'SUPERINTERMEDIATION' IN CONDITIONS OF ECONOMIC STAGNATION: THE RECENT EXPERIENCE OF JAMAICA

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1. INTRODUCTION

The effects of changes in liquidity are typically analysed in the context of determining the effects of monetary policy changes on the achievement of the main macroeconomic objectives, namely, output growth, full employment and balance-of-payments equilibrium. This area has been the subject of a very large literature in the last three decades and continues to engage the attention of economists everywhere. Recent developments in Jamaica have stimulated growing interest in another dimension of the liquidity issue. Increasing attention has been paid in recent years to the fact that, while the economy has struggled to achieve a sound momentum of positive growth, the financial sector has displayed a phenomenal growth performance. This is generally considered to be an unsatisfactory state of affairs because of doubts about the sustainability of this pattern of growth. Ultimately, confidence in the ability of the economy to achieve stability and target rates of growth is undermined.

This paper will focus on this institutional side of the liquidity problem, analysing the growth performance of the financial sector relative to that of the economy as a whole. It must be observed, however, that this focus should not be viewed in isolation but as a contribution to the analysis of the general problems of economic instability. In fact, conventional macroeconomic analysis suggests that the phenomenon of an increasing skew toward the financial

sector may be a noticeable side-effect of the general problem of instability.

In addition, it is important to see the institutional dimension as not being distinct from the aggregative analysis of the impact of monetary and fiscal policy on the economy. Indeed, the nature and parameters of the transmission process between monetary interventions, on the one hand, and outcomes with respect to output growth and the balance of payments, on the other, depend significantly on the institutional framework. The analysis of this institutional framework, therefore, helps us to understand the factors which influence the effectiveness of monetary and fiscal policies.

Attention to these phenomena in the Jamaican experience have been limited to a cursory recognition but there have not been serious attempts to analyse it further. A reference to the phenomenon is found in Thomas (1991) where it is observed that "the real sector deterioration has been accompanied by a boom in the financial sector as a whole..." (p. 101). This development has had profound effects on the character and operations of building societies in particular as a "marked shift in composition [of total assets] from mortgages to liquid funds" has been observed (ibid. p. 105). In addition, Thomas (1992) has drawn attention to possible links between this contrasting performance of the real and financial sectors, on the one hand, and the experience of persistent budget deficits, on the other. This paper is an attempt to extend the work mentioned above by focusing specifically on the performance of the financial sector.

A related issue is the question of whether the growth in financial activity reflects higher aggregate savings effort. This question has implications for growth potential and raises further questions about investment opportunities and investment demand. Another practical question is to determine the extent to which the growth of the financial sector may be associated with the

process of economic development and what part may be attributed to other causes.

The areas to be addressed in the pursuit of this subject are as follows: Section 2 will try to capture the magnitude of the expansion of the financial sector. Section 3 explores a framework for the analysis based on the accounting framework for the determination of the money supply and the operations of the government budget. Section 4 focuses on the expansion of the deficit and relevant financial instruments. Section 5 tries to ascertain whether the growth of intermediation reflects greater saving effort and finally, section 6 presents some conclusions.

2. THE GROWTH OF THE FINANCIAL SECTOR

The fact that the financial sector has enjoyed a rather robust growth performance is a salient feature of the Jamaican economic experience of the last decade. This experience stands in sharp relief against the background of the sluggish performance of the aggregate economy during most of the last two decades. It is reflected in the growth in the output of the sector and in a large-scale expansion of assets and liabilities. At the same time the structure of the sector has evolved as a result of variations in the fortunes of different institutions, changing somewhat the nature of financial intermediation. In these circumstances, the effort to analyse the causes requires us to complete two tasks. We need to distinguish that portion of the financial performance that may be part of a 'normal' trend from that part that may be attributed to specific decisions. Secondly we need to be able to identify the periods of especially high growth and activity in the financial sector.

