled.²⁶ The volume of raw materials and capital goods both increased by 274%, faster than consumer goods which increased by 144%.²⁷ The percentage composition of imports shifted during the decade with consumer goods declining from 41% of total imports to 30.9%, while the share of total imports accounted for by capital goods increased from 27.2% to 39.9% (see Table 5).

The relatively slower growth in the volume and value of imports of consumer goods reflect the emergence of a manufacturing sector as part of an import substitution industrialization strategy. The decline of the share of consumer goods imports in total imports was the result of a deliberate policy of import substitution industrialization. However, this policy did not reduce total imports because of the high import content of manufacturing output which generated increased imports of raw materials,²⁸ intermediate goods and capital goods. Ayub points out that:

"Although the industrial incentives played an important role in the initiation of manufacturing sector activity in Jamaica, the continuation of the generally high rates of growth during most of the 1960s and early 1970s was largely the consequence of several other trade policies particularly the imposition of quantitative import restrictions. The government first instituted a system of quantitative restrictions and import licensing around 1965".²⁹

A World Bank report records that in 1965, the Jamaican government:

"undertook a still more active role in promoting Jamaica's industrialization. In an effort to further induce the private sector to take up import-substitution activities, quantitative restrictions were imposed on a large number of products which could be produced economically in Jamaica".³⁰

The growth of imports of capital goods was largely as a result of expansion of productive capacity in the bauxite/alumina industry and the growth of construction.³¹ There is a close association between the level of capital inflows and the volume of capital goods imported. The Bank of Jamaica explains that: "Capital goods imports are for the most part financed from external sources and as such represent inflows which are recorded in the capital account".³²

(ii) Prices

The net commodity terms of trade fluctuated over the years but declined from 120.0 in 1960 to 104.2 in 1971 i.e., the deterioration in the terms of trade was 13.2 percentage points (see Table 6). Despite increased export volume and increased export prices, the value of exports was consistently exceeded by the value of imports, hence the growth of the trade deficit. Prices of the principal exports increased (see Table 7), so that

during 1960 to 1971 the price index of exports increased by 62.3%, the volume increased by 58.8% and, therefore, the value of exports increased 134.0% (see Table 8). There were increases in the price and quantity of imports of 61.2% and 51.4% respectively, with the result that the value of imports increased by 167.0% (see Table 8). The income terms of trade during the decade increased by 39.6% indicating that export earnings increased the country's import capacity. Actually, the value of imports exceeded value of exports with the difference being financed by net capital inflows.

(b) Services

The deficit on the merchandise (trade) account was enlarged by an increasing deficit in payments for services, reaching J\$51.4 million in 1971, having been J\$12.0 million in 1960. Receipts from an expanding tourist industry provided a growing positive balance on foreign travel. Net foreign travel increased from J\$24.2 million in 1960 to J\$77.2 million in 1971. The positive foreign travel position was superseded by the increase in the outflow of investment income especially after 1964; increasing from J\$33.8 million in 1964, these payments rose sharply to J\$71.4 million in 1966 and to J\$98.1 million in 1971.³³ This increase reflects an increase in direct investment income payments from J\$30.6 million (90.5% of total investment income payments) in 1964 to J\$88.4 million (90.1%) in 1971.³⁴ The increase in these payments was directly associated with foreign investment in

bauxite and alumina, public utilities, tourism and manufacturing.³⁵ The result was that net investment income outflows amounted to J\$21.8 million in 1960 and rose to J\$85.7 million in 1971.³⁶ Net unrequited transfers showed a positive balance throughout the decade due to large remittances from Jamaicans residing overseas.

2. CAPITAL ACCOUNT

During the period 1960 to 1971, there was a deficit on the current account in every single year except 1963 when the favourable balance was J\$7 million. The size of the deficit increased from J\$16.6 million in 1960 to J\$143.1 million in 1971 (see Table 9). A positive balance on the capital account more than offset the current account deficit, so that there were small surpluses in 1960-1963, and 1966-1968 (see Table 9). Net capital inflows increased every year from J\$17.0 million in 1960 to J\$134.1 million in 1970. Private capital inflows constituted nearly all of the capital inflows, as official capital flows remained small and, indeed, were negative in 1961, 1962 and 1970. The inflow of private capital was an autonomous variable which helped cover the current account deficit and maintained equilibrium in the balance of payments during the 1960s (see Table 10). The private capital flows consisted principally of direct private foreign investment in the establishment and expansion of productive

capacity in the bauxite/alumina industry. It is estimated that J\$664 million was invested in the bauxite/alumina industry between 1953 and 1972, of which J\$497 million was invested during the seven year period 1966 to 1972.³⁷ An indicator of the significance of capital inflows is the fact that despite growing current account deficits, net foreign reserves increased from J\$31.4 million in 1965,³⁸ to J\$130.2 million in 1974.³⁹

1972-1980

The main features of the balance of payments in the period 1980 were (a) an increasing current account deficit due to unfavourable external developments e.g. increases in the price of imports especially oil and a continuation of internal problems i.e. reduced production in certain exports, i.e. sugar, which emerged in the 1960s; (b) after 1971 there was a sharp reduction in private foreign capital inflows in causing difficulties in financing the current account deficit. The situation was compounded by increased outflows of investment income and a "flight" of capital.

1. CURRENT ACCOUNT

(a) Trade

During the period 1972 to 1980 there was an adverse trade balance in every year except in 1977 and 1978. The deficit

fluctuated from -J\$121.0 million in 1972 to -J\$161.2 million in 1978, and then to -J\$134.2 million in 1980. Exports increased from J\$302.4 million in 1972 to J\$736.7 million in 1975, and remained below that level until 1979. Imports increased throughout the period, climbing from J\$423.4 million in 1972 to J\$881.5 million in 1975. Imports declined during the years 1976 to 1978, but increased in 1979 and 1980. (It should be noted that the increase in the figures for 1978, 1979 and 1980 reflect the devaluation of the Jamaican dollar). Table 11 shows the trade data for the period 1972-1980.

(i) Value

The increase in the value of imports was caused by import price inflation and not by increased volume of imports. The volume of imports declined, i.e. between 1972 and 1974 import volume declined by 19.5%, rose in 1975, but by 1980 was 33.1% below the 1972 level (see Table 12, J\$ figures shown in Table 13). During 1972-1976, the price of imports in US dollars increased by 138.3%, indeed, roughly the same volume of imports were purchased in 1970 and in 1975 but the cost in US dollars had increased by 142.5% (see Table 12). For the period 1971 to 1980, the price index in US dollars rose by 286.2%, the volume decreased by 29.6 and the value increased by 164.9% (see Table 12). A particularly significant factor was the increases in the price of oil from US\$3.77 per barrel in 1973 to US\$10.45 per barrel in 1974, and then to US\$11.77 per

barrel in 1976. Despite a reduction in oil imports from 19.74 million barrels in 1973 to 15.05 million barrels in 1976, the value of oil imports increased from J\$73.7 million to 203.5 million (see Table 14).

(ii) Prices

During the period 1972 to 1974, the increase in import prices exceeded the increase in export prices, causing a deterioration of 27.2% in the net barter terms of trade and partly accounting for the decline of 9.9% in the income terms of trade (see Table 15). However, in the period 1974 to 1976 the net barter terms of trade increased by 30.5% in 1975 but declined by 7.9% in 1976 so that in 1976 the terms of trade was 20.2% better than 1974. In the same period, the income terms of trade declined by 17.9% indicating a reduction in import capacity (see Table 15) due to reduced export volume. The improved net barter terms of trade reflect favourable developments in sugar and banana prices and increases in bauxite and alumina prices resulting from deliberate action by the government. Sugar prices jumped from J\$275.92 per ton in 1974 to J\$550.82 per ton in 1975 (see Table 16), as a result of a shortfall in world production because of a poor beet sugar crop in Europe due to bad weather.⁴⁰ Banana prices unexpectedly jumped from J\$159.05 per ton in 1974 to J\$214.91 per ton in 1975 (see Table 16). The price of sugar and bananas in 1976 dropped to below their 1974 levels

(see Table 16). The price of bauxite increased from J\$10.93 per ton in 1973 to J\$28.14 in 1976, while the price of alumina increased from J\$64.94 per ton in 1973 to J\$173.46 per ton in 1976 (see Table 16). These substantial price increases were the result of the government's imposition of new taxation on the bauxite/alumina industry.⁴¹ In May, 1974, a Production Levy was established at 7.5 per cent of the averaged released price of aluminium.⁴² For the period 1970 to 1980, net barter terms of trade deteriorated by 20.7% but the sharp worsening between 1974 and 1976 coincided with the reduction in substantial private capital inflows.

