

SAVINGS BEHAVIOUR IN THE RURAL SECTOR THE JAMAICAN EXPERIENCE

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1. Introduction

From the outset, it is necessary first to clarify the subject area of this paper, and secondly to state its limitations.

Largely due to data constraints, that is the absence in Jamaica of any reliable disaggregated stock of information on the savings behaviour among agricultural households, this paper incorporates the broader rural economy. Even in this case, there are serious problems. Although the National Accounts define 'Urban' as 'Kingston Metropolitan' and 'other main town', with Rural being the residual areas so to speak, savings data per se are largely aggregated on a parish basis and do not differentiate between the urban sections of the parish and the rural. For the purposes of this paper therefore, the rural economy of Jamaica must take a very broad meaning to include all parishes outside of the Kingston Metropolitan area. This assumption might be a relatively plausible one, as the demographic statistics indicate that most of the non-Kingston Metropolitan population resides in the rural areas of the parishes as seen from Table 1.

TABLE 1
PERCENTAGE OF URBAN/RURAL DISTRIBUTION OF POPULATION AT
CENSUS OF POPULATION 1970

	St. Tho- mas	Port- land	St. Mary	St. Ann	Tre- lawny	St. James	Han- over	West- more- land	St. Eliza- beth	Man- ches- ter	Clar- endon	St. Cath- erine	Kingston Metro- politan
Urban	21.7	20.5	18.2	19.2	12.7	43.5	6.2	14.7	5.2	21.1	22.5	34.8	90.5
Rural	78.3	79.5	81.8	80.8	87.3	56.5	93.8	85.3	94.8	78.9	77.5	65.2	9.5

Source: *Demographic Statistics*, Department of Statistics, 1976.

Despite this, however, the assumption places constraints on the applicability of observations drawn from this paper as in Jamaica two very important 'enclaves'

exist in the 'rural' areas, i.e. the Bauxite and Tourism industries. These relatively high income industries seriously distort the savings behaviour of the typical rural Jamaican economy which, apart from the towns and industrial pockets, comprises largely peasants, agricultural workers, tenant farmers, and more recently cooperative workers. These occupational groups earn very low incomes and generally exist under extremely harsh socio-economic conditions. The data in Table 2 demonstrate the magnitude of the disparity in income in the Jamaican economy for the agricultural sector vis-a-vis all other sectors. Income levels in agriculture are about one-quarter of those prevailing in other sectors of the economy. Recent data seem to suggest, however, that the gap has been strongly narrowing and preliminary estimates for 1976 indicate that agricultural incomes are now about one-third the level of other non-farm incomes.

TABLE 2
AVERAGE INCOMES OF THE AGRICULTURAL SECTOR AND THE
ECONOMY IN GENERAL

Average Incomes	1960 \$	1968 \$	1969 \$	1972 \$
National Income per employed worker	648.6	1,224.8	1,284.8	1,692.6
National Farm Income per employed agri- cultural worker	216.0	353.8	321.7	493.0

Source: *Agricultural Green Paper*, Ministry of Agriculture, 1972.

Conceptually, savings may be defined as a residual after consumption out of available income during a given time period. As such, savings represents an economic surplus generated from the operations of a country or a single unit such as a household. Drawing from the works of Baran and Sweezy, the concept of the economic surplus has three dimensions:

- a) Actual economic surplus;
- b) Potential economic surplus; and
- c) Planned economic surplus.

The actual economic surplus is simply the difference between current output and current consumption, which in a National Accounts sense is equivalent to current savings. There are few conceptual problems here, as this is just a statistical measurement of savings, as we know it.

The potential economic surplus is not as simple however, and has wide ranging political and economic implications. A country's potential surplus is said to be in four areas. Firstly, the society's excess consumption. Secondly, in the output lost to the country through unproductive workers. Thirdly, through output lost from the mismanagement of the existing productive apparatus. Fourthly, from the output lost owing to the existence of mass unemployment.

In the Jamaican situation, an indicator of excess consumption can be gleaned from the distribution of loans and advances by commercial banks. In December 1976, for example, some 33.0% of total loans and advances went to the Personal and Distributive sectors, which is financed essentially for direct consumption, as opposed to 28.0% to the Manufacturing and Agricultural sector. The disparity in distribution was even greater in 1974 when the shares were 33.1% to the consumption oriented sectors and 23.0% to the 'Productive' sector. However, a number of government policy adjustments relating to consumption loans has served to appreciably reduce commercial loans for direct consumption purposes.