These tasks will be approached with the help of tables 1 - 3 below. These data will be

used to establish some dependable stylised facts about the behaviour of the financial sector in Jamaica.

A fundamental basis for analysing the performance of the financial sector is by comparison with that of the other major industrial sectors and the economy as a whole. This analysis is carried out with the help of table 1. This table shows the real GDP and contribution of selected major sectors to GDP during a sample of years from 1965 to 1991. The table also shows the percentage contribution of these sectors and the average annual growth rates of the sectors during some convenient sub-periods between 1965 and 1991. It may be observed that the period is broken up into three overlapping sections with the real output expressed in three different price levels. The elegance of a single series was not pursued since it was the percentage shares and growth rates that were important and not the absolute figures. In addition, the GDP is estimated in terms of factor costs in the 1965-74 period while it is measured in purchasers' prices in the other periods. It was felt that an attempt to obtain a single series in these circumstances would introduce more inaccuracies without enhancing the analysis in any significant way.

Table 1 provides evidence of the extra-ordinary growth of the financial sector. This sector has been growing impressively since the 1960s but its rate of expansion has been particularly dramatic since the mid-1980s. 'Financing and insurance services', as it is formally titled in the National Income and Product publications of the Statistical Institute of Jamaica, is the only sector which consistently displays higher growth rates than total GDP throughout the period under consideration. The period from the mid-1970s to the mid-1980s is one of relative slowdown in the growth of the sector. Financing grew at rates of 3.8 and 1.7 percent annually

in 1974-80 and 1980-85, respectively, compared to rates in excess of eight percent in the other periods. However, the recent period starting in the mid-1980s is one of particularly remarkable growth with an average annual rate of expansion of 14.5 percent being recorded in 1986-91.

The early period of strong growth of the financial sector up until the 1970s coincided with a significant expansion of the government sector. Indeed, in the 1974-80 period when economic performance was negative, government services and financial services were significant exceptions. Since the mid-1980s, the rapid expansion of the financial sector has occurred against the background of a contracting government sector. It is possible to provide a consistent basis for these apparently contrary developments in the context of growing liquidity in the economy.

The spectacular growth of the financial sector in the late 1980s accompanied by the relative sluggishness of the other main sectors is underlined by the upward movement of this sector in terms of its contribution to total production. Between 1989 and 1991, financing and insurance services became the third most important sector in terms of its percentage contribution to GDP behind manufacturing (20.3%) and distributive trade (18.3%)[1]. It overtook previously critical sectors like mining and quarrying and transport, storage and communication, to mention a couple.

Further evidence of the growth of the financial sector is found in the rate of expansion of assets and liabilities. Data on the assets of the financial system are presented in table 2. The data are disaggregated to show the individual performances of a selected number of institutions. This table also shows data on the GDP in nominal terms for purposes of comparison. Table 2 corroborates the observation made with respect to table 1 that financial sector growth is consistently more rapid than other main sectors and the aggregate economy. In the periods

1976-81, 1981-86 and 1986-90, total financial assets grew by 16.0, 27.6 and 21.3 percent, respectively, compared to 14.5, 20.9 and 21.4 percent for GDP.

It is interesting to note the changing composition of the financial sector during the last two decades. In the late 1970s, the growth of credit unions was particularly vigorous so that they were able to increase their role in financial intermediation as a whole. In the first half of the 1980s, the momentum swung towards the merchant banks and life insurance companies. In fact, the Merchant banks are conspicuous for their very rapid and accelerating rates of growth, since the beginning of the 1980s. Throughout the period of the last two decades, the commercial banks and the building societies have been able to maintain their momentum of growth so that they have been able to keep steady shares of the output.