(iii) Export Volume

Export volume declined in bauxite, alumina, sugar and bananas, due to both internal and external conditions in bauxite and alumina and long-term deterioration in local production circumstances in sugar and bananas. The volume of bauxite exported fell by 31.5% in a single year, 1975, to below the output level of 1965 and remained below this level between 1975 and 1980 (see Table 17). Alumina exported decreased by 42.1% between 1974 and 1976, and up to 1980 output had not recovered to its 1974 level (see Table 17). The declines in export volume were caused by reduced production in the bauxite/alumina industry due partly to the recession in the United States economy which led to declines in the demand for aluminium products and because of intra-firm re-allocation of raw

material sourcing by the transnational corporations as a response to the imposition of a production levy in 1974.⁴³

A number of external factors were largely responsible for the decline in the export of bauxite and alumina, although the increased taxation through the Production Levy was a contributing factor, as Australia and Guinea did not similarly increase taxation. This reduced the competitiveness of Jamaican bauxite and alumina at a time when the industry was in a world wide state of depression. Starting in 1975, export volume declined, reflecting the 1975/1976 depression in the world economy and the consequent fall in output of aluminium. The most important factor causing the decline in exports from Jamaica was a global restructuring of aluminium production and bauxite mining. The Levy appears to have been of secondary importance since the transnational corporations increased the price of aluminium ingot by 33-48% and earned increased total revenues and net income between 1974 and 1977.⁴⁴ During the period 1970 to 1976, the production of bauxite and alumina in Brazil, Australia and Guinea increased while Jamaica's output decreased (see Table 18).

The increase in oil prices after 1974 were an important factor influencing bauxite/alumina exports,⁴⁵ as the cost of aluminium production in the plants using Jamaican bauxite and alumina, i.e. the Gulf Coast, were adversely affected by the deregulation of natural gas prices. The transnational corporations

continued to operate at or near capacity smelters in the Pacific Northwest and on the East Coast, which are based on less expensive hydro-electric power. Production in Jamaica is relatively more expensive than in Australia and Brazil where the plants are larger, more modern and more energy efficient.

A steady fall in the production and export of sugar and bananas had been taking place since the mid-1960s. Export volume of sugar fell by 14.8% between 1974 and 1976 and continued to decline to reach 131,811 tons in 1980, less than half of the 1970 export volume (see Table 19). Banana export volume plummeted by 37% between 1973 and 1975 (see Table 19). The quantity of sugar exported declined from 407,886 in 1966 to 229,786 tons in 1976, due to a decrease in sugar production and an increase in domestic consumption. The decline in sugar production was due to reduced efficiency in factories and decreased yields in the fields. This is reflected in a drop in tons of cane per acre reaped from 32.09 in 1966 to 25.60 in 1976 and an increase in tons of cane required to make one ton of sugar from 9.18 in 1965 to 9.93 in 1976 (see Table 20). The decline in sugar cane cultivation and sugar production resulted primarily from:-

- (a) increased inefficiency in milling due to inadequate maintenance and technological modernization. Actual factory operating time as a percentage of gross available

time, decreased from an already low figure of 66.69% in 1966 to 58.10% in 1972.⁴⁶ The "factory efficiency index" for the five year period 1970 to 1974 averaged 68.29%.⁴⁷

- (b) inadequate harvesting and transportation units to ensure a continuous flow of raw materials to factories.⁴⁸
- (c) unavailability of essential inputs and/or late application of imported fertilizer.
- (d) the effects of diseases, namely "smut" which appeared in late 1976 and spread rapidly to affect 55.5% sugar cane cultivation in 1977 according to the Sugar Industry Research Institute.⁴⁹ Smut continued to spread and "rust" disease appeared in September, 1978 and by 1979 about 60,000 acres were affected by both diseases.⁵⁰ The difficulty in remedying the infestation arose because the anti-smut replanting programme was interrupted by "rust", as the main "smut" resistant varieties were susceptible to "rust".⁵¹
- (e) adverse weather conditions hampered production, e.g. drought during the growing period 1974,

1975,⁵² 1977 and 1980⁵³ and excessive rainfall during the harvest season in 1980.⁵⁴

The problems of inefficiency in cultivation, transportation and factory performance existed in the mid-1960s⁵⁵ and became worse in the 1970s. This was also the pattern of developments in the banana industry which exported 70,200 tons in 1975 compared with 204,700 tons in 1966. (See Table 19). The decline in exports since 1966 does not seem to be related to prices since export prices and prices paid to farmers both increased after 1966.⁵⁶ The decline coincided with the increase in the quality of fruit demanded by the British market which absorbed almost 100% of exports. Improved quality required the boxing of bananas which commenced in 1966, but which costed more and reduced the time between reaping refrigeration. These difficulties were compounded by adverse weather conditions, and increased domestic conditions. For factors affecting the production and export of bananas see Table 21.

The decline in export volume (see Tables 22 and 23) was a significant factor causing an increase in the trade deficit. The decline resulted from reduced demand in the case of bauxite/alumina, and internal supply problems, disease and adverse weather conditions in the case of sugar and bananas. This was taking place at a time when there was a slow-down in the world economy, particularly in the industrialized capitalist economies which grew at 5% during the 1960s, but which experienced erratic growth in the 1970s.

averaging only 3.3% per year.⁵⁷ World trade grew on average at 5.7% per year in the 1970s as compared with nearly 8% per year in the 1960s.⁵⁸

(b) Services

The significant increase in the deficit of payments for services, combined with the trade deficit and stagnation in net unrequited transfers resulted in a sizeable increase in the current account deficit amounting to J\$157.6 million in 1972 but by 1975 totalled J\$275.2 million. It declined during 1976 to 1978 and again increased substantially in 1979 and 1980. The causes of the increased deficit were fluctuations and declines in the earnings from tourism and a sharp increase in the outflow of investment income.

(i) Tourism

The number of visitors fell between 1975 and 1976, from 553,258 to 386,514, room occupancy declined from 43.5 to 28.9 and expenditure decreased from J\$116.8 million to J\$95.0 million or roughly 50.9% (see Table 24). The decline in tourist arrivals does not seem to have been due to high uncompetitive prices, but as the World Bank explained: "The (growth) trend began to reverse in 1975, when Jamaican and other Caribbean tourist destinations began to feel the effects of the recession in the North American and European countries. Arrivals in 1975 declined, while other Caribbean destinations showed

a strong recovery in 1976, the escalation of crime and the ensuing bad publicity caused a further decline in arrivals in 1976".⁵⁹

It has been estimated that 70% of the reporting on Jamaica in the United States' press was unfavourable.⁶⁰ Tourism was also seriously affected in 1980 by "unprecedented levels of political violence"⁶¹ associated with campaigning for the General Election" in October of that year.

(ii) Investment Income

Investment income payments increased significantly during the period particularly after 1975 when interest payments on external debt increased. These payments were principally on central government debt and government guaranteed debt.⁶²

2. CAPITAL ACCOUNT

Capital inflows have had an important role in financing the current account deficit and contributing to gross capital formation. During the period 1951 to 1980, capital flows contributed 29.2% gross capital formation. The capital inflows were almost entirely in the form of private foreign investment in the bauxite/alumina industry, manufacturing and tourism. After 1971 the inflows of private capital declined with the completion of the installation of the production capacity in the bauxite/alumina

industry. There was a net inflow of capital in every year except in 1976 when the figure was -J\$18.5 million. The net inflow declined from a peak of J\$221.1 million in 1974 to J\$41.5 million in 1976 - a drop of J\$150 million in two years - and then fell to a low of J\$8.9 million in 1979. The decrease in overall net capital movements reflected a sharp reduction in private capital inflows which fell from J\$139.2 million in 1974 to -J\$28.1 million in 1976. During the two year period 1978 to 1979, private capital outflows exceeded inflows by J\$298.9 million, representing capital flight through legitimate channels. The major change in the composition of capital flows during the 1970s was that short term private capital, i.e. lines of credit and direct government and government guaranteed loans became increasingly important concomitant with the decline of long term private capital flows. The gross external public debt increased from J\$110.0 million in December, 1971 to J\$444.0 in December, 1976. The largest increase was in loans from transnational commercial banks, which grew from J\$18.4 million to J\$228.2 million in the same period (see Table 25). The result of these changes was that in contrast to the years prior to 1971, the net capital inflows during the period 1972 to 1980 was insufficient to finance the current account deficit. Indeed, for the period as a whole, the cumulative current account deficit exceeded total net capital inflows by J\$771.7 million (see Table 26).

The Manley administration decided to pursue a policy of fiscal expansion. The objective was to stimulate growth and

finance the balance of payments deficit on the assumption that the recession in the world economy was temporary. Fiscal expansion was to be financed by foreign borrowing and increased government expenditure would increase aggregate demand and induce increased output and employment. A higher level of demand would not generate imports, because of the imposition of import restrictions, which would furnish opportunities for import substitution. Control of inflation was to be achieved by restrictive credit policies. It was decided that the budget deficit should be financed by foreign borrowing rather than by increased taxation which would be required, but this was ruled out, because it was felt that it would increase the cost of living, reduce demand and might discourage investment. Tax revenue from the bauxite/alumina industry which would have none of these repercussions was increased from J\$41.0 million in 1973, to J\$179.9 million in 1974, by the imposition of the Bauxite Production Levy.⁶³ Increased local borrowing was used as little as possible in the early years, because it would reduce loanable funds available to finance investment and production in the private sector. The government was not able to adhere to this position and increased its local borrowing as the deficit grew. Foreign borrowing was seen as the best option because (a) the public sector would make minimal demands on domestic loanable funds, leaving it for the private sector; (b) foreign borrowing would cover the import content of the budget (19-23%)⁶⁴ making no demand on the limited foreign exchange available and (c) foreign loans

equal to the budget's import content would not generate inflation as there would be no expansion of money supply.⁶⁵

There were problems with this policy, the principal ones were:

(1) the recession in the world economy did not abate but continued.

