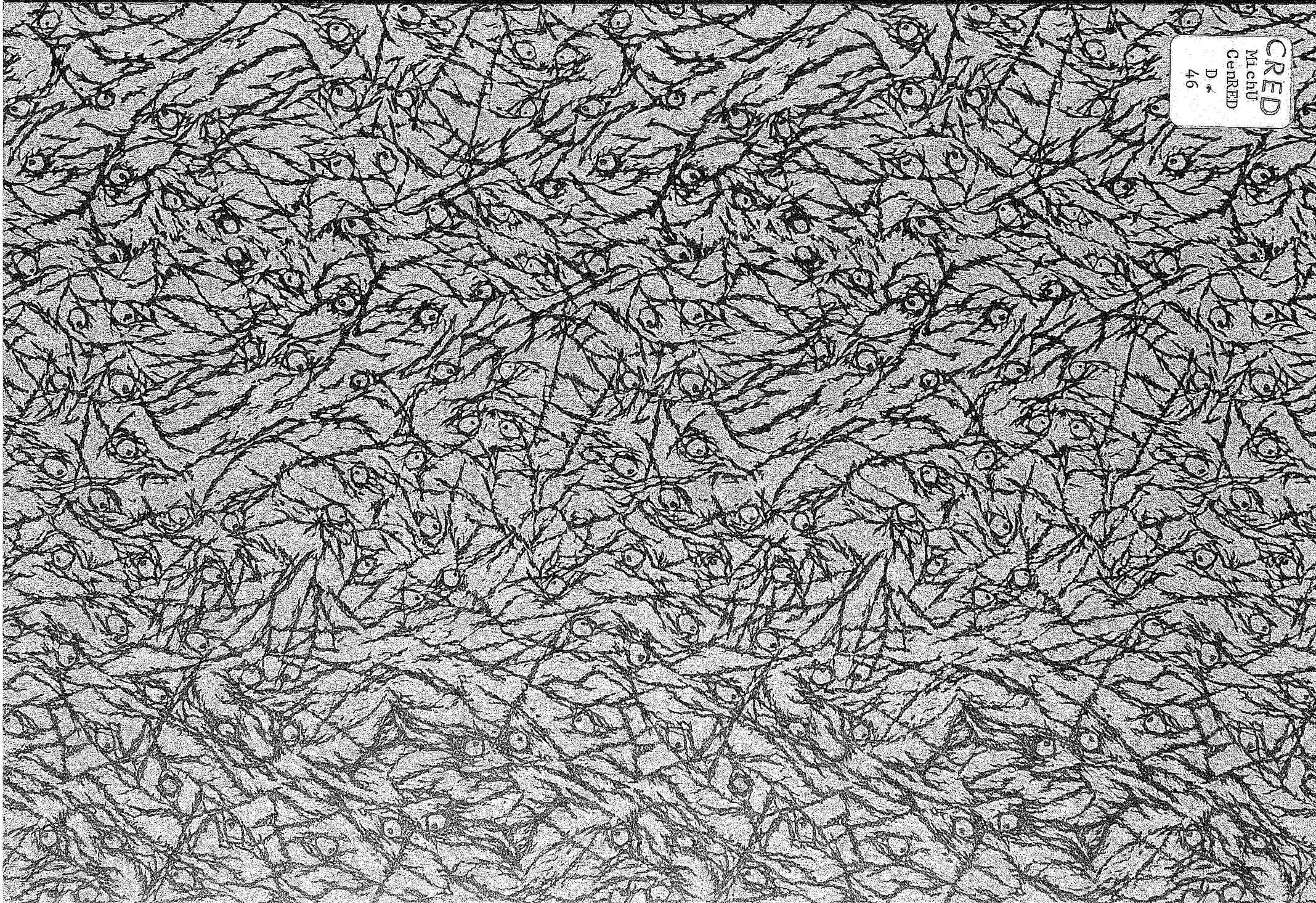


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The Financing of Investments in Tunisia

1961-1971

by

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Discussion Paper 46

ABSTRACT

The Financing of Investments in Tunisia: 1961-1971

by J.G. Kleve

This study is a detailed analysis of the institutional sources of finance for Tunisia's investment program in the 1960's. After describing the basic macroeconomic patterns of savings and investment in the economy, it examines the savings behavior of the different savings agents. Primary emphasis is accorded to the role of the public sector and in particular, that of public sector enterprises, in the savings and investment process. The interaction of foreign aid and domestic savings is explored. Finally, there is a detailed examination of the flow of funds in the economy, with emphasis on Central Bank and commercial bank behavior over the decade.

The Financing of Investments in Tunisia, 1961-1971

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The Financing of Investments in Tunisia 1961-1971

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1. Introduction

1.1 During the first half of the nineteen-sixties, investments increased rapidly in Tunisia and they were sustained at a continuously high level through the rest of the decade. This paper will analyze the financing of the investments. Specifically it will treat three aspects of the problem: 1) the relative importance of national savings and foreign aid; 2) savings in their relation to income; and (3) the interpretation of the capital accounts of the various agents, that is, the flow of funds.

1.2 The statistical basis underlying this analysis and in particular the estimates of gross domestic product in current and constant prices for the years 1961 to 1969 have been taken from an internal document of the Ministry of Plan, *Tableaux de Synthèse*, dated September 1972. The source for the later years has been the *Rapport sur le Budget Economique de l'Année 1972*, published by the Ministry of Plan in October 1972. These two sources have the same methodological basis.¹

2. Savings, Investment and the Deficit on Current Account on the Balance of Payments

A. Problems of Calculating National Savings

2.1 Before analyzing the course of savings, investment and the deficit of the balance of payments on current account in Tunisia during the past decade, it may be useful to remind the reader that the statistical basis of some of the aggregates and in particular of national savings is not very firm. As in most developing countries,² national savings are calculated as a residual item, namely as the difference between total investment (gross fixed capital formation and change in

stocks) and the deficit on current account of the balance of payments. However, savings of some of the agents can be estimated directly. This is the case for banks, general government and households,³ but not for the group of non-financial enterprises. Their savings are calculated as the difference between total national savings (itself a residual item) and the total of the independently estimated savings of the other agents.

2.2 As a residual item, the national savings estimate incorporates the errors in the evaluation of gross fixed capital formation, changes in stocks and the deficit on current account of the balance of payments. Time series of gross fixed capital formation and the deficit on current account of the balance of payments consist of relatively hard figures but this is not so for changes in stocks. Their evaluation comprises two parts: 1) changes in stocks of the most important commodities: wheat, wine, olive oil, raw phosphates and iron ore and 2) changes in stocks held by industrial enterprises as recorded in their balance sheets and analysed for several years. This method of evaluation leaves out changes in stocks of private commercial firms and trading cooperatives.

2.3 Nevertheless, such changes in stocks do exist, may be significant, and to the extent that they consist of imported merchandise they would be reflected in annual changes in the current deficit of the balance of payments. In a year of import restriction, e.g. in 1968, commercial firms may be expected to draw down their inventories. In such a year imports will be small and so will be the deficit on current account of the balance of payments. Normally, in such a year the value of investment also should be reduced because of a decline in commercial stocks. The estimate of national savings, calculated as the difference between total investment and the current deficit, would not be affected by smaller inventories because both investment and the deficit are equally diminished by the decrease in stocks. However, because commercial inventory changes are not covered in the national accounts, a reduction in the current deficit of the balance of payments will increase national savings since the investment figure is unaffected. This increase is, of course, spurious. Thus, in 1968, both the investment and the national savings estimates are overestimated because

of the overestimated investments. The same reasoning holds true also when imports are liberalized, as in 1972. Imports rise rapidly and will create pressure on the current account of the balance of payments. At the same time an unknown proportion of the rise in imports will lead to an increase in commercial stocks which will not be reflected in the national accounts estimate of changes in stocks. This in turn leads to an underestimation of total investment and, since the current deficit incorrectly reflects the impact of increased imports, of national savings. Despite these shortcomings of the figures, it seems possible to indicate for the years 1961 to 1971 the broad tendencies in investments, current deficit and national savings.

2.4 It is difficult to interpret estimates in constant prices in the fields of money, banking, and the balance of payments. The whole chapter is therefore based on series in current prices.

B. Description of Broad Tendencies

B1. Investments, savings and the current deficit

2.5 Times series over the past decade for total gross investment, the deficit on current account of the balance of payments and for national savings are given in table 1 in the statistical annex. The broad tendencies are brought out in figure 1.

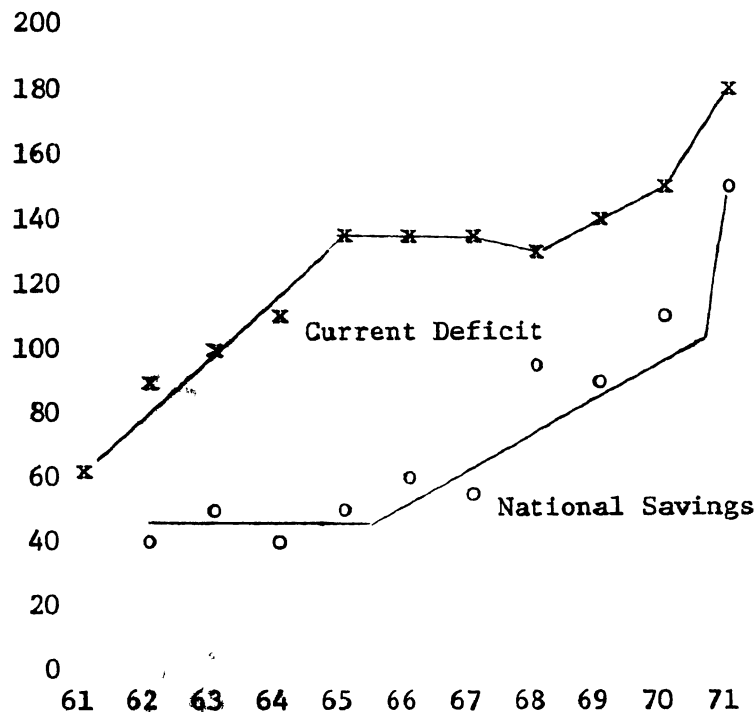
2.6 Total investment rose from 1961 to 1965, remained stable from 1966 to 1968 and rose again from 1969 onwards. The increase has been particularly strong in 1971 and projections made in the *Economic Budget for 1973* suggest that this new level will be maintained in 1972 and 1973. Changes in recorded stocks were relatively small and the movement in total investment was dominated by gross fixed capital formation.