It is evident that the building societies are experiencing an accelerating growth performance leading up to the present time. Note that the decline in the number of establishments from 16 in 1971 to 7 in 1976 was due to mergers and so does not indicate a drop in their financial importance. Building societies enjoy special advantages in the financial sector because of their ability to mobilise savings relatively cheaply, given their connection with the provision of mortgages (see Thomas, 1991). Consequently their traditional mutual basis for operations has given way somewhat to a more profit-making image, and hence the establishment of two more institutions in the late eighties as arms of commercial banks.

The composition of the sector may be analysed in terms of the numbers of establishments in each financial activity. Table 3 has been compiled to assist with this aspect. It is firstly noticeable that even in the face of rising assets as has been observed, the numbers of establishments in some areas have actually been declining. For example, by 1990, the numbers

of Trust companies, Finance houses, credit unions and life insurance companies were down relative to their levels at the beginning of the 1980s. This is indicative of a trend of concentration in the sector, reflected partly in the formation of conglomerates consisting of different financial institutions.

In the proliferation of establishments, merchant banks are conspicuous by their rate of increase. In the four-year period from 1986 to 1990, thirteen new merchant banks were established more than doubling their number. In this case, it is evident that the growth in assets was accompanied by a physical expansion of the sector. To a certain extent the expansion of merchant banks is consistent with the slowdown in the establishment of trust houses and finance houses because of some overlap in their activities.

The analysis of the factors that determine the pattern of growth within the sector is of critical importance in explaining the behaviour of the sector. This is made difficult, however, by the development of many interlocking relationships within the sector. Financial groups may include commercial banks, merchant banks, building societies and life insurance companies. It is widely believed that the formation of these conglomerates gives them greater flexibility in manoeuvreing among the regulations governing the sector.

3. A FRAMEWORK FOR ANALYSIS

A traditional analysis of this situation of financial boom amidst economic bust would be based on two main elements. Firstly, there is the budget constraint of the government requiring that government spending has to be financed by tax revenue, by borrowing (including local and

foreign) or by money creation. In practical terms, this is reflected in the operations of the consolidated fund of the Government. Secondly, account has to be taken of the process of determination of the money supply and the components of the money supply in an open economy.

The analysis that emerges treats the occurrence of a financial boom alongside a slowdown in production in the other sectors as one interrelated issue rather than as two separate issues. The factors that make for buoyant financial conditions, on the one hand, may be involved in reducing the attractiveness of other activities for the investor. Fundamentally, high interest rates raise the premium on financial activities while discouraging real-sector activities.

The conventional analysis therefore finds these contrasting performances of the sectors to be predictable and tends to attribute a significant role to the existence of a government budget deficit. Indeed, according to Sargent (1987), this analysis underlines the

> traditional rationale for levying taxes as opposed to financing government expenditures by printing bonds or money [that is..] to protect the rate of growth of physical capital by limiting the extent to which private saving is diverted to accumulating claims on the government instead of (claims on) physical capital. (p. 29. Emphasis added).

A convenient point of departure for understanding the relevant processes is to combine elements of the government budget constraint with the machinery for determining the money supply and its components[2]. We may start by noting that the monetary base (H) is given by

$$H = Cc + R \qquad (4)$$

and $R = BR + Cb$ (5)

Where Cc is cash in circulation, R is reserves, BR is bank reserves, i.e., bankers balances held by the central bank and Cb is cash in bank vaults. By combining equations 4 and 5, it can be shown that

$H = BR + C$ (6)

$C = Cc + Cb$, i.e., total cash stock.