(2) As the economy contracted, the demands on the budget multiplied and intensified, for example, expenditure on social programmes to alleviate unemployment, illiteracy, malnutrition and poverty. Mr. Manley felt that these programmes were socially desirable and were "the price of survival of the democratic system".⁶⁶

(3) Inflation which was 26.9 percent in 1973 and 20.6 percent in 1974, added considerably to the cost of operating the state apparatus. Inflation meant that in order to maintain expenditure in real terms, expenditure in money terms, would have to be increased by the equivalent of the rate of inflation. The high inflation generated demands for compensatory wage increases. The wage bill of the government tripled between 1971 and 1975, from J\$107.9 million to J\$107.9 million to J\$328.0 million.⁶⁷ This is, of course, reflected not only in inflation inspired wage increases, but also deliberate expansion of employment programmes.

(4) The inadequate and inefficient system of financial accounting in the state bureaucracy, led to over-expenditure.⁶⁸ A crude indicator of resulting over-expenditure is the magnitude of the difference between original approved estimates of recurrent expenditure and final out-turn. The out-turn exceeded estimates by 10 per cent in 1973/74 and by 20 per cent in 1974/75.⁶⁹

1981-1984

The main features of the balance of payments during this period was a continuation of the deficit on current account despite the implementation of IMF stabilization programmes. Whether there was a deficit on the overall balance of payments was determined by the amount of official capital inflows.

1. CURRENT ACCOUNT

(a) Trade

The trade deficit increased substantially compared to 1980, i.e. it amounted to J\$574.4 million in 1981, four times the deficit of the year before, which was J\$134.7 million. The deficit increased to J\$1,447.1 million in 1983 and declined in 1984 (see Table 27). It must be noted that the Jamaican dollar figures for 1983 and 1984 are misleading because they reflect an exchange rate depreciation from US\$1 = J\$1.78 in 1982 to US\$1 = J\$4.95 in 1984. In terms of U.S. dollars, the trade increased in 1981 and 1982, contracted marginally in 1983 and declined in 1984, see Table 28. Exports dropped from US\$974.0 million (J\$1,733.7 million) in 1981 to US\$745.3 million (J\$5,133.2 million) in 1984 while imports remained constant during 1981-1983 and were reduced marginally in 1984. The decline in export earnings exceeded that of the slight decline in imports causing a widening of the trade

deficit during 1981-1983. Export earnings paid for only 61% of imports by 1983 but increased to 72% in 1984. The traditional pattern of concentration on primary product exports to a few markets has continued. In fact, the World Bank's Structural Adjustment loans will reinforce this to a large extent.

Value, Volume and Price

The composition of imports changed compared with that of the previous decade. During 1972 to 1980 the share of consumer goods decreased from 33% to 11%, see Table 29, but increased to 16.1% in 1983, see Table 30. Raw materials as a share of total imports increased in 1972-1980 from 36% to 72% reflecting the increase in the expenditure of oil, which increased from 9% to 38%, see Table 29. During 1981-1984, the share of raw materials declined from 67% to 61.9% partly as a result of the decline in the price of oil.

It is curious to note that while imports increased in 1984, (see Table 28) and the share of capital goods and non-fuel raw materials in total imports increased, (see Table 30), the manufacturing and construction sectors contracted by -6.4% and -5.4 respectively. 70

Earnings from traditional primary product exports have declined because of a decline in the demand for Jamaica's bauxite and alumina and from declining production, e.g., bananas. Bauxite exports fell from 11,606,000 tons in 1981 to 8,735,000 tons in 1984,

and alumina fell from 2,549,000 tons to 1,713,000 tons in the same period (see Table 31). Banana production for export dropped by 64.5% while sugar output increased marginally, see Table 31. The share of the 4 traditional primary products in total exports declined from 83.3% in 1981 to 74.1% in 1984, see Table 32.

(b) Services and Transfers

(i) Tourism

Despite increased earnings from tourism, the services sector of the current account remained in deficit throughout the period as other services, especially net investment income, increased. Total number of tourists increased from 552,000 in 1981 to 834,800 in 1984 and expenditure increased from US\$284.0 million to US\$423.6 million during these years.⁷¹

(ii) Net Investment

Net investment escalated as a result of increased interest payments on the country's public and private external debt. Net investment income increased from US\$183.5 million in 1982 to US\$301.8 million in 1984, see Table 28. Net transfers remained at roughly the same level during 1981-1984.

Given the widening trade deficit and the persistent deficit on services, the current account deficit increased during 1981 to 1983 and declined in 1984, (see Table 28), as a consequence of the shortage of foreign exchange to purchase imports.

2. CAPITAL ACCOUNT

Throughout the period, the capital account has shown a substantial surplus as a result of (a) large inflows of project lending and balance of payments support from bilateral and multi-lateral agencies. These include the World Bank's Structural adjustment loans amounting to US\$186.4 million⁷² and US\$678.5 million from US AID during 1980/81 and 1984/85. Some US\$346.6 million was for balance of payments support, US\$114.6 million in P L 480 food aid and the rest as project lending;⁷³ (b) Debt service was reduced in 1983 and 1984 because of re-scheduling of private and official external debt. Private capital fluctuated, being -J\$14.8 million in 1981, and +US\$19.6 million in 1982, -US\$110.2 million in 1983 and +US\$152.6 million in 1984, see Table 28. In 1983, total private capital inflows amounted to US\$169.1 million of which US\$83.9 million represented lines of credit and US\$08 million in other loans. Total outflows included US\$151.5 million in debt repayment and US\$47.9 million in arrears.⁷⁴ In 1984, there was a net inflow of US\$515.5 million reflecting a net inflow in both official and private, partly due to reduced private outflows. The Bank of Jamaica attributes the turn around to "the tight credit policies of the monetary authorities, the financing of imports by a higher level of trade credits, as well as the counterpart for capital investment in the form of goods".⁷⁵

CONCLUSIONS

Jamaica's balance of payments during the 25 year period, 1960-1984, reveals there has been a persistent adverse current account deficit, involving deficits in trade and services. Whether or not there has been a deficit or surplus on the overall balance of payments depended on whether there was a net inflow or outflow of capital and the size of the net inflow of foreign capital. During the period 1960 to 1971, the current account deficit was financed by a surplus on the capital account, which was largely a result of private foreign investment in the bauxite/alumina industry. However, between 1972 and 1980 the current account deficit increased significantly, but capital flows proved inadequate, consequently there was balance of payments disequilibrium. The main causes were:

(1) External factors

- (a) decline in the demand for bauxite/alumina after 1972;
- (b) declines in tourist arrivals and revenue due to the 1975/76 recession in the world economy;
- (c) increases in the price of imports, especially oil;

(d) unlike the 1960s, there was not a sufficiently large net inflow of foreign capital to offset the current account deficit. The reduction in capital inflows was caused by a decline in foreign investment. The current account deficit for the period 1972 to 1980 was J\$1,614.3 millions. However, net capital inflow totalled only J\$842.6 million.

2. Internal factors

(a) A continuation of the decline in the production and export of sugar and bananas which began in the mid-1960s.

During the period 1980 to 1984 the current account deficit has persisted despite the favourable development of reduced oil prices, which capital inflows have been difficult to secure given the absence of private foreign capital inflows. The balance of payments difficulties of the 1980s has been caused by:

1. External factors

(a) collapse of demand for Jamaican bauxite/alumina;

(b) lack of private foreign investment.

2. Internal factors

(a) continued stagnation in production volume
in sugar and bananas;

(b) failure to compress imports.

Both the external and internal factors are structural in the sense that the external factors are particularly disruptive because of acute external vulnerability of the economy. The external vulnerability is a direct result of the structure of the economy. The internal factors are structural: (a) difficulty in compressing imports because of the inelasticity of demand which directly related to the inability to produce domestic substitutes; (b) the decline in export volume in sugar and bananas is bound up with long established institutional arrangements. The decline in output which commenced in the mid-1960s results from institutional distortion which pre-dates this period. In the case of bananas the decline can be dated as far back as the 1930s⁷⁶ and in the case of sugar, its viability was artificially maintained from the early part of the century.⁷⁷

The external vulnerability and the institutional arrangements and economic relations which give rise to it, are structural. Their structural character is evident from the fact that these features pre-date the 1960-1984 period and therefore

have existed over a very long time.

Jamaica has experienced balance of payments difficulties from as far back as the mid-19th century, see Table 33. There were adverse trade balances during the 1950s (see Table 34) and between 1884 and 1938, except in the years 1887-88, 1899-1902, 1911, and 1914, see Table 35.

The structural features existed during the 19th century. The Jamaican economy has always been disarticulated, especially when it was a "pure plantation economy". Disarticulation is evident in the high ratios of exports/GDP and imports/GDP. Imports as a percentage of national income varied between 21.6% and 29.9% during the period 1982 to 1930.⁷⁸ These figures also substantiated the high degree of openness, given the export orientation of production. Dependence is evident in the fact that imports consisted of manufactured goods, as local manufacturing consisted of processing agricultural commodities as late as the 1950s.⁷⁹ In 1953, food, beverages and tobacco accounted for 64.7% of the GDP of the manufacturing sector.⁸⁰ There was very little capability for producing capital goods and consumer durables. The distortions in institutional arrangements were even more pronounced than in the contemporary period, especially the concentration of ownership and the skewed distribution of income.