2.7 The deficit on current account of the balance of payments did increase rapidly from 1961 to 1965, diminished in the three years thereafter (1966 to 1968) and remained stable in 1969 and 1970. The deficit declined sharply in 1971 and the current outlook for 1972 and 1973 suggests that in this respect 1971 was not an exceptional year.

2.8 National savings, as a residual item, must reflect the movements in investment and in the deficit of the balance of payments

Fig. 1

Investments, National Savings and the Deficit
on Current Account of the Balance of Payments



over the last 10 years. National savings were stable from 1961 to 1965 and went up from 1966 onwards. The annual increase was between 12 and 13 per cent in the years 1966 to 1970 which is about the same as the rate of increase of total investments from 1969 onwards. In 1971, however, national savings seem to have shot up to a much higher level (+50%) and they may well remain there in 1972 and 1973.

B2. The share of national savings in total investments

2.9 The share of national savings in financing total investments declined sharply at the beginning of the past decade: from more than 50 per cent in 1962 to less than 40 per cent in 1965. As a consequence of a stable investment level and rising national savings, this tendency was reversed in the years 1966 to 1968; at the end of this period the share of savings in total investments was about 70 per cent. This improvement made possible a slight increase in investments in the two years thereafter. In 1971 the share of national savings reached a new level of about 90 per cent and it is expected that this fact will lead to much higher gross fixed investments in 1972 and 1973.

B3. Sub-periods within the last decade

2.10 Broad tendencies of investments, national savings and the deficit on current account of the balance of payments suggest the following sub-periods:

- 1961 to 1965: the period of rapidly increasing investments;
- 1966 to 1970: the period of stagnation: this includes the years 1969 and 1970 in which there was already a definite but slight improvement;
- the period of expansion from 1971 onwards: even though definite figures are only available for 1971, the preliminary estimates for 1972 and the projections for 1973 given in the annual plan for 1973 suggest a continuation of the expansion.

2.11 These periods do not correspond to the planning periods. In fact, the transition from the first to the second period took place in the middle of the first four-year plan, 1965 to 1968, whereas the transition from stagnation to expansion occurred at the beginning of the second four-year plan, 1969 to 1972.

2.12 Although it is not our primary objective to analyse and to criticize the planning methodology, the difference between what happened and what was planned suggests that planning had only limited effect on the actual events. But these actual events also showed that Tunisian planners were adaptable and quickly learned from events.

2.13 More specifically the input plans, i.e. investments, were adhered to as strictly as was possible. Hence the strong increase in investments during the first period. The plans turned out to be over-optimistic in the projections of the outputs to be generated by these investments and in their assessment of savings to be generated and balance-of-payments deficits to be required. When the inadequate results became apparent Tunisian policy makers drew the consequences and adjusted both targets and policies. More will be said about this in different contexts.⁴

C. The Period of Rapidly Rising Investments, 1961-1965

C1. Significance of the first plans

2.14 Tunisia became independent in 1956 but investments remained low until 1962. Because of the departure of the French farmers⁵ and the enterprises that held most of the capital,⁶ gross fixed investments

in the period 1957-1961 only amounted to 13.7 per cent of gross domestic product.⁷ During that period bank and savings deposits diminished from 65 million dinar (MD) in 1965 to less than 32 MD in 1958 and the investment of new enterprises declined from 9 MD to 3 MD between 1953 and 1957.⁸ Repatriated capital seems to have amounted to about 30 MD a year in the second half of the fifties.^{9, 10}

2.15 Planning started officially in January 1961 with the creation of the Ministry of Plan.¹¹ The first plans were characterized by high investment targets: the perspective plan for the period 1962-1971 aimed at an average rate of gross fixed investment to gross domestic product of 31 per cent. How ambitious this was can be gauged from the fact that during the whole period 1961-1971 gross fixed investment as a proportion of GDP was always less than one fourth.¹²

2.16 The first medium term plan covered the years 1962 to 1964. It also had a very high investment target: the ratio of investments to gross domestic product was to go up from 19 per cent in 1961 to 32 per cent in 1964.¹³ Even though these early plans were overambitious, they promoted investments and thus set into motion the series of events that are the subject matter of this chapter.

2.17 The objectives of the three-year plan 1962-1964 and the first four year plan, 1965-1968 were only fixed for the final year of the plan period. In this early period even the capital budget (Title II) did not yet list expenditure for each project on an annual basis. Because the planned volume of investment was only specified for the period as a whole, the sequence in which individual investments were put into place was somewhat accidental with the result that numerous physical and financial disequilibria appeared during this period.

2.18 Moreover, the first plans had a very technocratic approach to economic growth: the increase of GDP should come about through the impact of specific projects essentially through assumed capital-output ratios. Such cost-benefit analyses as were made tended to be on the optimistic side. These early plans paid small attention to economic policy (prices, wages, interest rate, etc.) and in particular to the effect of governmental action on private investors. On the other hand, they were much concerned with changing the economic system from dispersed

decision making to central coordination. In this period Tunisian authorities certainly preferred direct administrative control over general policy measures. However, central decision makers were unable to take local circumstances sufficiently into account and the emphasis on centralization paralyzed private investors. For these reasons, and not because of unforeseeable events outside the control of the Tunisian government, the results of the heavy investments made during the first three year plan remained disappointing.

C2. Foreign aid

2.19 According to the three year plan, 1962-1964, national savings were to finance 48 per cent and foreign aid 52 per cent of total investments. However, the lag between commitments and actual disbursement of foreign aid had been grossly underestimated. The annual reports on actual plan performance for those early years all complain about the shortfall of foreign aid compared to expectations. The report on plan implementation in 1962 said that "foreign aid is only realized with a certain lag."¹⁴ The report on the implementation of the three-year plan 1962-1964 speaks of "...the slowness of foreign aid disbursements" and of "the difficulties to mobilise foreign aid."¹⁵ Other countries, e.g. India or Nigeria, have experienced the same lag between authorization and disbursements. This lag may be explained in part by the differences in procedures of the donor countries and Tunisia. To a greater extent they are due to the difficulties of preparing projects in time to allow financing to proceed promptly. In all cases, it seems over-optimistic to assume that foreign aid could finance more than half of the domestic investments.

2.20 Actual investment during the years of the three year plan (1962-1964) amounted to 283.9 MD. Of this amount foreign aid supplied 107.0 MD or only 38 per cent instead of the 52 per cent anticipated. For the period 1961-1965 as a whole this percentage is substantially higher (46%) but still much below the target. In order to realize even this foreign contribution, small compared to plan targets but very high by international standards, Tunisia was obliged to accept an unfavorable composition: public and private credits¹⁶ increased from 6.6 MD in 1961 to 67.9 MD in 1965 whereas the sum of foreign gifts and equity investments hardly rose (192. MD in 1961 and 22.2 MD in 1965).

C3. Priority of fixed investments

2.21 During this first planning period Tunisia was unwilling to scale down the planned investment effort. As is remarked in an IMF paper: "Faced with a shortfall in both domestic and foreign financial resources, the government resorted to substantial borrowing from the banking system rather than correspondingly reducing its planned investments."¹⁷ The commitment towards investment during these early years appears most strikingly from the sustained acceleration of gross fixed investment.¹⁸ The annual percentage increases were 11 per cent in 1962, 13 per cent in 1963, 20 per cent in 1964 and 26 per cent in 1965. This increase took place in the public sector, as the total of fixed investments by households and private enterprises did not rise between 1961 to 1965.

2.22 Given the policy orientation of increasing investments at all cost, combined with a shortfall in foreign aid compared to plan targets, it becomes clear that the adjustment had to come from the side of local resources.

C4. The foreign exchange reserve and the current deficit of the balance of payments

2.23 The first adjustment not foreseen by the plans, consisted of the utilization of the foreign exchange reserve. At the beginning of the period 1961-1965, the reserve stood at 30 MD. At the end of 1965 the net reserve¹⁹ had even become negative by 18 MD. The reduction was strongest for the central bank: its gross reserves diminished by 14.8 MD and, in addition, it contracted short-term loans with foreign banks for 18.1 MD. The central bank was the first to have recourse to this type of credit; later on, the commercial banks²⁰ and individual government projects went the same way.²¹

2.24 Foreign aid and the drawing on the foreign exchange reserve did finance a rapidly increasing deficit on current account of the balance of payments: 37.7 MD in 1961 and 80.7 MD in 1965. The increase in the deficit is due to goods as well as to services and transfers. The foreign trade deficit increased in absolute terms but the coverage of imports by exports remained roughly the same (53.4 per cent in 1961 and 51.8 per cent in 1965).

2.25 The increase in imports can be traced back to equipment

and raw materials: 36.6 MD in 1961 and 83.2 MD in 1965.²² During the same period the imports of durable consumer goods and of foodstuffs fell from 45.5 MD to 39.9 MD.

2.26 Between 1961 and 1965 payments for non-factor services increased faster (+43.5%) than receipts (+36.7%). Increased payments were largely due to freight and foreign contractor services. Income from tourism has been the most dynamic factor among the receipts. Receipts from factor services did not change between 1961 and 1965, but there was a strong increase in expenditure (+184.4%) because of interest payments and the cost of technical assistance.²³

C5. Deficit financing and its consequences

2.27 During the first half of the sixties, the fiscal burden went up from 19.7 per cent of GDP in 1962 to 21.9 per cent in 1966. Despite the heavy tax burden general government savings, together with foreign aid, were not sufficient to finance public capital expenditures. Recourse to deficit financing became necessary. During the first period 1961-1965 the recourse of the central government to the banking system took the form of an increased indebtedness towards the Central Bank as well as the issue of short-term treasury notes ("bons de trésor" and "bons d'équipement") of which the greater part was bought by commercial banks. This policy led to a very considerable rise in the money supply (10.3% per year on the average) with a consequent impact on the price level. In the period 1961-1965, wholesale prices rose by 6.6 per cent per year on the average and the cost of living index by 4.3 per cent.

2.28 Towards the end of the period 1961-1965 the deterioration of the internal financial stability and the external payments position had become such that the policies so far pursued had to end. With the exhaustion of foreign exchange holdings and the rapid rise of prices, the inflationary policy had virtually exhausted the possibilities of forced savings. The willingness of the government to follow a more conservative line was embodied in the devaluation of the dinar by 20 per cent in September 1964 and by the stand-by agreement with the IMF, concluded at the same time.