Looking at the operations of the government, it can be observed that

$GD = GBCB + GBPV$ (7)

where GD is the government deficit, GBCB is government borrowing from the central bank and GBPV is government borrowing from the private sector. Equation 7 is an expression for the budget constraint, stating that a deficit has to be financed by borrowing from the central bank or the private sector. For simplicity, we ignore the possibility that government could borrow from foreign sources. Government borrowing from the central bank may, in turn, be reflected in a number of changes affecting the banking system:

$GBCB = \Delta C + \Delta BR - \Delta BLBS - \Delta F$ (8)

where BLBS is central bank lending to the banking system and F is foreign exchange reserves. Given that $\Delta H = \Delta C + \Delta BR$, and combining equations 8 and 9, we end up with

$GD = \Delta H + GBPV - \Delta BLBS - \Delta F.$ (9)

Equation 9 is an expression summarising the main repercussions that may be associated with the occurrence of a budget deficit. Because of the need for financing, an increase in the budget deficit is associated with a monetary expansion to the extent that it is not financed by reduced foreign exchange reserves or lending to the banking sector or by increased borrowing

by the government from the private sector. A point of particular relevance is that, in the absence of ample foreign exchange reserves and access to foreign borrowing, a budget deficit will tend to be associated with increased financial activity in the form of bond sales and money creation.

It should be noted that equation 9 represents an accounting relationship and not a theoretical one and so there is no implication of causal relationships. However, depending on the policy framework in operation, there is the implication that the repercussions may involve changes in the rate of interest and the exchange rate. For example, an increase in the deficit that is not accompanied by increased saving may call for a downward adjustment in investment which may be associated with a higher rate of interest.

In order to illustrate this point, attention may be drawn to the basic macroeconomic identity which says that:

$$S - I = (G - T) + (X - M)$$

where

S: saving

X: exports

M: imports

G: government expenditure

T: tax revenue

I: investment.

Adopting the notation used above, this equation may be re-expressed as

$$S - I = GD + \Delta F \qquad (10)$$

In addition, the budget constraint may be restated as

$$GD = \Delta MS + \Delta B, \tag{11}$$

that is, the financing of a deficit will have monetary repercussions or be reflected in government borrowing from the private sector or a combination of the two. ΔMS stands for change in money supply and ΔB stands for bond sales. Combining equations 10 and 11, we obtain

$$S - I = \Delta M + \Delta B + \Delta F. \tag{12}$$

What equation 12 indicates is that, assuming no room for manoeuvre through the reduction of foreign exchange reserves, the increase in monetary and bond activity engendered by an increased deficit will require an enhanced gap between saving and investment. This increased gap would, under normal assumptions be consistent with higher interest rates suggesting that part of the adjustment to the deficit would be pressure for the interest rate to rise.

To sum up then, a traditional framework, based on accounting rather than theoretical relationships, suggests that rising budget deficits can give a major boost to the proliferation of financial instruments and to monetary expansion. This is especially likely to be the case where access to foreign borrowing and the availability of foreign exchange resources are limited. In addition, this increased financial activity may be associated with increased interest rates. Once this process sets in, financial activity can take off because capital investments become more costly and the less risky financial investments become more appealing. The implication is that, fundamentally, the solution to a problem of large-scale financial activity and slowdown in the other major sectors lies in the containment of the budget deficit in order to relieve upward pressure on the interest rate.

4. DEFICIT FINANCING

Since the 1960s, Jamaica has had a problem of perennial deficits. However, it is interesting to note that these deficits have shown a tendency to grow and that the period of 1968-80 is a period of particularly high growth. As table 4 indicates, the periods 1968-74 and 1974-80 were characterised by particularly high rates of increase in the deficit. The average annual rate of growth of the deficit amounted to 33.2 and 34.3 percent, respectively in these two periods. These compare with an average annual rate of increase of 18.0 percent for the entire period of 1961 to 1986.

Another indicator of the magnitudes and impact of the deficits is the deficit to GDP ratio. The deficit ratios started to grow sharply in the 1970s and had reached 20.7 percent by 1980. These have been a source of concern since the late 1970s and have been the target of serious efforts to achieve reductions. Some success in bringing the ratio down was achieved in the 1980s but, as table 4 indicates there seems to be a tendency for it to rise again in the 1990s. It is worth noting that although the size of the government sector is declining as a proportion of overall output, the deficit continues to be significant.