When applied to the area of unproductive workers, the concept of the potential economic surplus is more difficult to evaluate. Here one has to examine the relevance of the worker to the productive process in a rationally ordered society. Without exploring this concept, perhaps by example the idea may be concretised. In a rationally ordered society, the production of food, clothing and shelter would have priority over luxury items, i.e. the market valuation of a commodity would be secondary to the real societal needs.

The third aspect in evaluating potential economic surplus is that of loss due to irrational and wasteful organization of production. This situation is most evident in the structure, patterns of ownership and utilisation of land in Jamaica.

The fourth and final aspect relates to the question of mass unemployment. Venner¹ has estimated that over the period 1950-1972, some \$ 202.8 million was lost to the

¹ D. Venner, Review of the Factors Affecting the Mobilization of Savings in Jamaica. Paper presented at NSC's Savings Symposium 1973, Kingston, Jamaica.

Jamaican economy through unemployment. The unemployment rate as at October 1976 was 24.2 percent. The concept of the potential surplus in summary indicates areas or limitations on the savings process and this paper will later briefly explore these as they relate to the agricultural sector in Jamaica.

The planned economic surplus is a concept met only under a system of comprehensive economic planning as under advanced socialism. This type of surplus can be defined as the difference between society's optimum output under conditions of planned optimal utilisation of resources and some optimal volume of consumption. The paper will only examine aspects of the behaviour and patterns of the actual surplus in rural Jamaica, and observe and briefly discuss some potential areas to increase this surplus.

2. The institutional arrangements to mobilise the actual 'rural' surplus

There are two levels of arrangements to which reference can be made:

- 1) The formal branching structure of two of the main mobilisers of rural savings (i.e. Commercial Banks and Credit Unions).
- 2) The indigenous non-formal arrangements of the Partner system.

In terms of savings mobilised via the formal financial system, the arrangements are similar to those which exist in the 'urban' centre, and in fact the institutions all have their local head offices in the Kingston Metropolitan area.

Commercial Banks:

By far, the most popular formal institution in both rural and urban Jamaica is the commercial bank. In June 1976, there were 93 branches excluding the post office branches of the Workers Savings and Loan Bank operating in 'rural' Jamaica. Through these branches, some \$ 795.1 million was mobilised in approximately 850,000 accounts representing \$ 930.0 or US\$ 775.0 per account. The post office branches of the Workers Savings and Loan Bank are scattered all over the country and have a much more rural spread than do all other financial institutions including commercial banks. They are however, not full-scale bank branches and largely represent collection points for deposits. Withdrawals above certain amounts require several days notice and credit facilities are only provided at full-scale com-

mercial branches of that bank. Because of their spread however, they are of great potential significance in so far as they penetrate almost every rural community. The data in Table 3 illustrate the degree of overall penetration of commercial banks in rural communities in Jamaica. It is clearly indicated that for most rural communities savings accounts represent the most popular instrument of participation while there remains much scope for the development and use of current account facilities.

TABLE 3
BANK PENETRATION IN RURAL JAMAICA - JUNE 1976

ITEM	RURAL PARISHES											
	St. Ann	St. Catherine	St. Thomas	Manchester	Portland	St. James	Clarendon	St. Elizabeth	Trelawny	Westmoreland	St. Mary	Hanover
Acc. per employed worker												
savings	1.05	1.04	.64	1.22	.98	1.13	.82	.51	.38	.59	.72	.49
Time	.10	.21	.12	.44	.47	.35	.29	.17	.15	.23	.40	.14
Current	.5	.70	.55	.12	.60	.19	.57	.4	.54	.78	.63	.48
Employed Labour force served by a Bank	3035	8675	9233	3433	5650	2581	5245	9300	5975	6980	5100	9650
Square miles served by a Single Bank	34.4	53.7		21.2	82.1	14.1	38.9	79.1	88.1	53.4	42.3	38.5

Source: Files of the National Savings Committee; *The Labour Force 1976*, Department of Statistics; *Social & Economic Surveys*, National Planning Agency.