D. The Period of Stagnation

D1. Limitations to economic policy

2.29 During the second period, changes in economic variables were relatively small. The range of possible economic policies was probably much narrower during the second period, 1966-1971, than in the five years before. There are two general reasons for this: a stagnating gross domestic product, a consequence both of poor agricultural crops and of inadequate attention to productivity of investment in the earlier period; and the different ceilings that the Tunisian government agreed upon in the annual stand-by agreement with the IMF.

2.30 Gross domestic product in constant prices grew by 6 per cent annually during the period 1961-1965 but only by 3 per cent from 1966 to 1970. The slow growth of GDP during the second period did not permit an increase of fixed investment without impeding the growth in private consumption and only allowed a small rise in money circulation. Thus the possibilities to increase and finance fixed investment were much more limited during the years 1966 to 1970 than in the period 1961-1965.

2.31 There were also specific reasons diminishing the range of possible economic policies. At the beginning of the period 1966-1970, the ratio of debt service charges to export receipts was high; the foreign exchange reserve had already been used up; the fiscal burden was already heavy; and the newly created public enterprises in the fields of industry and tourism needed substantial additional financing.

2.32 These reasons led to the stand-by agreements with the IMF, concluded for each of the years 1966 to 1970 which limited both the use of supplier credits and the different internal possibilities to finance gross fixed investment in an inflationary way. The indebtedness of the central government towards the banking system and, within the latter, the indebtedness of the commercial banks towards the central bank became subject to ceilings. Consequently, the rise in the money supply was much more moderate in the period 1966-1970 (5% per year on the average) than in the years before (10%). Price increases were equally reduced (see section E3).

2.33 In view of the absence of major adjustment possibilities

through the balance of payments or domestic resources, it was the investment level that had to adjust to the limited financial possibilities that were available. The investment targets, as embodied in the annual plans, lost their ambitious character. The planners became aware of the need to adjust the investment targets to available means and the improvement in planning techniques made it possible to do so. These improvements were embodied in the annual Economic Budgets and in the capital budget of the central government (Title II) which now identified expenditure for all projects on an annual basis. In this respect, the experience with the annual plan (i.e. economic budget) for 1967 is typical: the preliminary draft embodied an ambitious investment target of 140 MD but after a careful review of available resources this target was scaled down and the final version of the annual plan put planned gross fixed investments for 1967 at only 110 MD.²⁴ This reduction meant fewer new projects and a slower phasing of on-going projects. However, the weight of the latter was such that the government was unable to diminish the capital budget to the desired extent and actual Title II expenditure was higher than budgeted.

2.34 Once the equipment budget of the central government was approved within the framework of the annual plan, it became impossible during the year to adjust actual expenditures to actual revenues. The absence of such a link was especially felt in 1968. For that year the surplus of the ordinary budget had been estimated at 17.8 MD but the actual result was only 8.3 MD. Nevertheless, the central government's gross fixed investments in 1968 (45.3 MD) were higher than budgeted (44.1 MD) and, consequently, the treasury was obliged to supplement its resources by drawing on deposits of public trading corporations and by short-term loans with foreign banks. The need for a follow-up of plan implementation and for corrective action on the basis of such information could be demonstrated with many other examples.²⁵

2.35 The annual plans, even though representing a real progress in planning technique, devoted little attention to measures of general economic policy. As was the case with medium-term plans, policy discussions were limited to changes in the economic organization.

D2. The improvement in the financial structure from 1965 to 1968

2.36 As a result of a better assessment of available resources, the volume of fixed investment by the general government and by public enterprises together declined from 107.8 MD in 1965 to 85.8 MD in 1968. However, private fixed investments rose in these years from 22.8 MD in 1965 to 42.9 MD in 1968. Thus, total fixed capital formation remained stationary from 1965 to 1968.

2.37 The increase of private investments of 20.1 MD was carried out by enterprises (15.7 MD) and by households through increased expenditures on housing. Higher fixed investments of private enterprises were concentrated in tourism (+13.8 MD between 1965 and 1968) and in manufacturing.

2.38 Whereas total gross fixed capital formation remained stationary from 1965 to 1968, national savings became more important: they rose from 38.4 per cent of total investments in 1965 to 71.8 per cent in 1968. At the same time the deficit on current account of the balance of payments became substantially smaller (80.7 MD in 1965, 38.0 MD in 1968).

D3. The current account of the balance of payments, 1965-1970

2.39 The improvement in the balance of payments was due to a more favorable balance in trade and in non-factor services; however, the deficit with respect to factor services became bigger. The overall improvement of the current account of the balance of payments reversed the fall of the foreign exchange reserves. In 1968 they recorded their first increase during the sixties.

2.40 Merchandise exports increased from 63.4 MD in 1965 to 83.1 MD in 1968. This growth was almost entirely due to crude oil which rose from zero in 1965 to 16.4 MD in 1968. Thus there was virtually no growth in the exports of traditional Tunisian products. In these years there were no explicit export promoting policies. Even though the Tunisian economy is small, medium-term planning was inward-directed, with exports being the "left-overs."

2.41 Imports of goods diminished from 122.5 MD in 1965 to 114.4 MD in 1968 because of smaller imports of machinery (by 10.2 MD).

As medium-term plans saw it, imports were that part of total demand that could not be produced at home. Reality was quite different: the total amount of import licenses (but not their break-down by type of imports), given by the Ministry of Commerce, was taken from the annual plans and the annual forecast of total imports was derived as a residual item in the framework of the balance of payments projection. While this procedure made forecasts very close to reality,²⁶ it also had the effect that total imports were not any more determined by the requirements of the economy but became an institutional variable. The very strict foreign exchange control hindered the regular supply of raw materials and the speedy shipment of exports. It sometimes resulted in unused capacity, overstocking by enterprises and in general in a lower productivity. Imports of spare parts and raw materials did not increase between 1965 and 1968; however, in the same period, GDP in current prices grew by 15 per cent.²⁷

2.42 From 1965 to 1968 the deficit on account of non-factor services fell because of tourism; as to factor services the larger deficit can be explained by interest charges on foreign supplier credits contracted during the first half of the sixties.

D4. The recovery in 1969 and 1970

2.43 The improvement in the balance of payments in the years 1966 to 1968 allowed a moderate increase in fixed investments thereafter: they stood at 128.7 MD in 1970. The recovery related to the public sector: its fixed investment diminished after 1965 but rose from 8.58 MD in 1968 to 95.2 MD in 1970. The increase took place in the manufacturing industries and in the transport sector. Gross fixed capital formation of the private sector continued to rise: 43.9 MD in 1968 and 51.0 MD in 1970. As in the years before, this increase took place in tourism and housing. Notwithstanding the rising trend, the share of national savings in total fixed investment remained at about 70 per cent between 1968 and 1970.

2.44 Though the relative importance of the deficit on current accounts of the balance of payments was the same in 1968 and in 1970, in absolute terms it rose from 38.0 MD in 1968 to 49.2 MD in 1970. However, the foreign exchange reserve improved slightly during this period through higher foreign aid disbursements. The increase in the deficit

is due to much higher merchandise imports. Whereas the exports of goods and non-factor services continued to increase, the deficit on account of factor services diminished for the first time during the sixties because of receipts from emigrant workers (15.2 MD in 1970).

2.45 Even though there was a definite improvement in 1969 and 1970, these years still belong to the stagnation period: the increase of GDP (at factor cost and in constant prices) was moderate: 2.2 per cent in 1969 and 5.5 per cent in 1970; the rise in gross fixed investment after 1968 was only 8.7 per cent in 1969 and 4.4 per cent in 1970; at the end of 1970 the net foreign exchange reserves were about zero; the precarious foreign exchange position in 1969 and 1970 called for a very strict foreign exchange control.

E. The Period of Expansion from 1971 Onward

E1. A dynamic economy

2.46 As in the first period, 1961-1966, the year 1971²⁸ was again characterized by wide changes in some of the economic variables but now they sometimes go into the opposite direction, which is an economically healthy sign.²⁹ The contrasts with the earlier periods are brought out in the following table.

Table 1
Direction of Principal Economic Variables

	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971-1973</u>
<u>Balance of payments variables</u>			
Gross foreign aid	up	constant	constant
Exchange reserve	down	constant	up
Current deficit balance of payments	up	down	down
<u>Money and credit</u>			
Recourse to banking system by central government	up	constant	down
Currency circulation	up	stable	up
<u>Public Finance</u>			
Tax burden	up	constant	constant
<u>Prices</u>	up	constant	up

2.47 In the first period all variables except the exchange reserves rose; in the second, all except the deficit on current account remained stable; but in the current one, two out of seven variables continued to remain stable whereas the others changed. The increased changes reflect the fact that the Tunisian economy has entered a period of renewed rapid growth, this time on an economically healthy basis. This is partly due to incidental factors (two successive good crops, 1971 and 1972) and partly to structural ones: the rise in petroleum prices, excellent tourist seasons, high emigrant remittances, and new export industries. All of these growth factors led to higher export earnings, as well as to higher tax receipts and national savings.

2.48 As of 1973 the higher export earnings havenot led to lower receipts from foreign aid. This has continued at a high level partly because the "aid pipeline" is still full. In addition, many new public foreign aid agreements are being concluded. However, the volume of new supplier credits has become very slow.

E2. Investments in 1971

2.49 Fixed enterprise investments in 1971 rose markedly: 29.9 per cent for the public sector and 30.3 per cent for private enterprises. The increased importance of private investment also shows up in the much higher level of projects that were submitted and approved in 1972 compared to previous years: 270 industrial projects for 8.0 MD were approved in 1970, 440 projects for 25.0 MD in 1971 and 644 projects for 52.0 MD in 1972.

2.50 The projected investment level for 1971 amounted to 174.2 MD to be financed by national savings to the extent of 108.7 MD or 115.2 MD; the *Economic Budget for 1971* presented two alternatives. The preliminary estimates for 1971 indicate a higher investment level (183.5 MD) which is mainly due to a bigger rise in stocks. National savings will contribute 158.5 MD to the financing of this sum which amounts to 86 per cent of total investment instead of the 62 or 66 per cent foreseen in the *Economic Budget for 1971*. Thus savings in 1971 seem to have been higher than anticipated.