On the financial side, two developments worth noting are the proliferation of treasury bills and other government securities and the expansion of certificates of deposit outstanding issued by the Bank of Jamaica. From $100m. in December 1976, treasury bills have expanded to $6,461m. in 1992 at an average annual rate of thirty percent. Certificates of deposit have proliferated from $1683.8m. in March 1988 to $7081.7m. in July 1992 at an average annual rate of 43.2 percent. There is also vigorous activity in the market for Government local registered

stock. The biggest single institution holding these assets are commercial banks but merchant banks have shown a very rapid growth of their involvement in these markets.

A very important development with respect of the operations of the financial sector has been the increases in the rates of interest operating in Jamaican financial markets. In the 1970s, Jamaican treasury bill rates and bank rates were lower than those operating in the U.K. and were just slightly higher than those that applied in North America and some regional countries. By the middle of 1992, treasury bill rates and CD rates exceeded 40 and 50 percent, respectively, while comparative rates were generally less than ten percent (between 20 and 32 percent for Guyana). The emergence of such high interest rates in Jamaica and the intransigence encountered in attempts to bring them down are key indicators of the inappropriateness of prevailing monetary and fiscal strategies.

5. SAVING EFFECT

A question arises as to whether the enhanced interest in financial activity reflects an increased desire to save. An affirmative result would suggest one favourable outcome as it would imply an increased capacity for investment out of domestic resources and more favourable conditions for growth. On the other hand, it could be that the increased financial intermediation activity reflects a diversion of existing capital resources in new directions in response to higher opportunities for earning interest rather than an enhanced saving effort. Even if saving is found to have increased, the question of what precisely to attribute this change to still has to be answered.

Table 5 has been compiled to provide a preliminary analysis of whether a relationship between saving and the financial boom can be observed. This table provides percentage ratios of aggregate saving to GNP and to national disposable income (NDI). All the figures are in nominal terms because this is the only form in which they were available.

The figures show saving to be typically quite low, averaging just under one percent from 1980 to 1985. After 1985, however, the picture changes quite dramatically. In 1986 and 1987, saving reached 8.4 and 8.7 percent, respectively, of national disposable income. The saving ratio doubled in 1988, registering 17.2 percent in 1988 and maintaining a level of 17.0 percent in 1989.

In spite of these dramatic changes, it is difficult to provide more than conjectural explanations on the basis of the available analysis. It is likely that the hurricane and the rebuilding efforts in its aftermath may be major factors explaining the sharp increases in saving in 1988 and 1989. The position is even less conclusive with respect to the two previous years. In 1986, Jamaica entered a period of sustained, if fluctuating growth and it may be that increased saving was a concomitant on that process and not exclusively associated with the intermediation activity. Increased saving may represent conjectural evidence of growing concentration of income and wealth as a consequence of existing stabilisation strategies.

Whether increased intermediation was associated with higher saving in a causal way or not, it is likely that it facilitated it. It must be borne in mind that a possible channel for liquid resources is capital flows abroad which, in the circumstances of Jamaica could have a serious adverse impact on the balance of payments. The high level of financial activity was partly an outcome of efforts to stem the tide of capital outflows and to some extent appears to have been

successful. Unfortunately, a major casualty in this effort was physical capital formation as interest rates rose to very high levels.

6. CONCLUSIONS

Indications that the financing and insurance services sector has enjoyed an especially rapid growth performance in the last two decades find support in the analysis of the GDP data. Conventional analysis suggests a link between this development and the growth of the budget deficit. As a practical matter, one needs to look for factors that would satisfy the profit motive as the spur to the expansion of the sector. We have looked for this in the proliferation of financial instruments such as treasury bills and certificates of deposit which is a concomitant of the deficits.

Holdings of these assets have become a major feature of asset portfolios of most financial institutions and are possibly the primary basis for the expansion of merchant banks among other institutions. Thomas (1991) has commented for example on the growing importance of liquid assets in the portfolio of building societies, changing significantly the character of their operations.