External vulnerability has traditionally been a feature of the Jamaican economy. There has been a high degree of openness, inelasticity of demand for imports and concentration on a few

primary product exports, (see Table 36) and on a few export markets, (see Table 37). The economy has been subject to the fluctuations in demand and price of its primary product exports and to product cycle patterns for these exports which have continued.

The trade deficits were financed during the colonial period by the operation of multinational commercial banks.⁸¹

Sugar⁸² was dominant throughout the 19th century, accounting for 59.5% of total domestic exports in 1832 declining to 44.5% in 1870. Rum averaged 20% of total exports during the third quarter of the century and by 1890 sugar had declined to 14.7% and rum exports fell to 12.5%. At that time the most important exports were bananas and coffee which accounted for 19.1% and 18.2% of total exports, respectively. Within 20 years, bananas were accounting for over 50% of exports, reaching a peak of 57.3% of exports in 1930. The banana industry was curtailed by the Great Depression, further constrained by the restrictions of World War II, and then ravaged by Panama and "leaf spot" diseases and the hurricane of 1951. Banana exports collapsed from 27 million stems during the early 1930s to quarter million stems during World War II. The industry never regained its pre-war dominance although production recovered to a high of 14.5 million stems in 1965. While wartime restrictions discouraged bananas, they stimulated sugar production, with the result that by the early 1950s sugar was again the leading export generating about 30% of export earnings. Sugar was soon superseded by bauxite and alumina, production of which commenced

in the early 1950s and expanded rapidly to account for just under half of total exports in the early 1960s.

Given that Jamaica's balance of payments problems in the period 1960 to 1984 were structural then it rules out the following frequently voiced explanations:

(1) Excessive demand is clearly not the cause in fact the problem is inadequate supply both in volume and range and the inability to increase foreign exchange earnings to match import demand for essential goods, e.g., food, fuel, capital goods. These supply problems do not derive from cyclical factors or mismanagement of economic policy but arise directly from the distorted economic structure which has existed over the long term. In addition, as Table 1 shows consumption has not increased in real terms and imports were significantly reduced in volume in the 1970s.

(2) The overvalued exchange rate which has existed periodically is not a major fact since demand for the major exports, i.e. bauxite/alumina and sugar and bananas are not market determined but fixed by the multinational corporations and by negotiation under the Lome Convention. Import demand is not price sensitive since it consists of essential inputs into consumption and production.

(3) Lack of competitiveness in export production and declining output were not caused by state intervention, excessive taxation, regulation of domestic markets or inappropriate domestic

prices. The causes were external, i.e. fall in demand for bauxite-alumina and structural distortions in the case of sugar and bananas.

It therefore means that the only balance of payments adjustment strategy which will be effective will be one which emphasizes structural transformation. There are 3 types of balance of payments adjustment:

(1) Demand management, emphasizing deflation, devaluation and deregulation as in the case of IMF stabilization programmes will not be effective because they temporarily suppress the symptoms and do not grapple with the real causes.

(2) Structural adjustment which emphasizes resource allocation to secure more efficient production within an already existing structure.

(3) Structural transformation which emphasizes (a) resource allocation and (b) resource creation to fill gaps in the present structure of the economy.

The balance of payments adjustment strategy most appropriate to the balance of payments deficits of Jamaica is one of structural transformation. Given that this is at best a medium term process and adjustment funded by the IMF is short term demand management, it is essential to ensure that these programmes are conducive to or at least not in contradiction with structural transformation.

Table 1

GDP and Private Final Consumption in Constant Prices

1974 - 1984

	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984
GDP	2,159.2	2,152.6	2,013.6	1,965.7	1,976.4	1,942.1	1,829.3	1,874.9	1,893.1	1,931.4	1,923.8
Private Final Consumption	1,558.2	1,553.4	1,518.7	1,497.8	1,411.3	1,349.2	1,287.6	1,330.5	1,368.1	1,511.7	1,671.1

Source: National Income and Product, 1984 (Kingston: Statistical Institute of Jamaica, 1985), pp. 18-19, 40-41.

Table 2
Composition of Gross Domestic Market
1950 - 1984

Sector	1950	1960	1970	1980	1984
<u>Productive Sectors</u>	<u>51.8</u>	<u>48.1</u>	<u>50.0</u>	<u>46.2</u>	<u>44.2</u>
Primary Products and Raw Materials ^a	31.5	21.7	23.2	22.6	14.4
Industry ^b	19.2	25.4	25.3	22.0	26.8
Utilities	1.1	1.0	1.5	1.6	3.3
<u>Distribution and Services</u>	<u>30.9</u>	<u>32.7</u>	<u>30.1</u>	<u>37.8</u>	<u>42.1</u>
Distribution and Transport	22.8	25.8	21.5	24.4	27.1
Financial and Other Services	8.1	6.9	8.6	13.4	15.0
<u>Government</u>	<u>5.1</u>	<u>6.2</u>	<u>8.4</u>	<u>14.1</u>	<u>12.0</u>
<u>Other</u>	<u>12.2</u>	<u>13.0</u>	<u>11.5</u>	<u>1.9</u>	<u>1.7</u>

(a) agriculture and mining

(b) manufacturing, construction and installation

Sources: Owen Jefferson, Post-War Economic Development of Jamaica, p. 42 and National Income and Product Accounts, various years.

Table 3
Composition of Output of the Manufacturing Sector
1950 - 1984

Type of Output	1950	1960	1970	1980	1984
<u>Consumer Goods</u>	<u>84.5</u>	<u>76.3</u>	<u>63.3</u>	<u>61.3</u>	<u>59.4</u>
Sugar, Rum and Molasses	27.8	17.8	5.8	1.8	2.0
Other Food, Beverages and Tobacco	41.9	35.9	40.4	45.1	42.2
Furniture, Fixtures and Wood Products	4.4	7.6	5.6	3.6	4.2
Textiles, Footwear and Garments	8.2	9.0	7.4	5.9	5.0
Printing, Publishing and Paper Products	2.2	6.0	4.1	4.9	6.0
<u>Intermediate Goods/Consumer Goods</u>	<u>3.9</u>	<u>14.6</u>	<u>24.2</u>	<u>22.0</u>	<u>27.7</u>
Metal Products	1.3	10.1	14.2	11.9	15.2
Chemicals	2.6	4.5	10.0	10.1	12.5
<u>Other</u>	<u>11.6</u>	<u>9.1</u>	<u>12.5</u>	<u>16.7</u>	<u>12.9</u>
Total	100.0	100.0	100.0	100.0	100.0

Sources: Owen Jefferson, op. cit., p. 136, and National Income and Product, various years.

Table 4.5

Principal Exports as a Percentage of Total Exports
1964-1971

Year	Bauxite & Alumina	Sugar, Rum & Molasses	Bananas	Manufactured Goods
1960	49.3	26.5	8.6	4.7
1961	49.5	26.7	8.1	5.8
1962	48.4	26.0	7.2	7.7
1963	42.0	25.9	6.8	7.1
1964	45.8	28.3	7.8	9.6
1965	46.1	23.2	8.0	11.6
1966	55.5	19.0	6.5	9.7
1967	57.5	17.8	6.7	9.3
1968	54.5	18.5	6.7	10.8
1969	61.1	13.3	5.2	9.8
1970	66.2	11.6	4.2	8.7
1971	63.1	11.9	4.1	13.4

Source: External Trade of Jamaica, Department of Statistics, and Bank of Jamaica, Balance of Payments of Jamaica, 1964-1970, (1971), Tables 4 and 7, and Balance of Payments of Jamaica 1972 (1973), Tables 4 and 7.

Table 5

Composition of Imports 1960-1971

(Percentage)

<u>Year</u>	<u>Consumer Goods</u>	<u>Raw Materials & Intermediate Goods</u>	<u>Capital Goods</u>	<u>Other</u>
1960	41.03	31.50	27.23	0.24
1961	39.53	33.59	26.84	0.04
1962	40.24	32.79	26.76	0.21
1963	41.32	33.90	24.59	0.19
1964	39.98	33.01	26.83	0.19
1965	39.26	33.34	27.29	0.11
1966	36.86	32.44	30.66	0.03
1967	35.96	32.02	31.84	0.19
1968	33.22	31.14	35.45	0.19
1969	34.15	29.92	35.74	0.18
1970	30.90	29.02	39.90	1.80
1971	32.20	35.80	31.90	0.01

Source: John Gafar and W. Joefield Napier, Trends and Patterns of Commonwealth Caribbean Trade 1954-1970 (ISER/UWI, 1978), p. 103, and Economic Survey, Jamaica, 1972 (National Planning Agency, 1973) p.121.