2.51 Gross fixed capital formation as estimated on a preliminary basis for 1971 (174.3 MD) is close to the target for that year (172.2MD).

In other words, savings, higher than foreseen, did not yet lead to a higher level of fixed investment in 1971. Under these conditions the actual foreign component of investment financing (25.0 MD) has become much lower than the expected values (63.5 MD or 57.0 MD) and the combination of high export earnings and undiminished foreign aid resulted in rapid increase in the foreign exchange reserve which rose by 50.0 MD in 1971 and has continued to increase at an equally rapid rate in 1972 and 1973.

2.52 The rapidly rising level of foreign exchange reserves entails the risk that the currency circulation will increase too rapidly. To some extent this danger has been met by the reduction of the government's indebtedness towards the central bank. Even so, the currency circulation rose quickly in 1971 (by 19%) and continued to do so in 1972. This increase in money circulation outstripped the rise in real GDP in 1971 (9.3%) and explains why prices rose again faster than in the preceding period.

E3. Investments after 1971

2.53 The increase in internal and external resources will permit in future years a much higher level of investment. The *Economic Budget for 1973* does indeed foresee that investment in 1972 and 1973 will rise considerably: 1971: 173.4 MD;³⁰ 1972: 207.4 MD (+19.5%); and 1973: 242.4 MD (+40.0% compared to 1971).

2.54 Given present economic policies in Tunisia, a substantial part of the increase should originate in the private sector. Total gross fixed investment in 1973 will be above the 1971 volume by 69.0 MD. Of this 20.5 MD should be provided by private enterprises. Whether sufficient private projects will emerge depends on whether there will be enough profitable investment opportunities. To some extent these do not depend on economic policy. Private entrepreneurs will have to find new markets and new input combinations. But in other respects economic policies are important. A regular flow of new private industrial projects requires quick procedure for approval, no barriers in the way of importing raw materials, spare parts and equipment, easy export procedures and an unambiguous way of approving foreign equity investment. The whole package of measures is required; it is not sufficient to fulfill just one

condition. A scarcity of building materials, for instance, could undo the beneficial effects of liberating policies in other fields.

2.55 The *Economic Budget for 1972* contained for the first time a lengthy discussion of economic policy issues. This new outlook might well stem from a certain maturity in Tunisia's planning organization. The technical departments (Ministry of Agriculture, Ministry of Public Works) have acquired considerable competence over the last decade. As a result, it has become less necessary for the central planning agency to occupy itself with plan implementation. It is now in a position to devote more time to economic policy formulation.³¹

2.56 If private investment materializes on the scale foreseen by the preliminary *Economic Budget for 1973* and by the outline of the plan for 1973 to 1976, this might well lead to a period of sustained growth. If this is not the case, private investment could well be replaced by an increase in infra-structural types of investment in agriculture, transportation, education, health, etc. This would in itself not endanger the short-term financial equilibrium but might do so in the medium-term and would therefore diminish the country's capacity to absorb additional manpower.

3. General Savings Behaviour

A. National Savings

A1. The rate of national savings during the 'sixties

3.1 The rate of national savings dropped from 12.9 per cent in 1961 to 9.7 per cent in 1965. Despite a strong rise in gross national product, national savings remained stationary. The situation was quite different in the later years. From 1965 to 1970 gross national product hardly increased but the national savings rate rose from 9.7 per cent to 14.8 per cent. In 1971 both gross national product and national savings increased strongly and the savings rate rose further to 19.2 per cent.

A2. The savings rate as an economic policy variable

3.2 Normally, the rate of national savings is positively related to per capita income.³² One might thus expect that an increase of GNP goes together with a higher savings rate. After 1971 the Tunisian experience seems to confirm this relationship but in the sixties, GNP and

national savings moved in opposite directions.

3.3 The first Tunisian plans certainly called for an increase in the savings rate in order to finance a bigger volume of fixed investments. When the rise in the national savings rate did not materialize, however, Tunisia still went ahead in implementing its investment program. It could do so by using up its foreign exchange reserve and by making ample use of medium-term supplier credits. In the period thereafter, however, in order to maintain the high volume of fixed investments, Tunisia had to save more: there was no foreign exchange left and foreign credits had to be repaid. Economic policy adjusted to this necessity and the savings rate went up. The capacity of Tunisian planners to adjust to requirements is typical of their pragmatic approach.

3.4 Economic policy did succeed in raising the savings of households and enterprises; however, the savings rate of the general government fell. As a consequence the share of households in total savings rose from 17 per cent in the period 1961-1965 to 24 per cent in 1971; on the other hand the importance of general government savings decreased from 23 to 16 per cent. The share of non-financial enterprises remained at 57 per cent and banks³³ contributed 3 per cent to total savings.

B. Enterprise Savings in the First Half of the Sixties

3.5 Savings of non-financial enterprises tended to decline between 1962 to 1965. This was due to a decrease in stocks of agricultural commodities: stocks of olive oil were very important in 1962 and 1963 and wheat stocks very small in 1964. When enterprise savings are corrected for stock fluctuations (as non-financial enterprise savings include changes in stocks) the series becomes much smoother (see table 2).

Table 2
Savings of Non-Financial Enterprises, 1961-1965

	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Savings including changes in stock	16.1	36.3	38.3	12.5	21.9
Changes in stocks	- 5.2	12.1	9.6	- 4.7	0.3
Changes without stocks	21.5	24.2	28.7	17.2	22.2

3.6 On the whole, therefore, there has been no increase in

savings of non-financial enterprises in the period 1961-1965. The reason is that even in this period a number of newly established manufacturing enterprises showed losses which depressed total savings of non-financial enterprises. The report on actual plan performance in 1965³⁹ voiced great concern over the stagnation of savings (pp. 82 and 94) and also showed losses instead of the anticipated profits for public enterprises in the sectors of mechanical industries (2 000 D) and paper (762 000 D). The sectors are precisely the ones where new firms were established: the hardware factory in Sousse and the pulp factory in Kasserine.

C. Enterprise Savings in the Second Half of the Sixties

C1. Total savings

3.7 Between 1965 and 1970 enterprise savings increased strongly by about 8 MD a year. In order to explain this difference between the first and the second half of the sixties one should not look at the manufacturing and mining sector even though a considerable part of total investments went there.³⁵ 5 MD of this increase in enterprise savings came from public enterprises in the petroleum, energy, transport and trade sectors, and 3 MD from the tourist sector (which remained predominantly private and developed strongly in this period).

C2. Savings of public enterprises in certain sectors

3.8 Information on savings from public enterprises in the four sectors mentioned is available for a number of years.

Table 3

Gross Savings of Public Corporations by Components

<u>Year</u>	<u>Retained Profits</u>	<u>Depreciation</u>	<u>Other reserves and distributed profits</u>	<u>Total gross savings</u>
1963	3.710	3.582	-	7.292
1966	7.921	6.949	101	14.971
1967	10.610	12.071	- 912	21.769
1968	19.122	13.396	-4.591	27.927
1970	24.784	16.807	-8.539	33.052
1971	28.123	21.264	-9.465	39.922

3.9 Savings between 1963 and 1965 grew slowly, about 2 MD a year, compared to an average yearly increase of about 5 MD in the

period thereafter. In order to show more precisely where this acceleration came from, we shall break down total annual net savings by sector.

Table 4
Gross Savings of Public Corporations by Sector 1 000 D

<u>Year</u>	<u>Petroleum</u>	<u>Energy</u>	<u>Transport</u>	<u>Trade</u>	<u>Total</u>
1963	9	3.471	2.584	2.228	8.292
1966	3.645	3.118	5.615	2.593	14.971
1967	7.740	3.976	6.999	3.054	21.769
1968	8.889	3.445	7.576	8.017	27.927
1970	9.097	9.073	8.489	6.393	33.052
1971	10.900	9.200	14.297	5.525	39.922

3.10 The increases in 1966 and 1967 are due to petroleum because crude oil production only became important after 1965. Since the discovery in 1964 of the El Borma oil fields, the state petroleum corporation involved (SITEP) did not make any other finds and its retained gross earnings were an important source for the growth of bank deposits.

3.11 The increase in 1968 is due to public trading corporations, most importantly from the *Office National des Céréales* (ONC). The internal price of wheat is much higher than the world market price. Thus this corporation made important profits from wheat imports.³⁶ Such profits increased in the second half of the sixties, first, because the volume of imports rose in consequence of an expanding market and, secondly, because of a rise in internal wheat prices in 1967.

3.12 Other public trading corporations are the *Office National d'Huile* for edible oils (ONH) and the *Office National du Commerce* (ONC) for general trade. They also had important earnings during the second half of the sixties. As public trading corporations have few projects of their own, their profits became another important source for the growth of bank deposits.

3.13 The profits of public trading corporations are due to the wide margin which they can impose because of their monopoly position. The state corporation for social insurance, the *Caisse Nationale de Sécurité Sociale* (CNSS)³⁷ is in the same position and also has large surpluses which constitute a third source for the growth of bank deposits. The surpluses of public corporations in the fields of trade

and social insurance are the outcome of a deliberate government policy, are para-fiscal in nature and are comparable to the profits on the sale of tobacco products, which is a fiscal monopoly, and whose profits are considered an indirect tax.

3.14 The increase of savings in 1970 came from public utilities in the fields of energy and water (STEG and SONADE) and can be explained by a rise in electricity and water rates. Finally, the rise in savings in 1971 originated with the transport sector and was due to higher depreciation of the railroad and airway companies (SNCFT and Tunis Air).

D. The Distribution of National Disposable Income by Agents

3.15 In the following sections savings of households and of general government will be compared to their respective incomes. This requires a break-down of national disposable income by agents. National disposable income is defined as national income net of depreciation plus transfers from abroad. A table showing its distribution by agents belongs to the standard stock of national accounts table. Even though conceptually the distribution by agents of national disposable income is standard it might be useful to indicate how the income share of each agent was arrived at statistically in Tunisia:

Households: consumption + savings

General government: taxes + net transfers from other
agents and from abroad

Non-financial enterprises: retained profits

Banking system: retained earnings

3.17 Households received about three-quarters of national disposable income throughout the period 1961-1971. The share of general government rose from 19 per cent to 22 per cent whereas that of enterprises fell from 6 per cent to 4 per cent. In view of the low marginal propensity to save of the general government in the second half of the sixties (3.0%) compared to that of households over the same period (15.7%) the increase in general government's share of national disposable income was not favourable for savings. In the literature one frequently finds the notion that a transfer of income from households to the government is necessary to increase savings. The Tunisian figures show that this is not necessarily so. The diminishing share of enterprises

must be due to the absence of growth in the savings of public corporations in manufacturing and mining.