Credit Unions:

In terms of spread in rural Jamaica, the next institution of significance is the Credit Union Movement, which up to December 1976 had mobilised \$ 11.6 million in share deposits from 36,172 members. Credit Union participants are usually united by a

common socio-economic bond based on occupational, educational, religious or residential groupings and there is often a cooperative spirit wedded into the venture. The average size of deposit and share accounts in credit unions was approximately \$ 320.7 in 1976 which suggests that the movement draws on essentially the lower income stratum in the community as do commercial banks in their savings deposits. The average size of commercial banks savings deposit accounts was approximately \$ 325.00. Unlike the case of commercial banks deposit per account has been on an increasing trend, and in 1976 a 15.0% increase was recorded over the previous year. Loans and advances per depositor similarly have been increasing at a rate which exceeds the trend for savings. In 1976, a 16.0% annual increase was recorded.

When the relationship of shares and deposits to loans and advances (i.e. the advance/deposit *ratio*) is examined, we find that for the movement as a whole this stood at 102.7 indicating a net dissaving position. This means that loan activity is relatively greater than deposit activity. This high *ratio* serves to substantiate the observation that the movement has been largely consumption oriented. Further empirical evidence in this regard is provided by a survey of six of the largest credit unions that some 68.0% of loans went to purchase motor vehicles, household furniture and appliances, and to finance various miscellaneous debts. This again is in keeping with the income strata of credit union membership, who take full advantage of the credit facilities offered by the movement, using their shares as collateral.

There are other formal institutions which mobilise rural financial surpluses, for example, the Building Societies Movement and the Life Insurance Industry. These have however been excluded because of the current unavailability of disaggregated data on a parish basis.

Before moving to the informal arrangements, a few general comments can be made as to relations between the rural economy and the formal financial structure. First, in the rural areas, there is less use made of financial intermediaries. This is so because these facilities do not in the main, exist outside of the urban centres of parishes, and also because their operating mechanisms are relatively sophisticated for the levels of literacy and life-style of the rural population. Secondly, it is believed that where financial savings are channelled into the financial system in the rural areas, they become more permanent balances since the frequency of withdrawals is expected to be less.

Thirdly, lower income groups generally, but particularly in the rural areas, have little access to loan and mortgage facilities of financial institutions, given the stringent credit-worthiness criteria used by the largely urban and metropolitan oriented financial intermediaries.

The Partner:

The general inaccessibility to financial institutions and the overall lack of financial sophistication associated with rural residents, are perhaps among the reasons which endear the informal indigenous arrangements of the 'Partner' to rural Jamaican households.

The 'partner' is a widespread form of non-institutional savings practised throughout Jamaica. Evidence documented elsewhere suggests that this savings habit, originating in Africa, where it is known by various names, among them 'Esusu' and 'Isusu', dates from the period of slavery. In organization, the principle simply is that a group of persons agree to contribute a fixed sum of money at regular intervals, the total contribution being given in turn to each member of the group. By this arrangement, each member receives at regular intervals, the contributions of all other members, and this continues until every member has contributed the same amount as the lump sum received. The 'partner' unlike other methods of saving offers no conventional returns in the form of interest payments, nor is interest paid on the lump sum received by members.

Results of a Household Savings Survey done in Jamaica by the National Savings Committee (NSC) show the 'partner' system as the most widely used savings institution (Table 4).

TABLE 4:
INSTITUTIONAL PREFERENCES FOR SAVINGS AMONG JAMAICAN HOUSEHOLDS

Institution	Percentage Distribution
Partner	34.3
Commercial Banks	29.7
Other	16.5
Insurance Companies	10.0
Building Societies	4.9
Credit Unions	4.4

Source: *Report on the Partner Study*, NSC Working Paper No. 16.

This informal system operates principally on a basis of deferred expenditure. Individuals who save in 'partners' report that they are encouraged to do so because the 'draw' or lump sum return, provides them with a sum of money to execute certain plans. Approximately 81.0% of the participants in the 594 partner groups reported that they planned in advance how the money would be used.

The following Table sets out what were the plans and actual uses of the funds.