TABLE 6

Indices of Terms of Trade (1965 = 100)
1960-1971

Year	Net Commodity Terms of Trade ^(a)	Income Terms of Trade ^(b)
1960	120.0	96.7
1961	114.9	99.4
1962	104.6	91.6
1963	123.7	96.2
1964	112.8	104.8
1965	100.0	100.0
1966	121.4	127.5
1967	123.0	124.2
1968	115.7	113.4
1969	116.7	128.9
1970	116.2	147.3
1971	116.2	135.0

SOURCE: Department of Statistics, Indices of External Trade, various issues.

$${}^a N = (P_x/P_m) \times 100$$

where p_x = price index of exports

p_m = price index of imports

$${}^b I = (N.Q_x) \times 100$$

where Q_x = volume of exports

TABLE 7

Average Price of Principal Exports 1964-1971

(J\$)

Year	Bauxite (Per Ton)	Alumina (Per Ton)	Sugar (Per Ton)	Banana (Per Ton)
1964	5.26	47.34	94.00	69.32
1965	5.26	48.54	73.66	61.16
1966	10.00	48.86	81.44	63.30
1967	10.00	50.70	85.62	68.98
1968	10.00	58.58	88.82	90.08
1969	10.00	60.33	94.92	82.60
1970	10.00	64.45	127.19	88.12
1971	10.00	59.54	100.41	93.15

Source: Balance of Payments of Jamaica 1964-1970 (Bank of Jamaica, 1971), Table 10, and Balance of Payments of Jamaica 1972 (Bank of Jamaica, 1973) Table 13.

TABLE 8

PRICE, VOLUME AND VALUE INDICES
OF IMPORTS AND EXPORTS 1960 - 1971
(1955 = 100)

YEAR	IMPORTS			EXPORTS		
	PRICE	VOLUME	VALUE	PRICE	VOLUME	VALUE
1960	82.8	84.2	76.0	99.4	81.6	80.1
1961	86.7	78.4	74.1	99.6	87.2	86.2
1962	94.5	81.5	76.2	98.8	88.2	86.6
1963	94.1	85.8	77.9	116.4	91.6	90.5
1964	98.4	96.4	99.2	111.0	97.6	103.1
1965	100.0	100.0	100.0	100.0	100.0	100.0
1966	104.0	112.0	113.4	126.3	105.7	132.6
1967	107.1	120.5	121.0	131.7	101.5	133.0
1968	122.2	136.3	161.9	141.4	101.8	138.6
1969	124.0	154.3	160.4	144.7	112.4	159.8
1970	127.8	174.5	200.4	148.5	131.4	188.2
1971	133.8	173.4	202.9	161.3	129.6	187.4

Source: Department of Statistics, Indices of External Trade, various issues.

Table 9

Balance of Payments (J\$ Millions)

1960-1971

	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
A. Merchandise	-16.6	-9.2	-6.4	+6.8	-25.8	-27.2	-5.7	-18.0	-67.7	-74.4	-89.2	-107.2
Exports (F.O.B.)	117.6	127.2	131.4	148.8	156.2	154.8	197.5	199.2	209.2	243.2	285.1	286.6
Imports (F.O.B.)	134.2	136.4	137.8	142.0	182.0	182.0	203.2	217.2	276.9	317.6	374.3	393.8
B. Services	-12.0	-8.0	-13.0	-14.2	-18.4	-6.8	-34.8	-42.6	-28.7	-40.5	-56.2	-51.1
Foreign Travel	24.2	24.0	20.2	20.4	22.8	37.8	48.0	49.2	62.8	65.4	66.7	77.1
Investment Income	-21.8	-25.0	-25.2	-26.4	-28.8	-30.6	-64.8	-67.2	-61.0	-72.5	-81.8	-85.1
Other	9.6	-7.0	-8.0	-8.2	-12.4	-14.0	-18.0	-24.6	-30.5	-33.4	-41.1	-42.2
C. Goods and Services (Net)	-28.6	-17.2	-19.4	-7.4	-44.2	-34.0	-40.5	-60.6	-96.4	-114.9	-145.4	-160.1
D. Unrequited Transfers (Net)	12.0	9.6	13.4	14.4	13.0	12.2	10.4	10.0	10.2	11.9	18.2	17.1
Private	12.2	13.0	14.6	16.2	15.0	14.2	13.0	12.8	13.3	14.7	21.8	21.1
Official	-0.2	-3.4	-1.2	-1.8	-2.0	-2.0	-2.6	-2.8	-3.1	-2.8	-3.6	-4.0
E. Current Account Balance	-16.6	-7.6	-6.0	7.0	-31.2	-21.8	-30.1	-50.6	-86.2	-103.0	-127.2	-141.1
F. Net Capital Movements	17.0	10.2	7.2	11.4	14.9	11.8	46.7	64.9	114.4	98.5	134.1	150.1
Official	6.0	-3.2	1.6	-4.8	8.2	6.0	7.4	5.0	12.6	10.3	11.1	11.1
Private	15.2	22.8	1.0	19.0	3.2	10.2	46.2	80.2	107.6	88.2	133.3	156.6
Unidentified	-4.2	-9.4	4.6	-2.8	3.5	-4.4	-6.9	-20.3	-5.8			
G. Surplus or Deficit (-)	0.4	2.6	1.2	18.4	-16.1	-10.0	16.6	14.3	28.2	-4.7	6.9	17.1
H. Allocation of SDRs	-	-	-	-	-	-	-	-	-	-	5.3	4.1
I. Total of A through H	0.4	2.6	1.2	18.4	-16.1	-10.0	16.6	14.3	28.2	-4.7	12.2	21.1
J. Change in Reserves (Increase = -)	0.4	2.6	1.2	18.4	16.1	10.0	16.6	-14.3	-28.2	11.3	-17.6	-36.1

Source: Owen Jefferson, op. cit.

Table 10

Comparison of Current Account Deficit And
Net Capital Inflows (J\$ millions)
1960-1971

Year	Current Account Deficit	Net Capital Inflow	Difference
1960	- 16.6	17.0	+ 0.4
1961	- 7.6	10.2	+ 2.6
1962	- 6.0	7.2	+ 1.2
1963	7.0	11.4	11.4
1964	- 31.2	14.9	- 16.3
1965	- 21.8	11.8	- 10.0
1966	- 30.1	46.7	+ 16.6
1967	- 50.6	64.9	+ 14.3
1968	- 86.2	114.4	+ 28.2
1969	-103.0	98.5	- 4.5
1970	-127.2	134.1	+ 6.9
1971	-143.1	160.2	+ 17.1
	-616.4	+ 691.3	+ 74.9

Source: Owen Jefferson, Op. Cit., and Annual Reports, Bank of Jamaica, various years.

Table 11
Balance of Payments (J\$ Millions)
1972-1980

	1972	1973	1974	1975	1976	1977	1978	1979	1980
A. Merchandise	-121.0	-161.2	-106.9	-144.8	-119.9	85.0	47.1	-120.9	-114.4
Exports (F.O.B.)	302.4	357.2	630.7	736.7	599.7	691.1	728.9	1450.1	1711.1
Imports (F.O.B.)	423.4	518.4	737.6	881.5	719.6	606.1	681.8	1571.0	1845.5
B. Services	-58.9	-27.1	-66.2	-136.0	-160.7	-134.6	-130.1	-275.3	-291.1
Foreign Travel	91.4	90.4	88.6	69.3	42.6	85.2	124.0	323.4	407.7
Investment Income	-100.4	-52.8	-61.5	-93.5	-105.1	-125.6	-168.8	-360.6	-416.6
Other	-49.9	-64.7	-93.3	-111.8	-98.2	-94.2	-85.3	-243.1	-287.2
C. Goods and Services (Net)	-179.9	-188.3	-173.1	-280.8	-280.6	-49.6	-83.0	-396.2	-475.8
D. Unrequitted Transfers (Net)	22.3	24.0	21.3	23.8	5.4	18.2	23.4	142.4	161.1
Private	27.7	30.7	29.6	19.1	1.8	13.7	13.8	126.6	145.5
Official	-5.4	-6.7	-8.3	4.7	3.6	4.5	9.6	17.8	16.4
E. Current Account Balance	-157.6	-164.3	-151.8	-257.0	-275.2	-31.4	-59.6	-253.8	-264.7
F. Net Capital Movements	117.0	124.7	221.1	189.0	41.5	51.7	8.9	-18.5	107.7
Official	18.6	33.4	81.9	112.9	72.0	-5.4	162.6	126.7	169.9
Private	98.4	91.3	139.2	77.0	-28.1	57.1	-153.7	-145.2	262.2
G. Surplus or Deficit (-)	-40.6	39.6	69.3	-67.1	-231.3	20.3	50.7	-272.3	-156.9
H. Allocation of SDRs	4.7	-	-	-	-	-	-	17.8	17.8
I. Total of A through H	-35.9	39.6	69.3	-67.1	-231.3	20.3	-50.7	-254.5	-139.1
J. Change in Reserves (Increase = -)	43.6	27.7	-54.1	73.6	238.1	14.6	70.5	250.8	133.1

Source: Owen Jefferson, op. cit. Bank of Jamaica, Annual Reports, various years and Balance of Payments of Jamaica, various years.