E. Household Savings

E1. Savings rate

3.17 Nowhere can a sharp distinction be drawn between households and unincorporated enterprise, and certainly not in Tunisia with its many small farmers, craftsmen and traders. The economic activities of households as shown in the statistics thus depend very much on their definition. According to the methodology used in Tunisia, households do not produce and their fixed investments are limited to housing expenditures.

3.18 Throughout the decade, the average savings rate of households shows a general increase from a very low level in the beginning (24%) to 6.7 per cent at the end. In view of the marginal savings rate in 1971 of 13.5 per cent, the average savings rate at the end of the period would still seem rather low. A comparison with other countries gives the same impression. The average savings rate in Pakistan, for instance, varied between 9.2 per cent and 13.9 per cent.

E2. Savings and income

3.19 On the basis of the results of budget studies one would expect a rising savings ratio of households to be associated with a rise in real per capita consumption. This proves to be true for the first half of the sixties but not for the second. In the period 1961/1962³⁹-1965/1966 private consumption per head of population rose by 7.7 per cent annually in current prices. The cost of living index during the same period increased by only 3.7 per cent per year. In the first half of the sixties there was also a real improvement in the savings rate of households. Private consumption per capita did not increase at all in real terms during the second half of the sixties but still the average savings rate went up.

E3. The capital account of households

3.20 A closer look at the capital account of households may clarify this. Table 5 presents the key features.

3.21 Several facts stand out: first, housing became important

between 1965/1966 and 1970; secondly, capital accumulation of a financial nature became really important only in 1971; finally, throughout the period households received only very little financial capital assistance.

Table 5
Capital Account of Households for Selected Years

	Average 1961/1962	Average 1965/1966	1970	1971
<u>Resources</u>				
Savings	6.5	11.3	29.4	39.4
Transfers from other sectors:	3.4	2.8	7.6	3.4
bank loans	1.5	0.6	0.4	0.7
government loans	0.4	1.0	0.3	0.9
other transfers from government	1.5	1.2	0.9	1.8
Total resources and uses	9.9	14.1	32.0	42.8
<u>Uses</u>				
Housing*	6.2	7.6	19.4	19.9
Transfers	3.7	6.5	11.6	22.9
currency circulation	0.2	3.6	1.8	8.7
current deposits	1.9	1.3	5.2	8.7
savings accounts	0.8	0.5	2.4	3.4
government loans	0.6	-	-	-
others	0.2	1.1	2.2	2.2

Note: *Including payment to the state housing corporation (SNIT) in 1970 and 1971.

E4. The increase of household savings between 1965 and 1970

3.22 There seem to be two reasons for the increased interest in housing construction between 1965/1966 and 1970. First, the drive towards cooperatives shunted private interests away from other sectors, especially from agriculture and commerce, a phenomenon which was earlier also observed in other countries, e.g. Egypt. Part of the investment in housing was of a speculative nature and presented good investment opportunities. At the same time access by households to the banking system remained small. In order to be able to use the investment opportunities in housing, household consumption was adjusted downwards. That good investment opportunities induce private savings (and not the other

way around) has been noticed in other developing countries, e.g. in respect to private agricultural investment in Sudan. Secondly, during this period the transfers from Tunisian emigrant workers became important and a large part of these transfers went into housing.

3.23 The reasons for the increased financial outlays of the households in 1971 are partly incidental and partly structural. Agriculture did well in 1971 which probably put money into the hands of farmers who did not hold liquid assets before. But at the same time there was also a considerable increase in the various savings accounts and this might well express an increased confidence in the country's future.

F. Savings of the General Government

F1. Savings

3.24 The revenue of the general government has been defined in the specific and somewhat unusual way as taxes + net transfers. This definition was adopted in order to make it possible to fit the revenue of the general government into the distribution of national disposable income.

3.25 The average savings ratio did increase from 7.3 per cent to 20.3 per cent during the first half of the sixties, then diminished to 14.9 per cent in 1970. There was again an improvement in 1971 which is expected to last through 1972 and 1973. The marginal savings rate was above the average from 1961/1962 to 1965/1966, below it in the years thereafter and again above the average rate from 1971 onwards.

3.26 The fall in the average savings rate of the general government in the second half of the sixties is due to a smaller increase in its fiscal revenue and to a faster one of its expenditure. Throughout the period 1961-1971 net transfers paid to other agents remained small, about 6 per cent of fiscal revenue.

F2. Fiscal revenue

3.27 Government's fiscal revenue increased by 12.4 per cent annually from 1961/1962 to 1965/1966 but only by 9.1 per cent in the following years. As the elasticity of fiscal revenue in respect to gross domestic product has been estimated at unity,⁴⁰ this deceleration must

be associated with the general stagnation of the Tunisian economy in those years (GDP in current prices increased by 7 per cent from 1965 to 1970 compared to a growth of 10 per cent in the years before).

3.28 Because of increased tax rates, the fiscal revenue increased faster than GDP in current prices. The government increased rates to generate a higher surplus of the ordinary budget (Title I) available for the capital budget (Title II). The results of this fiscal policy were, first, an increased tax burden throughout the last decade (from 19.7 per cent in 1961/62, to 21.0 per cent in 1965/66, and to 21.8 per cent in 1971) and secondly, an increase in general government's share of disposable national income from 19 per cent in 1961/62 to 22 per cent in 1971. However, higher surpluses in the current budget were achieved only during the first half of the sixties. It follows, that in Tunisia the level of the tax burden is not necessarily positively related either to government savings or national savings.

F3. Public consumption

3.29 Expenditures on salaries and goods and services (i.e. public consumption) rose by 8.2 per cent per year during the period 1961/1962 to 1965/1966 but by 10.6 per cent in the second half of the sixties. Thus, during the sixties, there was an acceleration of growth in public consumption in contrast to the deceleration of growth of fiscal revenue.

3.30 Among the components of public consumption, salaries grew fastest: their share increased from 77 per cent in 1961 to 81 per cent according to the projection for 1973. The implied slower growth of purchased goods and services harmed an optimal use of available manpower and equipment. The road system, for instance, was not adequately maintained because necessary items in the budget of the Public Works Ministry (articles 40 and 60) were not sufficiently increased.⁴¹

3.31 The acceleration of public consumption in the second half of the sixties is due especially to schools: current expenditure for education took 18 per cent of the total in 1961 and 27 per cent in 1971.⁴² The share of the Ministry of Health remained stable at about 8 per cent. The relative growth of current expenditure for social purposes was accompanied by a reduced weight given to military outlay (13% in 1961 and 6% in 1970) and to current expenditure of the Ministry

of Agriculture.

3.32 The growth of public consumption for educational purposes reflects the numerous new primary and secondary schools and the extension of the University of Tunis. The growth of the current budget (Title I) depends on the type of projects implemented under the capital budget (Title II) even though, as will be seen later on, the Title I budget did not yet take into account the consequences of all new projects. Because of this lagged relation between the current and the capital budget and given the fact that growth of fiscal revenue and of current expenditure moved in opposite directions between the first and the second part of the last decade, it would be difficult to maintain that growth of public consumption in Tunisia depends primarily on what happens to fiscal revenue.

3.33 Throughout the 'sixties agricultural investments of an infrastructural type were important and would have required additional current outlays for maintenance and operation in order to safeguard the productivity of new projects. From this perspective the current budget of the Ministry of Agriculture did not grow enough during the 'sixties. It has been calculated for 1970⁴³ that its Title I budget of 6 MD should have been higher by 2.3 MD in order to cope adequately with the requirements of new projects.

3.34 The purpose of this policy of holding down the growth of current expenditure was to generate as high a surplus on Title I as possible in order to contribute to the maximization of the investments listed in the Title II budget. This policy seems to have been carried too far as the current budget did not always take into account the impact of newly completed projects. General government's future expenditure should be considered as a whole and the best distribution between current and capital expenditure is not necessarily the one that favours the second component. This phenomenon is not limited to Tunisia and has been observed also in other countries.⁴⁴

F4. Transfers

3.35 Transfer receipts consist mostly of the surplus of the social security system (the CNSS) and of benefits from the government's participation in enterprises. Among transfer payments, one should

mention interest on the public debt (repayments are part of the capital budget), scholarships and operating subsidies to enterprises.

3.36 CNSS' surpluses grew from 1.5 MD in 1961 to 8.3 MD in 1970. The CNSS is a government institution, outside the central government but considered part of general government. The surpluses of this agency are of a para-fiscal nature and made an important contribution to the growth of bank deposits. Benefits from the government's participation in enterprises remained unimportant from 1961 to 1967 (between 1 and 2 MD yearly) but increased to 11 MD in 1971 through the interest in one of the public petroleum corporations (SITEP).

3.37 The growth of interest payments is understandable in view of the importance of foreign public loans in financing central government's gross fixed investments. Interest payments increased from 2 MD in the beginning to 14 MD at the end of the period 1961-1971. In the latter year the total debt service (including repayment of principal) amounted to 32.9 MD,⁴⁵ representing 18 per cent of fiscal revenue.

3.38 Operating subsidies to enterprises remained at a low level: 9.1 MD in 1961 and 7.1 MD in 1971. Unfortunately, this stability is only apparent as the capital budget contains hidden subsidies of a current nature. Capital transfers by way of outright subsidies, loans and equity investment to deficit enterprises intended to put them on their own feet, contain, in fact, an element of current subsidy. As this element cannot be identified unambiguously, the economic classification adhered to the budgetary one. The same problem was touched upon in discussing the para-fiscal nature of the surpluses of government trading enterprises and of the social security system. After 1971, current subsidies to enterprises soared to much higher levels (13.6 MD projected for 1973). The increase came from price stabilization policies for a few important commodities, cement and sugar.

G. Future Savings

3.39 After 1970 the rate of national savings and gross national product seems to move together. As long as GNP continues to grow, the savings rate too will go up. The four-year plan, 1973-1976, anticipated a rise from 19.2 per cent in 1971 to 20 per cent in 1976 which seems reasonable enough. As to the share of each agent in total national

savings a proper policy could push still further the importance of household savings. The share of general government's savings might well remain at the same level whereas enterprise savings might become less important. Something more can be said about future savings of the last two agents.