TABLE 5
DISTRIBUTION OF USES (PLANNED AND ACTUAL) OF
THE PARTNER SYSTEM SAVERS

USES	PLANNED		ACTUAL	
	No.	Percentage*	No.	Percentage*
Savings	91	17.6	155	30.0
Furniture & Appliances	82	15.9	174	33.7
Build Home	112	21.7	121	23.4
Buy Land	17	3.3	9	1.7
Buy Stock	51	9.9	45	8.7
Educational Purposes	67	13.0	134	25.9
Incidental Household Expenses	69	18.3	51	9.9
Other Expenses	125	24.2	100	19.3
Don't Know, Not Stated	18	3.6	67	13.0

* The percentages do not add to 100%, as respondents indicated that they use the funds in several ways. Not all respondents reported specific plans for the money they would receive, so the number of responses were less for planned than for actual uses.

Source: Reproduced from *Report on the Partner Study*, NSC.

The informal 'partner' arrangement is extensively utilised in both rural and urban communities. It is felt that the compulsory nature of the partner system and the sense of mutual dependence and trust which it involves, are primary reasons for its popularity and its prolonged existence over the years.

A substantial and dynamic area of actual surplus as yet unquantified arises out of almost synchronised savings and investment decisions taken in rural Jamaica. In subsistence areas, savings is generally converted into investment immediately, be it in the form of livestock, planting material, addition to houses, etc. This area of the actual surplus is difficult to measure as it does not pass through any formal or

informal system, but it is felt that it may be one of the most dynamic areas of capital formation realised through the mobilisation and utilisation of the rural surplus.

It has been observed that in order to meet the needs of low income households, it is essential that financial intermediaries offer better credit arrangements. It is clear from both the 'partner' system and the credit unions that savers do not necessarily save for the sake of saving, but in order to obtain credit for specific purposes. This is perhaps an additional reason which further alienates the commercial banking system from the rural population. In terms of the procedures to mobilise savings, everything should be done to simplify the process, taking into account the levels of educational attainment and socio-economic background of rural savers. Another major limitation has to do with the availability of formal institutions and their branches. With the exception of the credit unions and the post office branches of the Workers Savings and Loan Bank, institutional savings facilities are largely located in the more urban areas of parishes, hence denying the more rural population of easy access to these facilities. It can be said, that the urban centres including the Kingston Metropolitan area are over-banked while truly rural communities are grossly under-banked. It must also be observed that rural savings does not depend solely on the existence of collecting institutions, but also upon the operation of supporting institutional arrangements which bring rural savers together at regular intervals in connection with other activities, for example, agriculture producer or marketing cooperatives. One example of this is a programme by the National Savings Committee to set up National Savings Clubs, which incorporates savings activities into stable viable social and economic groupings such as parent teachers associations, trades union groups, etc.

4. The potential surplus

The most obvious limitation on the mobilisation of the agricultural surplus lies in the structure of the sector itself. Given the critical role of real income in the saving process, it must be recognised that it is mainly by augmenting real incomes that the level of savings in the agricultural household will be raised. A sector largely comprised of people whose primary concern, because of their material conditions, might only be with the maintenance of self in the present may not save and may even create debt in the effort to maintain some minimum standards of living. A perma-

nent substantial improvement in incomes, life-style, and material well-being of the agricultural population will however require drastic changes in the patterns of the distribution and ownership of land as well as in improved technical support in the production and marketing of farm products. At present, farms of less than five acres are operated by 78% of farmers and occupy only 15% of agricultural land, while farms of 500 acres and over account for 43% of the land and are owned by 0.15% farmers. In addition to this uneven distribution, small farms are usually found on hilly and less fertile lands and are too small to generate satisfactory levels of income. About 30% of the population is engaged in agriculture in Jamaica, giving a *ratio* of persons engaged in agriculture to acreage of cultivated land of approximately 3.0. This *ratio* is about three times the situation in the U.S.A. (1.2) and Western Europe (1.1). The relative scarcity of cultivable land requires that optimum use of every acre of arable land is achieved in order to further support increased output and incomes in the rural sector.

A second limitation on the mobilisation of the agricultural surplus rests in the performance of the various financial intermediaries. If one recognises that there is a dynamic link between savings — productive allocation of funds — increased incomes — further increased savings — productive allocation of funds — increased incomes — further increased savings, then the levels and rates of investment in agriculture must be a substantial constraint to increased household savings in agriculture. An Agricultural Green Paper developed in 1972 for Jamaica states that « there has been a relative decline of investment in agriculture compared with the economy as a whole — a growth rate of 8.6% per annum for the economy compared with 2.2% per annum for agriculture ».