An associated feature is the rise in interest rates which provides a link between the contrasting performances of the financial sector and the rest of the economy on the whole. High interest rates are adverse with respect to physical capital investments but are seen as a favourable feature in financial markets. They also reflect the experience of protecting the rate of exchange at the expense of investment.

The analysis has been conducted within the framework of accounting relationships affecting the money supply and the government budget constraint. Its conclusions are therefore not based on causal behavioural considerations which have not been investigated directly. It is, however, evident that the achievement of sharp reductions in the deficit will contribute significantly to the stabilisation of the economy. Further work of a theoretical and empirical nature will be necessary in order to determine the appropriate measures for achieving deficit and interest rate reductions and restoring greater balance to the operations of the different sectors.

NOTES

1. See Statistical Institute of Jamaica, National Income and Product, 1991, Preliminary report.

2.See Stevenson, Muscatelli and Gregory, 1988, chapters 1, 5 and 7.

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TABLE 1

REAL GDP BY SELECTED INDUSTRIAL SECTORS

J$m.

1960 prices

	1965		1974		
	Value added	%age share	Value added	%age share	Ann. growth rate (%)
Total GDP	543.9	100.0	915.9	100.0	6.0
Agriculture	58.5	10.8	71.2	7.8	2.2
Mining	54.6	10.0	145.0	15.8	11.5
Manufacturing	83.0	15.3	129.5	14.1	5.1
Construction	58.4	10.7	76.4	8.3	3.0
Distribution	76.5	14.1	105.0	11.5	3.6
Government	36.4	6.7	85.4	9.3	9.9
Financing	22.4	4.1	45.1	4.9	8.1

TABLE 1 (CONTD.)

1974 prices

	1974		1980			1985		
	Value added	%age share	Value added	%age share	Ann. %age growth rate 74-80	Value added	%age share	Ann. %age growth rate 80-85
Total GDP	2159.2	100.0	1827.8	100.0	-2.7	1834.7	100.0	0.1
Agriculture	154.0	7.1	152.7	8.4	-0.1	162.8	8.9	1.3
Mining	197.0	9.1	162.7	8.9	-3.1	95.4	5.2	-10.1
Manufacturing	387.2	17.9	281.3	15.4	-5.2	296.4	16.2	1.1
Construction	213.5	9.9	98.6	5.4	-12.1	97.4	5.3	-0.2
Distribution	402.5	18.6	273.8	15.0	-6.2	273.0	14.9	-0.1
Government	251.3	11.6	351.5	19.2	5.8	332.6	18.1	-1.1
Financing	86.0	4.0	107.7	5.9	3.8	117.4	6.4	1.7

TABLE 1 (CONTD)

REAL GDP BY SELECTED INDUSTRIAL SECTORS
$m.

	(1974 prices)			1986 prices				
	1989			1986		1991		
	Value added	%age share	ann. %age growth rate 85-89	Value added	%age share	Value added	%age share	Ann. growth rate 86-91
Total GDP	2104.4	100.0	3.5	13713.0	100.0	16954.5	100.0	4.3
Agriculture	152.7	7.3	-1.6	849.4	6.2	882.3	5.2	0.8
Mining	140.1	6.7	10.1	901.8	6.6	1546.9	9.1	11.4
Manufacturing	355.2	16.9	4.6	2946.7	21.5	3446.7	20.3	3.2
Construction	167.4	8.0	14.5	1086.1	7.9	1710.1	10.1	9.5
Distribution	327.3	15.6	4.6	2794.2	20.4	3105.3	18.3	2.1
Government	323.2	15.4	-0.7	1280.0	9.3	1266.0	7.5	-0.2
Financing	192.1	9.1	13.1	931.7	6.8	1837.0	10.8	14.5

Source: STATIN, National Income and Product, several issues.

TABLE 2
ASSETS OF THE FINANCIAL SYSTEM ($m.)