3.40 The savings of the general government primarily depends on the rate of growth of its fiscal revenue, since the growth rate of public consumption seems to remain constant (between 8 and 10% per year). As no increase in the already very high tax rates can be expected, the rate of increase of fiscal revenue depends on the growth of gross domestic product. This is confirmed by the strong current budget surpluses in 1971 and 1972 compared to earlier years, which originated with a surge in current revenue, whereas current expenditure grew as before.

3.41 Public enterprise savings, on the other hand, are likely to show less growth than in the past. With no more petroleum discoveries, crude oil production will remain stationary. As wheat production rises, there will be fewer wheat imports. The rise in the world market price of wheat is reducing the margin between local wheat prices and the world market prices. Finally, electricity and water rates are likely to remain stable. In 1972 the growth of bank deposits of public enterprises was already smaller than in the past.

3.42 One of the targets of the third four-year plan, 1973-1976, is to promote private manufacturing enterprises. Plan implementation on this point would have favourable consequences for enterprise savings because the slower growth in savings of public enterprises might be compensated by a vigorous rise in private enterprise savings.

4. Flow of Funds Analysis

A. Over-all Surplus or Deficit of the Various Agents

4.1 Net flows of funds to or from agents reflect of course their over-all surpluses or deficits, that is to say, the difference between their savings and investments. Therefore the flow of funds analysis will start by showing the position of the various agents in this respect. As before the period 1961-1971 will be divided into an expansionist one (1961-1965), a period of stagnation (1966-1970), and again a period of expansion, starting in 1971.

4.2 The following table gives for each of the three periods-- savings, investment and the overall surplus or deficit by agent. The figures for 1961-1965 and 1966-1970 are annual averages. The period starting in 1971 is represented by only one year, but the preliminary figures for 1972 and 1973 suggest that the developments of 1971 have continued.

Table 6
Average Annual Level of Savings, Investment,
Surplus or Deficit

Agent	Savings, etc.	1961-65	1966-70	MD 1971
Central Bank	Savings	0.3	0.2	0.6
Commercial Banks	Savings	1.4	3.4	2.9
General Government	Savings	10.3	18.0	25.9
	Investments	37.7	46.7	39.9
	Deficit	-27.4	-28.7	-14.0
Households	Savings	5.5	19.5	38.7
	Investments	7.1	12.6	16.9
	Surplus (+)/Deficit (-)	- 1.6	6.9	21.8
Enterprises	Savings	26.7	45.7	90.4
	Investments	50.8	81.9	126.7
	Deficit	-24.1	-36.2	-36.3
Total deficit = deficit on current account of the balance of payments		-51.4	-54.4	-25.0

4.3 Of the principal agents, the enterprises had a high deficit throughout the period 1961-1971. It was higher during the second half of the sixties than before as investment grew faster than savings. The general government had a high and constant deficit during the sixties but it declined in 1971 as in that year investments were lower and savings higher than the average for 1966-1970. Household savings increased much faster and the small deficit in the 1961-1965 period turned into a sizable surplus in 1971.

4.4 The Tunisian economy as a whole showed an important and constant deficit throughout the sixties but it diminished in 1971 as the result of smaller deficits of the general government and increased surpluses of households. The country's deficit had been financed by a combination of foreign capital inflows and a drawing down on foreign

exchange reserves. The sum of these two sources equals, of course, the deficit on current account of the balance of payments.

B. Flow of Funds in Relation to Surplus or Deficit

4.5 In this chapter flow of funds refer to capital transfers and not to current transactions. When an agent's current account shows a surplus, there will be a net outflow of funds; when there is a deficit there will be a net inflow. The inflow of funds into general government and into enterprises should, in principle, be related to the deficit of these two agents. In the same way one expects that the outflow from households and from the external sector (called 'abroad') is about equal to their surplus. On the other hand, flows of funds into or from the banking system are only remotely related to its proper surplus, because the major role of the banking system is that of a financial intermediary.

4.6 The following table shows to what extent this applies in the case of Tunisia.

Table 7
Net Inflow and Outflow of Funds by Agents MD
(Annual Averages)

<u>Agent</u>	<u>Inflow/Outflow</u>	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971</u>
Central Bank	Inflow	10.7	9.1	48.0
	Outflow	11.0	9.3	48.6
Commercial banks	Inflow	8.2	9.1	21.1
	Outflow	9.6	12.5	24.0
General government	Inflow	34.9	42.5	34.2
	Outflow	7.5	13.8	20.2
Households	Inflow	5.4	1.5	1.2
	Outflow	3.8	8.4	23.0
Enterprises	Inflow	29.9	39.0	58.3
	Outflow	5.8	2.8	22.0
Abroad*	Inflow	0.2	4.7	48.6
	Outflow	51.6	59.1	73.6

Note: *Inflows and outflows are defined from the point of view of the sector 'abroad'. Thus inflow in the case of the sector 'abroad' is what goes out of the country. The main stream going out of the country is what the Central Bank spends on building up the foreign exchange reserve. (Debt repayments do not show up in the above table as their flows are net.) Outflow of the sector 'abroad' is what comes into the country as foreign aid, supplier credits, etc. diminished by debt repayments.

4.7 During the 'sixties the' figures for almost all the agents confirm the expectations. The general government is an exception as it has important outflows indicating a financing function for other local agents. In 1971 the foreign exchange reserve increased enormously which explains the considerable inflow of the agent 'abroad' in that year. In order to permit the Central Bank to hold this increased reserve, first, the commercial banks took over much of the debt that enterprises had with the Central Bank (which explains the outflow of enterprises in 1971) and secondly, the central government reduced its indebtedness towards the Central Bank.

C. Structure of Inflows and Outflows

4.8 The structure of the origin and destination of flows are given in tables 8 and 9 for each agent separately. It should be kept in mind that these are net flows. Thus the importance of the commercial banks as a source of capital for enterprises is not fully indicated by this table as the enterprises do not only borrow but also deposit with them. There are other similar cases though this is the important one.

4.9 In the first half of the sixties, the Central Bank received most of its inflows from abroad through a depletion of its gross foreign exchange holdings and through short-term borrowing from foreign banks. This source became unimportant in the second half of the sixties when the Central Bank relied mainly on internal resources (households and enterprises) on the basis of increases in currency circulation.

4.10 As to outflows, support by the Central Bank of the government was important in 1961-1965, became much less so in 1966-1970 and ceased towards the end of the sixties. Rebuilding the foreign exchange reserve became an important use of Central Bank's resources in 1966-1970 and exclusively so in 1971. In short, the Central Bank was a supplier of funds to other internal agents in the first half of the sixties and a user of local funds in the period thereafter.

4.11 In the beginning of the sixties the general government was rather heavily supported by the Central Bank but this source of financing was not utilized any more towards the end of the sixties. Instead the government relied more and more on foreign aid in order to cover the deficit of investment over savings and to support enterprises by subsidies

Table 8
Structure of Net Inflows of Important Agents* %

<u>Destination of Inflow</u>	<u>Source of Inflow</u>	<u>1961-65</u>	<u>1966-70</u>	<u>1971</u>
Central Bank	Commercial banks	-	10	24
	General government	-	13	12
	Households	19	41	18
	Enterprises	16	24	46
	Abroad	<u>65</u>	<u>12</u>	-
	Total	100	100	100
Commercial banks	Central Bank	-	11	-
	General government	2	12	19
	Households	23	43	55
	Enterprises	23	-	-
	Abroad	<u>52</u>	<u>34</u>	<u>26</u>
	Total	100	100	100
General government	Central Bank	22	5	-
	Commercial banks	6	-	-
	Households	-	1	-
	Enterprises	6	2	-
	Abroad	<u>66</u>	<u>92</u>	<u>100</u>
	Total	100	100	100
Enterprises	Central Bank	5	6	-
	Commercial banks	21	26	21
	General government	16	27	15
	Households	-	1	5
	Abroad	<u>58</u>	<u>40</u>	<u>59</u>
	Total	100	100	100

Note: *'Households' and 'abroad' have been omitted from this table as they have no important inflows.

Table 9
Structure of Net Outflows of Important Agents* %

<u>Source of Outflow</u>	<u>Destination of Outflow</u>	<u>1961-65</u>	<u>1966-70</u>	<u>1971</u>
Central Bank	Commercial banks	-	11	-
	General government	67	24	-
	Households	17	-	-
	Enterprises	14	24	-
	Abroad	<u>2</u>	<u>41</u>	<u>100</u>
	Total	100	100	100
Commercial banks	Central Bank	-	7	49
	General government	23	-	-
	Households	13	4	-
	Enterprises	64	81	51
	Abroad	<u>-</u>	<u>8</u>	<u>-</u>
	Total	100	100	100
General government	Central Bank	-	9	29
	Commercial banks	1	8	20
	Households	32	6	6
	Enterprises	<u>67</u>	<u>77</u>	<u>45</u>
		Total	100	100
Households	Central Bank	50	44	37
	Commercial banks	50	46	50
	Enterprises	-	6	13
	General government	<u>-</u>	<u>4</u>	<u>-</u>
		Total	100	100
Abroad	Central Bank	14	2	-
	Commercial banks	8	5	7
	General government	45	67	47
	Enterprises	<u>33</u>	<u>26</u>	<u>46</u>
		Total	100	100

Note: *Enterprises are left out as they have no important outflows.
NB. In any given year flow of funds between two agents A and B are characterized either by a net outflow from A to B or by a net inflow into A from B but not by both at the same time. The tables on inflows and outflows are based on five-year averages and then the two are not any more incompatible.

and equity capital. Indeed, the origin of capital resources to enterprises shows an increased importance of the general government. Thus, in its relation to other internal agents, the role of the government was exactly the opposite of the role of the Central Bank: in the first half of the sixties the government was a user of funds and became a supplier thereafter. The decline in the Central Bank's foreign exchange reserves might well be considered as prefinancing of the public investment program in anticipation of an increase in government's capacity to absorb foreign aid.