(Base Year 1974 = 100)

YEAR	INDICES OF			Declared Value of Imports C.I.F. (US\$ '000)
	Price	Volume	Value	
1970	44.4	111.3	48.2	481,623
1971	52.9	118.0	49.3	505,730
1972	52.2	124.3	54.1	538,182
1973	68.6	99.4	61.9	676,636
1974	100.0	100.0	100.0	935,860
1975	115.8	113.0	116.9	1,123,554
1976	124.4	95.1	102.2	912,764
1977	138.9	78.6	86.1	746,846
1978	139.7	87.8	94.1	864,698
1979	160.3	85.7	112.6	1,002,818
1980	204.3	83.1	130.6	1,172,627

Source: Indices of External Trade - Department of Statistics

TABLE 13

PRICE, VOLUME AND VALUE INDICES OF IMPORTS IN (J\$)
1970-1980

YEAR	INDICES OF			Declared Value of Imports C.I.F. (J\$'000)
	Price	Volume	Value	
1970	44.4	111.3	48.2	437,839
1971	52.9	118.0	49.3	459,754
1972	52.2	124.3	54.1	489,256
1973	68.6	99.4	61.9	615,123
1974	100.0	100.0	100.0	850,781
1975	115.8	113.0	116.9	1,021,412
1976	124.4	95.1	102.2	829,785
1977	156.2	78.6	95.8	781,639
1978	222.2	87.8	149.8	1,260,011
1979	283.0	85.7	198.8	1,754,445
1980	365.3	83.1	233.5	2,096,709

Source: Indices of External Trade - Department of Statistics

TABLE 14

PRICE, VALUE AND VOLUME OF OIL IMPORTS
1970 - 1980

YEAR	VOLUME (Millions of Barrels)	PRICE PER Barrel (US\$)	VALUE (US\$ Millions)
1970	11.74	2.31	30.0
1971	13.39	2.65	47.7
1972	15.61	2.91	48.8
1973	19.74	3.77	73.7
1974	17.98	10.45	195.1
1975	16.99	11.29	215.1
1976	15.05	11.77	203.5
1977	15.94	13.33	225.6
1978	16.20	13.51	193.6
1979	16.04	19.21	331.2
1980	15.14	31.14	446.5

Source: Balance of Payments of Jamaica, 1982 (Kingston: Bank of Jamaica, 1983) page 37.

TABLE 15

INDICES OF TERMS OF TRADE (1974=100)
197 - 1980 (US\$)

YEAR	NET BARTER TERMS OF TRADE ^a	INCOME TERMS OF TRADE ^b
1970	137.4	111.0
1971	113.6	94.1
1972	119.2	101.3
1973	97.7	90.4
1974	100.0	100.0
1975	130.5	102.2
1976	120.2	82.1
1977	113.5	86.2
1978	117.0	92.0
1979	116.9	90.2
1980	109.0	82.0

Source: Indices of External Trade 1969-1978 (Kingston: Department of Statistics, 1979) and Balance of Payments of Jamaica, 1982 (Kingston: Bank of Jamaica, 1983).

$$(a) \quad N = (P_x \div P_m) \times 100$$

where P_x = price index of exports

P_m = price index of imports

$$(b) \quad I = (N \cdot Q_x) \times 100$$

where Q_x = volume of exports

TABLE 16

AVERAGE UNIT PRICE OF MAIN EXPORTS 1972-1980

(J\$ PER TON)

YEAR	BAUXITE	ALUMINA	SUGAR	BANANA
1972	10.0	60.0	122.5	93.4
1973	10.9	64.9	135.6	151.9
1974	16.2	124.3	275.6	159.7
1975	18.3	164.3	549.9	215.2
1976	18.4	172.4	242.9	154.8
1977	23.0	168.8	250.5	174.2
1978	33.0	148.0	271.5	209.2
1979	33.0	178.67	297.70	280.71
1980	32.13	226.49	412.42	318.09

SOURCE: Balance of Payments of Jamaica, various years.

Table 17

Bauxite and Alumina Exports (1960-1980)
('000 Metric Tonnes)

Year	Bauxite Exports	Alumina Exports
1960	4,148	676
1961	4,975	715
1962	5,989	638
1963	5,162	738
1964	5,959	781
1965	6,784	732
1966	7,028	804
1967	7,142	838
1968	6,212	923
1969	7,602	1,157
1970	7,575	1,717
1971	7,590	1,813
1972	7,049	2,137
1973	7,274	2,417
1974	7,999	2,806
1975	5,483	2,375
1976	6,284	1,623
1977	6,355	2,036
1978	6,448	2,142
1979	6,469	2,074
1980	6,060	2,395

Source: Jamaica Bauxite Institute and Economic and Social Survey,
Jamaica (Kingston: National Planning Agency, various years).

TABLE 18

Bauxite and Alumina Production in Australia
Brazil and Guinea 1970-1978

(Millions of Tonnes)

COUNTRY	Bauxite Output And % of World Output		Alumina Output And % of World Output	
	1970	1978	1970	1978
AUSTRALIA	9.3 (15.2%)	24.3 (28.9%)	2.2 (10.1%)	6.8 (22.0%)
BRAZIL	0.5 (< 1%)	1.1 (1.3%)	0.1 (< 1%)	0.4 (1.2%)
GUINEA	2.5 (.4.1%)	11.6 (13.9%)	0.6 (.2.9%)	0.6 (2.0%)
JAMAICA	12.0(21.0)	11.7 (13.9)	1.7 (7.6)	2.1 (6.7)

SOURCE: Vivian Brown, Leroy Cooke and Wesley Hughes "The Emerging Powers in the Aluminium Industry: Australia, Brazil and Guinea", Jamaica Bauxite Institute Journal, Vol. 1, No. 2, (July, 1981) pages 70-88, and JBI.

Quantity of Sugar and Bananas Exported

1960-1980

Year	Sugar (Tonnes)	Bananas ('000 Tons)
1960	353,000	138.1
1961	580,000	140.8
1962	378,510	146.2
1963	394,212	152.5
1964	417,336	174.4
1965	424,348	199.6
1966	407,886	204.7
1967	352,236	191.4
1968	383,000	153.2
1969	301,561	149.2
1970	293,294	133.1
1971	298,637	125.9
1972	275,644	127.0
1973	260,957	107.7
1974	269,720	71.3
1975	253,633	70.2
1976	229,786	78.0
1977	217,449	78.8
1978	199,993	76.6
1979	188,342	67.7
1980	131,811	33.6

Source: Economic and Social Survey, Jamaica. (Kingston: National Planning Agency, various years), and Jamaica's Banana Industry (Kingston: Jamaica Banana Producers Association, 1984) pages 108-109.

Table 20

Indices of Efficiency and Production of the
Sugar Industry 1965-1980

Year	Tons Cane/ Ton Sugar	Tons Cane Per Acre Reaped	Total Per Acre Reaped	Sugar Production ('000 Tons)
1965	9.18	31.86	148,389	489
1966	9.98	32.09	152,229	500
1967	9.54	29.15	152,235	449
1968	9.65	28.75	153,213	445
1969	11.12	28.60	140,000	383
1970	11.44	29.97	144,000	370
1971	10.38	27.68	146,000	379
1972	10.59	26.93	150,900	373
1973	10.48	26.77	133,895	326
1974	10.03	26.36	143,586	367
1975	9.77	24.46	144,000	355
1976	9.93	25.60	140,000	357
1977	10.91	24.82	128,000	285
1978	11.69	27.59	128,000	295
1979	10.97	26.17	118,000	261
1980	11.03	24.00	112,000	236

Source: Economic and Social Survey, various years.

TABLE 21

FACTORS AFFECTING THE PRODUCTION AND
EXPORT OF BANANAS 1967-1980

YEAR	FACTORS
1967	Drought
1968	Drought, low prices.
1969/70	Uncertainty about export marketing as principal marketing agent, the Fyffes Group, unilaterally terminated its arrangement in December, 1969 and purchases were on a 'week-to-week' basis.
1971	Drought
1973	Significant increase in local consumption.
1974/75/76	Poor weather, low prices, labour shortage.
1977	Shortage of fertilizer, increases in the price of local inputs e.g. transportation and drought in the main producing areas.
1978	"Lack of adequate supplies and high cost of fertilizer, and chemicals (weedicides and pesticides), praedial larceny, lack of irrigation facilities, drought in some areas, unavailability of land to expand the Board's growing projects, inadequate spraying to control Leaf Spot disease and labour problems".
1979	Leaf Spot infestation, flood damage, shortage and high cost of inputs, poor roads, praedial larceny and inadequate transport.
1980	Inadequate fertilizers and pesticides, Leaf Spot infestation, shortage and high costs of inputs, inadequate transport and praedial larceny.

SOURCE: Economic and Social Survey, 1967, page 56; 1968, page 56; 1969, page 58; 1970, page 57; 1971, page 78; 1973, page 135; 1974, page 126; 1975, page 111; 1976, page 100; 1977, page 123; 1978, page 7.10; 1979, page 7.8 and 1980, page 6.8.