The distribution of loans and advances by commercial banks is a further specific example of low levels and rates of investment in Agriculture. A further dimension to the whole allocation question lies in the much debated hypothesis that commercial banks and other financial intermediaries serve as channels through which the rural surplus is siphoned to urban areas. It is argued that the rural economy is usually a net saver while the urban sectors are net borrowers, and that this transfer only reinforces rural underdevelopment. Commercial banks in the Kingston Metropolitan area, for example, contribute approximately 70.0% of financial savings to the savings pool for these institutions while the « residual » 30% is mobilised from the « rural » areas. The distribution of loans and advances by parish however, reveal that in terms of net savings the 'rural' areas represent a net surplus sector, i.e.

savings are in excess of loans. The Kingston Metropolitan area is a deficit sector by about 20.0% i.e. loans exceed savings by 20.0%.

These observations of course, have very important implications for rural development and income redistribution. The commercial banking industry in effect functions in a manner which reinforces underdevelopment of the rural sector by channelling the surplus from the lowly industrialised, largely peasant farmer-type economy of rural Jamaica to the relatively developed high income urban centres. This experience is characteristic of many developing economies and represents a principal hurdle in the task of economic transformation. The current policy of government in Jamaica is to redress this imbalance in the country's economic structure.

Other areas of potential surplus lies in the large number of rural unemployed, underemployed and seasonally employed which is characteristic of the agricultural sector in Jamaica. Current rural development programmes are being focused at these areas of underutilised human resources, particularly using the principle of producer cooperatives. For example, almost all sugar plantations have been transformed into cooperatives.

5. Conclusions

The improved mobilisation of rural savings is considered to be integral to the process of economic restructuring, development and growth in Jamaica. It must however be recognised that not only are there inefficiencies in the present arrangements to mobilise the rural surplus in the economy, but further and more fundamentally the existence of glaring structural and institutional problems in the agricultural sector which impedes the potential surplus yet to be tapped. Solutions cannot and must not be seen, however, in the narrow light of only increasing the flow of rural financial savings per se. Restructuring of the rural economy is a necessity which has far-reaching socio-economic and political implications, and cannot be affected in isolation from the rest of the economy. Such a programme of restructuring is taking place at present in Jamaica through comprehensive land reform, increased financial and material support for agricultural development, improved marketing arrangements, and the expansion of the principle of cooperative production. The introduction of such special savings/credit schemes as the

Farmers Savings Programme to service the agricultural sector is expected to further support the effectiveness of the savings mobilisation programme in rural Jamaica.

LE COMPORTEMENT DE L'ÉPARGNE DANS LE MILIEU RURAL: L'EXPERIENCE JAMAÏQUAINE

RESUME

Une meilleure mobilisation de l'épargne rurale représente un élément essentiel du processus de restructuration, développement et croissance économiques en Jamaïque. Il faut cependant reconnaître que non seulement il y a des déséquilibres dans la structure actuelle pour la mobilisation de l'épargne rurale dans l'économie, mais aussi que dans le secteur agricole il y a des problèmes structurels et institutionnels fondamentaux qui empêchent la mobilisation de tout surcroît potentiel d'épargne. Cependant on ne doit et on ne peut pas prévoir des solutions dans le seul but d'augmenter le flux d'épargne financière rurale en soi. La restructuration de l'économie rurale est une exigence qui implique des conséquences socio-économiques et politiques de grande portée et donc ne doit être affrontée indépendamment du reste de l'économie. Ce programme de restructuration en Jamaïque vient d'être réalisé à travers la réforme agricole, un plus grand appui matériel et financier au développement agricole, l'amélioration des structures de commercialisation et la promotion du principe de production coopérative.

On prévoit, en outre, que l'introduction de projets épargne/crédit spéciaux tel que le Farmers Savings Programme, spécialement conçu pour soutenir le secteur agricole, puissent donner l'essor au programme de mobilisation de l'épargne dans la Jamaïque rurale.