4.12 In many ways the commercial banks show the same development as the Central Bank: less reliance on abroad and an increased importance of households as a source of financing. However there are differences: (1) support of the government became more important and (2) outside resources did not completely disappear. First, during the second half of the sixties the government did increase the special lending funds with the commercial banks, in particular the one intended for agriculture (Fosda). Secondly, there are two reasons why foreign resources remained important with commercial banks: in the second half of the sixties they contracted important short-term loans with foreign banks (which have since been repaid); and during the same period foreign lenders started to establish special funds with local commercial banks for the financing of agricultural and industrial projects. As to the outflow from commercial banks, support of the government had some importance in 1961 to 1965 but this ceased to be so thereafter. In the second half of the sixties nearly all outflows went to enterprises.

4.13 Throughout the period 1961-1971 the share of the government in the foreign capital inflow has become more important whereas the share going to enterprises became smaller at least to 1970. The importance of foreign aid as supplier of long-term capital to enterprises will be analyzed in the following sections.

D. Foreign Capital Inflow

D1. The volume of foreign aid

4.14 Foreign capital inflow, net of repayments of principal, was 26.7 MD in the beginning of the sixties, then climbed to a peak value in 1965 (76.9 MD). In the second half of the sixties it moved around a

trend value of 63 MD a year. Compared to other countries and expressed per head of population, Tunisia had high capital inflows (see following table).

Table 10
Foreign Capital Inflow per Head of Population
in the Period 1962-1967*

Country	Gifts and Public Loans	Private Loans and Equity Capital	Total Gross Inflow	Reimburse- ment plus Interest	Net Capital Inflow
Mexico	0.96	6.97	7.93	-7.96	-0.03
Brazil	2.08	1.54	3.62	-2.95	0.67
Argentina	1.31	4.10	5.41	-4.17	1.24
India	2.15	0.24	2.39	-0.46	1.93
Philippines	1.09	2.28	3.37	-1.05	2.32
Pakistan	3.96	0.75	4.71	-0.45	4.26
Taiwan	3.36	3.85	7.21	-0.13	7.08
Tunisia 1962-67	16.20	10.20	26.40	-6.50	19.90
1968-71	21.20	10.70	31.90	-14.90	17.00

Note: *Except for the Tunisian part, this table comes from: Ian Little, Tibor Scitovsky, Maurice Scott: *Industry and Trade in Some Developing Countries*, Oxford, 1970, p. 52.

D2. Composition of foreign capital inflow

4.15 A first distinction is between public and private capital inflows.⁴⁶ The first group consists of gifts and public loans, the second of equity investment and private loans. Gifts and equity investment leave the foreign debt unchanged. Private loans entail a heavier debt service than the public ones. On the average, public loans were obtained at the following conditions: interest rate: 3.7 per cent; repayment period: 30 years; deferred repayments: 7 years.⁴⁷ Private loans were obtained at less favourable conditions. The rate of interest varied between 5 and 10 per cent (7% on the average), depending on the conditions of the capital market, repayment period 8 years, no deferred repayments. The importance of each type of capital inflow is shown in table 11.

4.16 In the beginning of the sixties public capital inflows represented more than 80 per cent of the total inflow; its share diminished to 55 per cent in the middle of the period; at the end, public capital

Table 11
Structure of Gross Foreign Capital Inflow %

	<u>1961</u>	<u>1962</u>	<u>1965</u>	<u>1966</u>	<u>1970</u>	<u>1971</u>
<u>Public capital inflow</u>						
Gifts	74.5	29.3	14.5	12.0	25.8	18.8
Loans	9.5	51.6	46.8	38.4	36.8	45.9
ITS	-	-	-	-	3.6	2.0
Total	84.0	80.9	61.3	50.5	66.2	66.7
<u>Private capital inflow</u>						
Equity investment	8.7	15.9	9.9	7.1	11.8	12.8
Loans	7.3	3.2	28.8	42.4	22.0	20.5
Total	16.0	19.1	38.7	49.5	33.8	33.3

inflow provided two-thirds of the total. Thus private capital inflows were most important in the middle of the sixties; they consisted of supplier credits in 1965 and of financial credits in 1966.

4.17 Supplier credits were mainly used to implement some big projects of public enterprises. The extensive use of supplier credits in 1965 was unforeseen and partly imposed on the Tunisians as France had cut off the stream of official aid after land of foreign farmers was nationalized. The switch to private supplier credits illustrates the government's determination to carry out the investment program at all cost. Financial credits were used in order to equip the El Borma oil field. Their use was quite voluntary and already foreseen in the agreement with the prospecting company.

4.18 The ample use of foreign private loans was largely responsible for the rise in debt service in the second half of the sixties. In 1968, interest payments and reimbursement of principal rose to 25 per cent of proceeds from exports of goods and non-factor services. This ratio fell to about 19 per cent in the years 1971 to 1973.

4.19 The cost of foreign aid is not limited to the debt service. In general, purchases financed under bilateral loan agreements have to be made in the lending country. Such purchases may concern equipment financed under project loans or general merchandise financed under a program loan. Because of the restrictive clause as to the country of

origin, commodities are in general purchased at a higher price than the Tunisians would have to pay were they free to choose where to buy. For instance, goods bought in the United States and financed by program loans, were priced 20 per cent higher than comparable commodities of European origin. Similar price discrepancies occurred for equipment bought in Europe and financed by a bilateral project loan.

D3. Government and foreign aid

4.20 As already noted the general government had a high and persistent deficit (defined as investment over savings) during the sixties that started to decline only in 1971. The deficit position of the general government remains after taking into account the capital transfers from other local agents as is shown in the following table (the values for 1961-1965 and 1966-1970 are annual averages).

Table 12

Dependence of General Government on Foreign Aid	MD		
	<u>1961-1965</u>	<u>1966-1970</u>	<u>1971</u>
Deficit	27.4	28.7	14.0
Local capital inflows	<u>11.8</u>	<u>3.2</u>	-
Deficit after local inflows	15.6	25.5	14.0
Foreign inflow	<u>23.1</u>	<u>39.3</u>	<u>34.2</u>
Capacity to finance other local agents	7.5	14.8	20.2
Outflows to:			
Central Bank	-	1.2	5.9
commercial banks	0.1	1.1	4.1
households	2.4	0.9	1.2
enterprises	5.0	10.6	9.0

4.21 It is thus only the foreign inflow that permits the general government to provide capital to other local agents. It does so in various ways. Project loans free government savings because the government does not have to use these savings to buy equipment or to pay for local expenditures to the extent that these are covered by the project loan. The countervalue of commodity loans and gifts adds to the cash balances of the general government, and public or private financial loans have the same effect.

4.22 The main stream going out from the general government consisted of capital subsidies and equity capital to enterprises. Recently flows of funds to commercial banks for the purpose of setting up special lending funds have also become important. These funds supply investment capital in particular to agricultural enterprises which are therefore the ultimate beneficiaries of the general government's outflow to commercial banks. Thus foreign aid to enterprises does not only consist of that part which goes directly to them but the enterprise sector also benefits from foreign aid indirectly.

D4. Impact of the general government on direct foreign capital

4.23 In one way or another there is also government influence when capital flows directly from abroad to enterprises. Some public loans are given on soft terms to the general government which then passes them on harder terms to enterprises. In general, the destination of all public loans is decided upon by government officials whether they are for non-financial enterprises or for commercial banks. In the latter case they serve for setting up special lending funds. (There is no further government intervention with the individual loans to local enterprises in industry and tourism given on the basis of these special funds established with industrial banks. Project selection financed by agricultural special lending funds has remained in the hands of the officials of the Ministry of Agriculture.) Each supplier credit needs the approval of the Plan and Finance Ministries in order to avoid too heavy reliance on these expensive credits. Most of the foreign equity capital has gone into petroleum exploration and this field is, of course, very strictly controlled by the mining section of the Ministry of National Economy. In general, every foreign participation in a Tunisian firm requires authorization from the government.

4.24 The argument of the preceding sections is summarized in table 13.

D5. Foreign aid and choice of projects

4.25 Given government's key role in distributing foreign aid among the ultimate beneficiaries, it is unlikely that foreign donor countries and organizations have influenced the choice of projects that made up the Tunisian investment program. Within a given program, however,

Table 13
Impact of General Government on Foreign
Financing of Enterprises

<u>Form of foreign capital inflow</u>	<u>Action of the general government</u>	<u>Form of capital inflow into enterprises</u>
Public project loans	Transformation	Capital subsidies and equity capital from government
Public commodity loans and gifts		Loans from special lending funds with commercial banks financed by government
Private and public cash loans		
Public loans on soft terms	Relabelling	Government loan on less soft terms
Public project loans	Negotiation and distribution	Public foreign loan
Private supplier credits	Authorization	Foreign private supplier credits
Private equity capital		Foreign private equity capital

they were free to select the field of activity that they preferred to stimulate. Tunisia made intensive use of foreign aid in order to implement an investment program made up according to its own preferences.

4.26 Sometimes foreign countries and organizations even tried to exercise a restraining influence. In commenting upon the investments in infrastructure for irrigation put into the four-year plan, 1973-1976, S. Postma maintains that these are too high because already existing dams, deep wells, etc. are far from fully utilized and he continues: "The principal foreign advisors sometimes complain about the way irrigated agriculture is planned in Tunisia."⁴⁸ For certain industrial projects the Tunisian government refused public foreign aid because this would delay the implementation of these projects.⁴⁹ In the case of these projects, instead of public aid, it preferred foreign supplier credits even though they cost much more.

D6. Foreign aid and savings

4.27 It is sometimes argued that foreign aid, as a substitute

for national savings, has a negative influence on the rate of saving.⁵⁰ What has been the Tunisian experience on this point? The answer depends on whether foreign aid goes to the government or to enterprises.

4.28 An important part of technical assistance and public loans to the government is linked to projects. In most cases foreign aid only finances the foreign exchange component of these projects whereas local expenditure is carried by Tunisia and put into the equipment budget (Title II). Available resources often kept this budget too small to accomodate properly all foreign financed projects and the local ones. It was sometimes more difficult to put up the local component than to obtain foreign aid and delays in the implementation of a number of projects stem from this difficulty. This is one of the main reasons why the government tried so hard to have a large equipment budget and also why it wanted the surplus of the current budget (Title I) as big as possible. (It also explains the government's great interest in commodity gifts and loans because their countervalue was another important source of financing for the Title II budget.) Foreign aid, linked to government's projects thus stimulated savings.