	TOTAL	Comm. banks	Merch. banks	Buildg. socs.	Credit unions	Life ins. Cos.	Nom. GDP
1976	1981.2	1066.1	127.2	142.6	52.6	244.8	2702
%age share	100	53.8	6.4	7.2	2.7	12.4	
1981	4164.3	2634.2	92.7	387.6	230.1	403.2	5307
%age share	100	63.3	2.2	9.3	5.5	9.7	
Ann. growth rate, 76-81	16	19.8	-6.1	22.1	34.3	10.5	14.5
1986	14094.4	8240.2	636.4	1046.8	454.2	2026.8	13713
%age share	100	58.5	4.5	7.4	3.2	14.4	
Ann. growth rate, 81-86	27.6	25.6	47	22	14.6	38.1	20.9
1990	30498.9	17327.5	4526.9	3058.1	803.1	2072.3	29822.7
%age share	100	56.8	14.8	10	2.6	6.8	
Ann. growth rate, 86-90	21.3	20.4	63.3	30.7	15.3	0.6	21.4
1992	47067.9	9091.4	7766.2	1280.7			
%age share							
Ann. growth rate, 86-92	33.7	70.2	49.3	18.9			

NOTES: 1. Figures refer to end-of-year stocks. 2. 1992 figures for merchant banks and building societies are for end of September and not December.
Sources: Lue Lim, 1991; BOJ, Statistical Digest, February, 1993.

TABLE 3

COMPOSITION OF FINANCIAL SYSTEM
(Numbers of institutions)

	1961	1966	1971	1976	1981	1986	1990
Commercial banks	6	6	6	9	8	10	11
Merchant banks			3	6	6	8	21
Trust companies	2	4	6	8	10	9	3
Finance houses				9	10	8	5
Building socs.	7	13	16	7	7	4	6
Credit unions	110	130	127	103	96	91	80
Life ins. cos.	16	20	20	13	13	10	10
Development banks	1	1	1	1	2	3	3
Peoples co-op. banks					39	115	115

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Source: Lue Lim, 1991.

TABLE 4

BUDGET DEFICIT RATIOS
J$m.

YEAR	Overall def	Curr. GDP	%age gr. in def.	def./ GDP ratio
1961	-10.8	508		-2.1
1968	-30.1	820	15.8	-3.7
1974	-167.9	2159	33.2	-7.8
1980	-986	4773	34.3	-20.7
1986	-1300.8	13389	4.7	-9.7
86/87	-1276	13627.4		-9.4
87/88	-626.4	17235.5	-50.9	-3.6
88/89	-2705.1	19294.4	331.8	-14
89/90	-1237.2	24078.9	-54.3	-5.1
90/91	-1830.8	29649.9	48	-6.2
91/92p	-2926.4	43500	59.8	-6.7

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Source: IMF, I.F.S.; PIOJ, ESSJ, several issues.
Note: 1961-86, calendar-year basis; 1986/87-1991/92, fiscal-year basis, i.e., April to March.

TABLE 5

NATIONAL SAVING EFFORT
J$m.

	GNP	NDI	Saving	Sav./ GNP	Sav./ NDI
1980	4454.9	4179	66	1.5	1.6
1981	5014.2	4762	-15	-0.3	-0.3
1982	5577.8	5272.7	-49	-0.9	-0.9
1983	6744.8	6492.9	212.6	3.2	3.3
1984	8456.3	8013.9	195.3	2.3	2.4
1985	9736.4	9479.6	-33.6	-0.3	-0.4
1986	11836.4	11485.5	963.7	8.1	8.4
1987	14104.3	13404.9	1167.9	8.3	8.7
1988	16863.7	17860.2	3077.5	18.2	17.2
1989	20014.8	20018.6	3401.6	17	17

Note: NDI - National disposable Income.

Source: STATIN, National Income and Product, several issues.