News of Finafrica

Nouvelles du Finafrica

● By a Decree of the President of the Italian Republic signed on January 4th, 1979, No. 55, Finafrica became a public and independent Foundation. The new board of directors, appointed by the founder CARIPLO, is composed of six members: Avv. Camillo Ferrari, Dr. Remo Arduini, Avv. Giovanni Battistini, Prof. Angelo Caloja, Dr. Giuseppe Villa (managing director), Ing. Giuseppe Vimercati under the chairmanship of Avv. Ferrari. The Auditors' Board is so composed: Rag. Graziano Falsone, Mo. Enrico Massara, Dr. Bruno Tamassia. The new Foundation has an endowment fund of Lit. 1 billion contributed by CARIPLO and was established with the aim to « (a) carry out studies and research on economic, commercial, banking, monetary and credit problems with special reference to African countries and less developed countries (b) promote the creation and development of national and international financial institutions in African and less developed countries by granting technical, organizational and administrative assistance including the supply of material and specialized personnel and especially by organizing training courses, seminars and meetings in Italy and abroad and publishing and circulating specialized books, magazines and other printed material; (c) do all that is thought necessary to carry out and spread these studies and namely to organize missions, co-operate with other organizations, national and local governments, various bodies and enterprises, research and training institutions and individuals ».

● The Day of O.A.U. was celebrated at Finafrica with the participation of the ambassador of Tanzania, Mr. Magombe.

● Mr. Ali Abdalla Ali, from the Yemen Arab Republic Central Planning Organization, spoke on the

● Avec Décret du Président de la République Italienne du 4 janvier 1979, No. 55, Finafrica a été reconnu comme Fondation et est maintenant une personne civile. Le nouveau Conseil d'Administration, nommé par le fondateur CARIPLO, se compose de six membres, à savoir: Avv. Camillo Ferrari, Dr. Remo Arduini, Avv. Giovanni Battistini, Prof. Angelo Caloja, Dr. Giuseppe Villa (directeur), Ing. Giuseppe Vimercati et a été élu comme président Avv. Camillo Ferrari. Les nouveaux commissaires aux comptes sont Rag. Graziano Falsone, Mo. Enrico Massara, Dr. Bruno Tamassia. Les buts de la nouvelle Fondation, dont le fonds de dotation est d'un milliard de lires donné par CARIPLO, sont de « (a) mener des études et des recherches sur les problèmes économiques, commerciaux, financiers, bancaires, monétaires et de crédit des pays Africains et des autres pays moins développés; (b) promouvoir les initiatives les plus favorables à la création et au développement d'instituts financiers nationaux et internationaux dans les pays africains et dans les pays moins développés à travers son assistance technique, organisationnelle et administrative, y compris l'envoi de personnel spécialisé et de matériel, et surtout à travers l'organisation en Italie et à l'étranger de cours de formation professionnelle, de séminaires et de réunions, la publication et la diffusion de livres, revues et d'autre matériel d'information; (c) faire tout ce qui est nécessaire pour réaliser et diffuser ces études et ces recherches et en particulier organiser des missions, collaborer avec d'autres organisation, avec les gouvernements nationaux et locaux, avec des organes et des entreprises diverses, avec des instituts de recherche et formation et avec des particuliers ».

● A Finafrica on a célébré la Journée de l'O.U.A. avec la participation de S. Excellence M. Magombe, Ambassadeur de Tanzanie à Rome.

● M. Ali Abdalla Ali, de la Central Planning Organization (Organisation Centrale de Planifica-

relationships between national banks and foreign banks in the Sudanese banking system.

● Agenzia Terzo Mondo (Third World Agency) organized at Finafrica a meeting on « Interdependence between Europe and the Third World ».

● Finafrica was visited by Médard Mavouzia and Antoine Ombola from the Banque de Développement du Mali and by prof. Robert Vogel from Syracuse University, U.S.A.

● Finafrica trainees attended a course organized by Olivetti S.p.A. on automated accounting systems (where they were briefed on a teleprocessing system applied in Tunisia). They also paid visit to SAME, Treviglio (tractors); Artsana Chicco, Como (sanitary articles); Ideal Standard, Brescia (sanitary products); Pizzi, Cernusco (graphic industry), and F.lli Lamberti, Albizzate (Varese) (chemical products).

● Mr. Paolo Mottura of Finafrica has participated in the Seminar on « Rural Financial Markets » organized by U.S.A.I.D. in Tunis. On that occasion he presented a paper on the experience of the Sudanese Savings Bank. Mr. Mario Masini took part in the Workshop on « Rural Financial Markets and Institutions » organized at Wye College (U.K.) by the Ohio State University and the Overseas Development Institute.

tion) de la République Arabe Yémen, a tenu une conférence sur les rapports entre banques nationales et banques étrangères dans le système bancaire soudanais.