TABLE 22

PRICE, VOLUME AND VALUE INDICES OF DOMESTIC EXPORTS IN (US\$)
1970 - 1980

(Base Year 1974 = 100)

YEAR	INDICES OF			Declared Value of Domestic Exports (F.O.B. (US\$'000))
	Price	Volume	Value	
1970	61.0	82.7	49.3	307,028
1971	60.1	91.3	49.8	302,724
1972	62.2	89.1	52.9	321,505
1973	67.0	94.2	62.0	382,625
1974	100.0	100.0	100.0	591,584
1975	151.1	81.3	118.3	744,670
1976	149.5	73.4	102.1	614,524
1977	157.7	79.4	119.7	711,206
1978	163.4	81.7	128.5	772,176
1979	187.4	80.1	144.6	806,332
1980	219.2	77.2	167.6	947,064

Source: Indices of External Trade - Department of Statistics

TABLE 23

PRICE, VOLUME AND VALUE INDICES OF DOMESTIC EXPORTS IN (I\$)
1970 - 1980

YEAR	INDICES OF			Declared Value of Domestic Exports F.O.B. (I\$'000)
	Price	Volume	Value	
1970	61.0	82.7	49.3	307,028
1971	60.1	91.3	49.8	302,724
1972	62.2	89.1	52.9	321,505
1973	67.0	94.2	62.0	382,625
1974	100.0	100.0	100.0	591,584
1975	151.1	81.3	118.3	744,670
1976	149.5	73.4	102.1	614,524
1977	160.8	79.4	119.7	711,206
1978	263.5	81.7	128.5	772,176
1979	330.7	80.1	144.6	806,332
1980	398.2	77.2	167.6	947,064

Source: Indices of External Trade - Department of Statistics

Table 24

Tourist Arrivals, Expenditure and
Room Occupancy, 1970-1980

(J\$ millions)

Year	Arrivals	Room Occupancy (%)	(J\$M) Expenditure
1970	414,720	50.1	79.6
1971	448,564	51.5	90.8
1972	493,488	48.9	107.9
1973	517,410	48.1	115.7
1974	530,726	43.8	121.2
1975	553,258	43.5	116.8
1976	470,714	33.2	96.1
1977	386,514	28.9	95.0
1978	532,864	40.0	134.7
1979	593,571	48.0	344.0
1980	543,088	44.2	423.4

Source: Bank of Jamaica, Balance of Payments of Jamaica, 1978, 1980 and National Planning Agency, Economic and Social Survey, Jamaica, 1974, 1975.

TABLE 23
(J\$ Millions)

Gross External Public Debt by Type of Loan - 1971 To 1980

	Dec. 1971	Dec. 1972	Dec. 1973	Dec. 1974	Dec. 1975	Dec. 1976	Dec. 1977	Dec. 1978	Dec. 1979	Dec. 1980
Market Loans	64.2	70.9	67.8	67.8	56.6	41.6	42.2	54.8	44.7	46.3
Commercial Banks	18.4	22.3	61.2	150.7	232.4	228.2	209.9	435.2	499.3	497.8
International Institutions	14.0	15.1	23.1	25.2	31.2	45.7	65.7	232.2	271.2	326.9
Inter-Government	13.4	22.3	23.1	26.3	31.3	99.5	135.1	367.1	450.7	607.9
Other ^a	-	0.8	0.9	2.3	30.0	29.0	31.8	95.9	110.8	115.7
Total	110.0	127.6	177.3	272.3	381.5	444.0	484.7	1185.2	1376.7	1594.6

Source: Bank of Jamaica, Annual Reports, various years.

^a Includes suppliers credit, public utilities, and other commercial.

TABLE 26

COMPARISON OF CURRENT ACCOUNT DEFICIT AND
NET CAPITAL INFLOWS (J\$ MILLIONS)

1972-1980

YEAR	CURRENT ACCOUNT DEFICIT	NET CAPITAL INFLOWS	DIFFERENCE
1972	- 157.6	117.0	- 40.6
1973	- 164.3	124.7	- 39.6
1974	- 151.8	221.1	+ 69.3
1975	- 257.0	189.0	+ 68.0
1976	- 275.2	41.5	- 233.7
1977	- 31.4	51.7	+ 20.3
1978	- 59.6	8.9	- 50.7
1979	- 253.8	18.5	- 235.3
1980	- 263.6	107.2	- 156.4
TOTAL:	-1,614.3	+842.6	- 771.7

SOURCE: Owen Jefferson, Op. Cit., and Annual Reports, Bank of Jamaica, various years.

Table 27

Balance of Payments1981 - 1984

(J\$ millions)

	1981	1982	1983	1984
<u>Merchandise</u>	<u>-574.4</u>	<u>- 785.9</u>	<u>-1,447.1</u>	<u>-1,443.9</u>
Exports (F.O.B.)	1,733.7	1,365.0	2,262.8	3,689.3
Imports (F.O.B.)	2,308.1	2,151.8	3,709.9	5,133.2
<u>Services (Net)</u>	<u>-246.3</u>	<u>- 172.3</u>	<u>- 473.6</u>	<u>- 587.6</u>
Foreign Travel	481.7	544.9	1,235.7	1,913.7
Investment Income	-358.7	- 326.6	- 878.1	-1,493.9
Other	-369.4	- 390.	- 830.6	-1,007.3
<u>Goods and Services (Net)</u>	<u>-820.8</u>	<u>- 958.2</u>	<u>-1,920.6</u>	<u>-2,031.5</u>
<u>Unrequited Transfers (Net)</u>	<u>221.3</u>	<u>267.7</u>	<u>335.0</u>	<u>597.0</u>
Private	219.5	239.4	312.5	398.0
Official	1.8	28.3	22.5	199.0
<u>Current Account Balance</u>	<u>-599.5</u>	<u>-690.5</u>	<u>-1,585.7</u>	<u>-1,434.5</u>
<u>Net Capital Movements</u>	<u>401.2</u>	<u>828.8</u>	<u>628.7</u>	<u>2,551.7</u>
Official	427.5	793.9	992.3	1,796.4
Private	- 26.3	34.9	-363.6	755.4
<u>Allocation of SDR's</u>	<u>17.8</u>	-	-	-
<u>Change in Reserves</u>	<u>170.2</u>	<u>-153.1</u>	<u>954.0</u>	<u>-1,117.2</u>
<u>Net Errors and Omissions</u>	<u>10.3</u>	<u>14.8</u>	<u>3.0</u>	-

Source: Bank of Jamaica

Table 28

Balance of Payments1981 - 1984

(US\$ millions)

	1981	1982	1983	1984
<u>Merchandise</u>	<u>-322.7</u>	<u>-441.5</u>	<u>-438.5</u>	<u>-291.7</u>
Exports (F.O.B.)	974.0	767.4	685.7	745.3
Imports (F.O.B.)	1,296.7	1,208.9	1,124.2	1,037.0
<u>Services (Net)</u>	<u>-138.4</u>	<u>- 96.8</u>	<u>-143.5</u>	<u>-118.7</u>
Foreign Travel	270.6	306.1	374.3	386.6
Investment Income	-201.5	-183.5	-266.1	-301.8
Other	-207.5	-219.4	-251.7	-203.5
<u>Goods and Services (Net)</u>	<u>-461.1</u>	<u>-538.3</u>	<u>-582.0</u>	<u>-410.4</u>
<u>Unrequited Transfers (Net)</u>	<u>124.3</u>	<u>150.4</u>	<u>101.5</u>	<u>120.6</u>
Private	123.3	134.5	94.7	80.4
Official	1.0	15.9	6.8	40.2
<u>Current Account Balance</u>	<u>-336.8</u>	<u>-387.9</u>	<u>-480.5</u>	<u>-289.8</u>
<u>Net Capital Movements</u>	<u>225.4</u>	<u>465.6</u>	<u>190.5</u>	<u>515.5</u>
Official	240.2	446.0	300.7	362.9
Private	- 14.8	19.6	- 110.2	152.6
<u>Allocation of SDR's</u>	<u>10.0</u>	-	-	-
<u>Change in Reserves</u>	<u>95.6</u>	<u>-86.0</u>	<u>289.1</u>	<u>- 225.7</u>
<u>Net Error and Omissions</u>	<u>5.8</u>	<u>8.3</u>	<u>0.9</u>	-

Source: Bank of Jamaica

TABLE 29

IMPORTS BY ECONOMIC FUNCTION AS A PERCENTAGE
OF TOTAL IMPORTS (1972-1980)

CATEGORY	<u>PERCENTAGE OF TOTAL IMPORTS</u>									
	1972	1973	1974	1975	1976	1977	1978	1979	1980	
<u>CONSUMER GOODS</u>	33	24	22	21	18	13	15	12	11	
Food	(14)	(12)	(13)	(12)	(10)	(7)	(9)	(7)	(6)	
Non-Durables	(9)	(5)	(4)	(4)	(4)	(3)	(3)	(2)	(3)	
Durables	(10)	(6)	(5)	(5)	(5)	(3)	(3)	(3)	(2)	
<u>RAW MATERIALS</u>	36	43	51	48	56	66	62	67	72	
Fuels	(9)	(11)	(20)	(19)	(22)	(30)	(22)	(33)	(38)	
Other	(27)	(32)	(31)	(29)	(34)	(36)	(40)	(34)	(34)	
<u>CAPITAL GOODS</u>	30	33	27	31	26	21	23	21	17	
Construction Materials	(7)	(10)	(11)	(9)	(8)	(8)	(9)	(6)	(4)	
Transport Equipment	(6)	(6)	(4)	(8)	(3)	(2)	(3)	(5)	(3)	
Other Machinery & Equipment	(17)	(16)	(12)	(13)	(13)	(9)	(9)	(9)	(9)	
<u>OTHER CAPITAL</u>	1	-	-	1	2	2	2	(1)	(1)	

Source: Economic and Social Survey,
Various Years.