● L'Agenzia Terzo Mondo (Agence Tiers Monde) a organisé à Finafrica une rencontre sur « Interdépendance entre Europe et Tiers Monde ».

● Finafrica a été visité par MM. Médard Mavouzia et Antoine Ombola de la Banque de Développement du Mali et par le professeur Robert Vogel de l'Université de Syracuse, U.S.A.

● Les stagiaires de Finafrica ont suivi un cours organisé par Olivetti S.p.A. sur les systèmes de comptabilité mécanisés (on a illustré un système de teleprocessing employé en Tunisie). Les stagiaires ont aussi visité les entreprises suivantes: Same de Treviglio (tracteurs); Artsana Chicco de Como (articles sanitaires); Ideal Standard de Brescia (produits sanitaires); Pizzi de Cernusco - Milan (graphique) et Fratelli Lamberti de Albizzate - Varese (produits chimiques).

● M. Paolo Mottura de Finafrica a pris part au Séminaire sur « Le marché financier rural » organisé par U.S.A.I.D. à Tunis. A cette occasion il a présenté une relation sur l'expérience de la Caisse d'Épargne Soudanaise. M. Mario Masini a pris part au Séminaire sur « Les institutions et les marchés financiers ruraux » organisé auprès du Wye College (U.K.) par Ohio State University et par l'Overseas Development Institute.

Book reviews

Revue bibliographique

E.M. AINLEY, *The IMF: past, present and future*, Bangor Occasional Papers in Economics, No 15. University of Wales Press.

The Bretton Woods international monetary system saw the light as the expression of a generalized aspiration to a large scale recovery of international exchanges and with a view to making the latter extensively multilateral after so long a period of autarchy and bloc division of the world. Since the very beginning, nevertheless, one could detect the elements which would have gradually weakened the new system until the final disintegrating events begun in 1971. The technical solution which was then adopted, says the Author, was actually a compromise heavily conditioned by the viewpoint of the country which was then economically more powerful, the U.S.A., which highlighted the most remarkable contradiction underlying the whole system. The increase of the deficit of the balance of payments in the U.S.A. together with the problems raised by the mounting inflationary push in most developed countries and the tensions caused by the exceptional increase in capital movements, gradually undermined the international monetary system stability, the measures adopted in the 60's being unable to checkmate the trend. August 1971 and March 1973 marked the two fundamental stages in the international payment crisis which modified the IMF image and operations.

After going briefly through the above mentioned evolution, the Author focuses his analysis on the IMF attempts to recover a role of its own in a climate of so vast change. He thus mentions the various financial assistance tools the Fund conceived, showing a remarkable flexibility and imagination, with a view to contributing to the solution of the increasingly troublesome balance of payment problems and then describes the Committee of 20 effort to work out the reform project. On both these lines the Author's judgement is rather negative. The development of the Fund financial assistance function was in fact hindered by insufficient resources so that only a small number of countries could be granted credit at particularly favourable conditions while ordinary credit declined since it proved to be scarcely convenient. Moreover, the reform project was definitely a failure and confirmed that a mechanism of this kind could never work efficiently within the framework of Bretton Woods institutions.

The Author wonders which might be the basic reasons of this meagre balance and identifies them essentially in the U.S.A. attitudes, but also in the « all asking, no bargaining » position of many developing countries. We cannot share the Author's opinion thoroughly for his hasty judgement on the position of developing countries and because he identifies the cause of the international monetary system crisis mainly in the political divisions opposing countries and overlooks any other cause of a more purely economic nature connected with the different development trends of national monetary systems vis-à-vis the international system.

In any case, it is quite sure that the time is crucial for the IMF future and that the present persistent serious state of international problems do not leave much room for hope. The Author puts forward his proposal to re-shape the IMF role by integrating the Fund functions with the World Bank's and strengthening its links with commercial banks, which falls in line with a trend emerging in many countries, and should go so far as to promote information exchanges and to grant joint loans.