TABLE 30

IMPORTS BY ECONOMIC FUNCTION AS A PERCENTAGE
OF TOTAL IMPORTS 1981-1984

CATEGORY	1981	1982	1983	1984
<u>CONSUMER GOODS</u>	12.9	16.7	16.1	13.8
Food	(6.9)	(9.0)	(8.6)	(8.3)
Non-Durables	(2.9)	(3.4)	(3.3)	(3.6)
Durables	(3.1)	(4.6)	(4.2)	(1.9)
<u>RAW MATERIALS</u>	67.0	59.7	60.9	61.9
Fuels	(33.2)	(29.5)	(31.0)	(29.5)
Other	(33.8)	(30.2)	(29.9)	(32.4)
<u>CAPITAL GOODS</u>	20.1	23.6	23.0	24.3
Construction Materials	(4.5)	(5.2)	(5.6)	(5.7)
Transport Equipment	(4.3)	(5.2)	(4.5)	(3.7)
Other Machinery + Equipment	(15.3)	(13.2)	(12.9)	(14.9)

SOURCE: Bank of Jamaica, The Central Bank and the Jamaican Economy 1960-1985, (1985) Table 6

TABLE 31

VOLUME OF MAJOR EXPORTS 1981-1984
('000 Tons)

YEAR	BAUXITE	ALUMINA	SUGAR	BANANAS
1981	11,606	2,594	121.3	31
1982	8,303	1,755	138.3	21
1983	7,683	1,907	153.7	23
1984	8,735	1,713	157.1	11

SOURCE: Economic and Social Survey, 1984

TABLE 32

MAJOR EXPORTS AS A PERCENTAGE OF
TOTAL EXPORTS 1981-1984

EXPORT	1981	1982	1983	1984
Bauxite	17.7	22.2	15.9	24.3
Alumina	60.4	44.8	45.9	40.9
Sugar	4.8	6.4	8.4	8.5
Bananas	0.4	0.6	1.0	0.4
Other	16.7	26.0	28.8	25.9

SOURCE: The Central Bank and the Jamaican Economy 1960-1985
(Bank of Jamaica, 1985) Table 5.

Table 33

Balance of Payments 1832-1930

£'000

Year	Balance of Trade	Balance of Payments	Foreign Balance as % of GDP
1832	1,017.8	1,090.4	21.9
1850	-142.3	-93.1	-2.5
1870	-79.7	-109.8	-1.9
1890	-227.2	-264.0	-3.0
1910	77.3	-75.9	-0.7
1930	-1,807.3	-1,540.6	-7.8

Source: Gisela Eisner, Jamaica 1830-1930: A Study in Economic Growth (Manchester: Manchester University Press, 1961), p. 283.

TABLE 34

IMPORTS AND EXPORTS OF GOODS AND SERVICES
1950-59
(\$ MILLION)

YEAR	IMPORTS	EXPORTS	BALANCE
1950	49.6	39.6	-10.0
1951	61.0	44.0	-17.0
1952	71.6	54.4	-17.2
1953	88.6	71.8	-14.8
1954	99.8	84.2	-15.6
1955	118.6	94.6	-24.0
1956	148.8	107.2	-41.6
1957	178.8	138.0	-40.8
1958	174.0	140.4	-33.6
1959	187.0	150.4	-36.6

SOURCE: Owen Jefferson, Post War Economic Development in Jamaica (ISER/UWI, 1972) page 186.

Jamaica: Trade Variables (Millions of pounds)

	1915 prices		Current prices		Trade Balance X - M
	Real Exports X ^R	Real Imports M ^R	Exports X	Imports M	
1884	1.46	1.51	1.38	1.53	-0.15
1885	1.41	1.50	1.21	1.48	-0.27
1886	1.19	1.44	1.10	1.29	-0.20
1887	1.38	1.48	1.35	1.27	0.09
1888	1.69	1.80	1.68	1.55	0.13
1889	1.47	1.78	1.52	1.54	-0.02
1890	1.71	2.48	1.82	2.13	-0.30
1891	1.56	2.00	1.66	1.75	-0.09
1892	1.66	2.19	1.71	1.93	-0.22
1893	1.72	2.42	2.00	2.12	-0.12
1894	1.70	2.66	1.86	2.16	-0.30
1895	1.77	2.80	1.79	2.27	-0.48
1896	1.58	2.41	1.40	1.83	-0.43
1897	1.72	2.09	1.39	1.64	-0.25
1898	2.05	2.26	1.57	1.80	-0.23
1899	1.99	2.26	1.82	1.77	0.05
1900	1.92	2.13	1.76	1.69	0.07
1901	2.21	2.16	1.86	1.73	0.14
1902	2.68	2.38	2.24	1.99	0.25
1903	1.88	2.34	1.50	2.00	-0.51
1904	1.80	2.06	1.35	1.68	-0.33
1905	2.39	2.20	1.79	1.92	-0.13
1906	2.52	2.37	1.91	2.17	-0.26
1907	2.39	3.00	2.25	2.86	-0.61
1908	2.41	2.47	2.12	2.41	-0.29
1909	2.56	2.59	2.55	2.55	-0.00
1910	2.59	2.63	2.45	2.61	-0.16
1911	2.78	2.93	2.81	2.79	0.02
1912	2.43	3.07	2.61	3.02	-0.41
1913	2.25	2.84	2.25	2.84	-0.59
1914	2.77	2.53	2.83	2.55	0.28
1915	2.09	2.10	2.23	2.33	-0.10
1916	1.96	2.24	2.80	3.03	-0.23
1917	1.70	1.60	2.48	3.30	-0.82
1918	1.72	1.40	2.69	3.38	-0.69
1919	2.64	1.94	5.63	4.87	0.75
1920	2.03	3.21	6.83	10.31	-3.48
1921	1.94	2.68	3.05	5.46	-2.41
1922	2.88	3.14	4.17	4.83	-0.66
1923	2.35	3.48	4.22	5.56	-1.34
1924	2.38	2.97	3.13	5.08	-1.95
1925	3.00	3.36	3.93	5.63	-1.70
1926	3.39	3.52	4.25	5.63	-1.38
1927	3.72	4.10	4.86	6.00	-1.14
1928	3.26	4.46	4.18	6.37	-2.19
1929	2.73	4.83	4.66	7.02	-2.37
1930	3.18	5.48	4.08	6.10	-2.02
1931	2.99	5.42	3.33	4.94	-1.61
1932	3.40	5.44	3.24	4.75	-1.51
1933	2.46	5.61	2.50	4.36	-1.87
1934	3.02	6.39	3.17	4.76	-1.59
1935	3.50	6.62	3.81	5.01	-1.20
1936	3.45	6.75	3.80	5.07	-1.27
1937	4.42	7.44	4.96	6.13	-1.17
1938	4.10	8.04	5.03	6.42	-1.39

Source: Thomas B. Birnberg and Stephen A. Resnick, Colonial Development. An Econometric Study (New Haven: Yale University Press, 1975) Table A.26

TABLE. 36

PRINCIPAL EXPORTS AS A PERCENTAGE
OF TOTAL EXPORTS
(1850-1980)

Year	Sugar	Rum	Coffee	Bananas	Bauxite and Alumina	Largest Export as a % Total Exports	Largest 2 Exports as a % Total Exports	Largest 3 Exports as a % Total Exports
1850	58.2	20.9	10.3			58.2	79.1	89.3
1870	44.5	19.3	15.1			44.5	63.8	78.9
1890	14.7		18.2	19.1		19.1	37.3	52.0
1910	8.1	6.0		52.0		52.0	60.1	66.1
1930	12.2		5.0	57.3		57.3	69.5	74.5
1950	41.2	10.8		14.2		41.2	55.4	66.2
1960	23.3	2.3		8.6	49.3	49.3	72.6	81.2
1970	10.4			4.2	66.2	66.2	76.6	80.8
1980	5.7			1.1	76.3	76.3	82.2	83.3

Source: Gisela Eisner, Jamaica 1830-1930. A Study in Economic Growth (Manchester: Manchester University Press, 1961), p. 238, Owen Jefferson, The Post-War Economic Development of Jamaica (Institute of Social and Economic Research, University of the West Indies, Jamaica, 1972), table 8.4, and Balance of Payments of Jamaica (Kingston: Bank of Jamaica, various years).

TABLE 37

EXPORTS TO PRINCIPAL TRADING PARTNERS
SELECTED YEARS 1890-1980

Year	Percent of Total Exports			TOTAL
	Great Britain	United States	Canada	
1890	53.9	34.2	8.9	97.6
1910	43.9	44.1	7.8	95.8
1930	28.4	31.6	20.0	80.0
1938	59.2	3.7	26.6	89.5
1950	58.2	4.6	26.6	89.4
1960	31.4	26.4	24.7	82.5
1970	15.5	51.6	8.2	75.3
1980	19.4	37.3	3.9	60.6

Source: Gisela Eisner, Jamaica 1830-1930. A Study in Economic Growth (Manchester: Manchester University Press, 1961), p. 268, Owen Jefferson, The Post-War Economic Development of Jamaica (Institute of Social and Economic Research, University of the West Indies, Jamaica, 1972), p. 202, John Gafar and W. Joefield Napier, Trends and Patterns of Commonwealth Caribbean Trade 1954-1970 (I.S.E.R., U.W.I., Jamaica, 1978), p. 119 and Balance of Payments of Jamaica, 1980 (Kingston: Bank of Jamaica, 1981), p. 108.

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