When all said and done, the Author insists on the need to strengthen the IMF position, though he does not overlook the problems and difficulties existing on both a technical and a political level. His proposals are undoubtedly interesting and we agree with him on being doubtful about the IMF future perspectives. We think that, as far as the latter are concerned, a series of questions might be raised: on one side on the possibility that a deep reshaping may come from within the Fund itself and on the other on the difficulty to foresee any easy short-term solution of the international payment crisis as shown by the recent monetary events and namely the troubled life of the European « snake » and the renewed intensity of the oil crisis.

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M. NOELKE, **Dossier sur l'Interdépendance Europe-Tiers Monde**, L'interdipendenza Europa-Terzo Mondo (édition italienne, Eurostudio, Milano, 1979, pp. 287, L. 4.000; édition française, Bruxelles, 28 Août 1979, 481/X/78, Direction Générale de l'Information, Division Développement - Commission des Communautés Européennes).

Le volume ouvre une nouvelle série d'études et documentations sur les rapports économiques entre pays industrialisés (et en particuliers la CEE) et les pays en voie de développement, patronné par un « organisme non gouvernemental » qui travaille dans le secteur (la Agenzia Europa-Terzo Mondo) en collaboration avec les institutions communautaires (direction générale de l'information et direction générale du développement). L'édition italienne est la traduction d'un rapport préparé par l'économiste belge M. Noelke sur la nature et la mesure du changement dont le monde fait aujourd'hui l'expérience par suite de la crise du pétrole de 1973 (qui s'est reproposée au début de 1979 bien qu'en termes moins dramatiques) et de la recession économique des années suivantes, dans le but de permettre à la Communauté, sur la base de la documentation recueillie, de refaçonner sa stratégie à moyenne et longue échéance.

Noelke a recueilli — et ordonné en tables et en diagrammes — une masse remarquable de données statistiques tirées de toute source disponible et mises à jour autant que possible (compte tenu des retards considérables qui se vérifient dans ce domaine). Ces informations quantitatives sont complétées par des commentaires concis qui aident le lecteur à comprendre les différents aspects du problème de l'interdépendance nord-sud et en particulier entre la communauté économique européenne et le Tiers Monde (et notamment avec les pays ou groupes de pays ayant des rapports préférentiels avec la CEE).

L'exposé commence par un examen du degré de dépendance de l'Europe de l'extérieur et notamment du Tiers Monde en ce qui concerne son approvisionnement d'énergie aussi bien que de matières premières où l'A. souligne la dépendance étroite des pays de la Communauté des pays en voie de développement. Noelke prend en suite en considération le cours des échanges commerciaux entre la CEE, les pays en voie de développement et le « reste du monde » et passe après à l'examen du problème de l'industrialisation dans le Tiers Monde qui, d'après certains auteurs, pourrait représenter une menace pour le système industriel des pays plus avancés et — en ce qui nous concerne — pour les pays de la CEE en particulier. L'A. montre que l'industrialisation du tiers Monde pourrait engendrer de remarquables avantages aussi pour les pays industrialisés, en dépit des problèmes d'adaptation et redeploiement qui se poseraient par suite de la concurrence de certains produits des pays en voie de développement pour certains secteurs de l'industrie des pays avancés. D'autre part, une attitude plus « ouverte » qu'à présent de la part des pays industrialisés (et surtout des pays de la CEE) envers les efforts d'industrialisation et donc des exportations des pays en voie de développement est la condition essentielle pour leur permettre d'entamer un processus de croissance et de changement économique auto-suffisant et donc d'interrompre le lien de dépendance avec le « nord » industrialisé. Comme les données et les arguments de Noelke le démontrent, cela agirait aussi dans l'intérêt à longue échéance de la Communauté, car ce n'est qu'en refaçonnant ses politiques pour tenir compte de l'interdépendance qui la lie au Tiers Monde qu'elle pourra éviter des problèmes sérieux et des situations de crise dans le futur.

Des annexes très intéressantes complètent ce volume qui, de propos délibéré, n'entre pas dans les détails de la politique de coopération au développement de la CEE (domaine où il y a des études et des documents complets et satisfaisants). Une lacune — admise par l'auteur lui-même — est le manque d'un examen plus profond du rôle des compagnies multinationales (mais il faut aussi reconnaître que pour une question si difficile il serait nécessaire de mener une étude ad hoc qui compléterait l'analyse de Noelke).

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