4.29 Foreign aid linked to projects of enterprises, on the other hand, often finance their total cost, including the cost of construction. Such aid does increase the volume of fixed investments, as it did in 1964 and 1965, but it does not necessitate an increase in domestic savings. Moreover, the higher investment volume will lead already in the same year to a higher GDP through more growth in the building and building materials sectors, a stronger demand for consumer goods, etc. Thus the share of investments, financed by local resources, would diminish and this will also be the case for the relation between national savings and GNP, that is, the savings rate.

E. Currency Circulation

El. Why currency circulation and not money supply?

4.30 In monetary analysis it is usual to compare growth of GDP with total money supply, consisting essentially of currency in circulation and bank sight deposits. Here these two elements will be treated separately because in Tunisia the growth in bank deposits is largely determined by a small number of public trading enterprises and by the

social security agency. As will be shown later, these had considerable surpluses in the second half of the sixties. Their distribution between bank and treasury deposits, and, within bank deposits, between sight and time deposits, varied considerably. Therefore a large part of the growth in sight deposits in the second half of the sixties has been independent of GDP or currency circulation. This justifies treating currency circulation and bank deposits separately.

E2. The Central Bank's monetary policy

4.31 A rise in currency circulation supplies the liquidity to the economy required by an increase in GDP. In case the use in currency circulation outstrips growth in GDP in constant prices, one would expect an increase in the price level (this hypothesis will be tested later on). A restraining influence on GDP occurs when currency circulation lags behind the potential growth of real GDP. The aim of Central Bank's monetary policy normally is to harmonize growth of currency circulation and of potential real GDP.

E3. Currency circulation and price rises

4.32 To what extent did the Central Bank of Tunisia (BCT) succeed in this policy and how did this affect the price level? Throughout the years 1961 to 1971 GDP in constant prices rose on an average by 4.8 per cent annually.⁵¹ Currency circulation rose by 8.0 per cent and thus outstripped the growth in GDP by 3.2 per cent. This is close to the average annual rise in the cost of living during the same period, 3.5 per cent. This is a first suggestion that in Tunisia, the increase of the price level is largely determined by the relation between growth of real GDP and currency circulation.

4.33 This relation is further explored for each of the three periods in the following table.

Table 14
Increases of GDP, Currency Circulation and Prices %

	<u>Annual Growth</u>		<u>Annual Increases of Prices</u>	
	<u>GDP in Constant prices</u>	<u>Currency circulation</u>	<u>Cost of living index</u>	<u>Wholesale price</u>
1962-1966	5.7	10.3	4.3	0.6
1966-1970	3.8	5.0	2.3	3.3
1970-1971	9.2	19.5	6.9	5.7
1962-1971	4.8	8.0	3.5	4.7

During the first period, 1962-1966, the increase in currency circulation was much higher than growth of real GDP and this led to considerable price increases. In the second period growth rates in currency circulation and GDP were much closer and price increases remained small. In 1971 the situation was like that of the first period. Thus the more detailed analysis confirms the dependency of the general price level on the discrepancy between growth in real GDP and currency circulation.

E4.1 Principal assets and liabilities of the Central Bank

4.34 Growth of currency circulation and of GDP in constant prices will now be compared on an annual level. As a consequence of the behavior of other agents in the economy, changes in one of Central Bank's assets and liabilities may occur continuously, leading to unequal growth between currency circulation and GDP. The Central Bank will react by policies aimed at varying other assets and liabilities in order to avoid this inequality.

4.35 The Central Bank's principal assets are (1) the foreign exchange reserves, (2) the indebtedness of the central government and (3) discounts. Important liabilities (apart from the currency circulation) are various deposits from commercial banks among which the required reserves predominate. In Tunisia the BCT is in a position to influence directly discounts and the ~~reserve~~ requirements. However, it does not practice open market policies. In order to change central government's indebtedness and foreign exchange reserves, the Central Bank needs the agreement of both the Ministry of Finance and the Ministry of National Economy. The autonomy of monetary policy is limited by the need to integrate it with fiscal and import policies.

E4.2 Central Bank's own instruments of monetary policies

4.36 The volume of discounts depends (1) on the discount rates and (2) on the ceilings set for each bank and for each major transaction. These ceilings only concern seasonal credit: discounts of medium term loans (mainly of housing loans of the STB) are not limited by ceilings agreed upon in advance. In Tunisia, moreover, very short-term discounts ('pensions'), mostly benefitting the STB, also are included in that ceiling.

4.37 Neither the discount rates nor the ceilings were used

intensively as instruments of short-term economic policy. The discount rate changed only in 1962 and 1966 whereas the ceilings remained the same from 1958 on. Thus the sharp fluctuations in seasonal discounts that did occur should be explained mainly by liquidity needs of commercial banks. The volume of medium-term and very short-term discounts ('pensions') also varied a great deal: these changes only were possible with the active support of the BCT.

4.38 Required reserves date from 1964 and are based on increments of deposits. Changes in reserve requirements took place only twice--in 1967 and in 1968--even though structural changes that occurred between the period of stagnation and the one of expansion might have called for more frequent adjustment.

4.39 So far the BCT has not used open market policies to regulate the commercial banks' liquidity position. However, a daily money market that started in 1964 in order to facilitate short-term borrowing and lending between commercial banks, made such policies quite feasible. Treasury bonds are the only short-term paper that exists in Tunisia and they have been used exclusively as the liquidity position of the Treasury itself required and not as an instrument of monetary policy.

4.40 On a whole, therefore, the Central Bank did not use the instruments of monetary policy intensively during the sixties. In the same years, however, it built up a vast system of approvals of individual transactions in the fields of credit and foreign exchange. Here one notes the same preference for direct control over general policy measures as already noted with the government.⁵² However, in the fields of money and credit, too, the 'seventies are characterized by a new interest in policy issues.

E4.3 Changes in Central Bank's balance sheet

4.41 The annual changes in the Central Bank's major assets and liabilities are given in table 15.

E5.1 Monetary policy

4.42 In some years movements in the assets were so strong that Central Bank's monetary policy did not succeed in adapting the growth in currency circulation to that of real GDP. Annual growth rates of these

Table 15
Annual Changes in Assets and Liabilities of the
Central Bank of Tunisia

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
MD										
<u>Liabilities</u>										
Currency cir- culation	-4.0	6.8	0.6	2.6	8.0	2.0	4.6	2.5	2.8	13.0
Deposits--com- mercial banks*	-	-	-	-0.1	1.0	-0.3	2.6	1.1	-4.6	11.7
Savings	0.4	0.3	0.2	0.1	0.3	-0.1	0.1	0.3	0.4	0.6
Special drawing rights	-	-	-	-	-	-	-	-	3.1	2.0
Miscellaneous	-1.0	-5.7	4.4	-	-3.6	-1.3	2.1	3.4	6.8	-3.0
Total	-4.6	1.4	5.2	2.6	5.7	0.3	9.4	7.3	8.5	24.3
<u>Assets</u>										
Net foreign ex- change re- serves	-9.4	-12.0	-7.1	1.0	-5.7	3.0	4.7	0.5	10.5	48.5
Treasury's in- debtedness	9.8	16.1	1.4	4.4	6.4	-1.6	-0.7	4.8	-3.7	-5.9
Discounts + pensions	-5.0	-2.7	10.9	-2.8	5.0	-1.1	5.4	2.0	1.7	-18.3

Note: * Net of Central Bank's advances to commercial banks.

two variables are shown in table 16. In five out of ten years the Central Bank succeeded in harmonizing growth in money circulation with the growth in real GDP: that was in 1964, 1965, 1968, 1969 and 1970. In the other years, 1962, 1963, 1966, 1967 and 1971, monetary policy failed in this respect.

Table 16
Annual Growth Rates of GDP (in constant prices)
and Currency Circulation

Annual growth rate of:	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Currency circulation	-9.7	18.1	1.5	5.8	17.2	3.3	8.0	4.0	4.3	19.4
GDP at con- stant prices	1.7	13.6	2.4	5.4	3.2	-3.0	8.9	2.9	5.5	8.5

4.43 As can be seen from the annual changes in assets and liabilities of the Central Bank (table 15), most of the years in which currency circulation and real GDP moved in the same way are years of small changes in individual assets. This was the case in 1965, 1968, 1969 and 1970. Only in 1964 was a considerable fall in the foreign exchange reserves compensated by a strong increase in the Central Bank's discounting, especially for dwellings. On the other hand, most of the years in which currency circulation moved differently from real GDP are characterized by strong movements in one of the Central Bank assets. That was the case in 1962, 1963, 1966 and 1971. Only in 1967 did small asset changes lead to a moderate currency increase, contrasting with a decline in real GDP.

4.44 In most cases a discrepancy between growth of currency circulation and real GDP seems to be linked to wide variations in one of the following Central Bank's assets: the foreign exchange reserves in 1962 and 1971, the central government's indebtedness in 1963 and discounts in 1966. These assets increased in 1963, 1966 and 1971 and for this reason currency circulation rose more strongly than real GDP. In 1962, however, foreign exchange reserves fell and growth in currency circulation lagged behind.

E5.2 Central Bank's utilization of instruments of monetary policy

4.45 Could a proper monetary policy have avoided these discrepancies? Four cases could be distinguished.

4.46 First case: inadequate use of existing instruments. In 1962, currency circulation decreased by 9.7 per cent and there was a slow growth in real GDP (+1.7%). Because of a minor monetary change (changing old five dinars notes into new ones under certain conditions) bank deposits increased considerably and total money supply remained about equal in 1962 (108.1 MD) and 1961 (108.6 MD).⁵³ Thus in 1962 a certain discrepancy between growth in the money supply and GDP remained which might have been avoided by a higher volume of housing loan discounts, as was done in 1964. The Central Bank certainly was in a position to do so because in 1962 seasonal discounting fell by 8.0 MD. Households, too, would have welcomed such an action because the commercial banks' outstanding housing loans increased by only 0.1 MD in 1962. Instead of promoting this type of credit the Central Bank in 1962

increased the discount rate for housing loans by 1.5 points (from 5 to 6.5%).

4.47 Second case: lack of instruments. In 1963, 1966 and 1971, when strong upward movements in one of the assets led to expansion of currency circulation, the Central Bank lacked instruments to absorb sufficiently liquidity with commercial banks.

4.48 In order to implement the level of fixed investment indicated by the three-year plan 1962 to 1964, during 1963 the Treasury relied very heavily on the Central Bank's support (16.1 MD). This created ample liquidity for the commercial banks, which needed to be absorbed by the Central Bank through increased reserve requirements and open-market sales. However, in 1963 these two instruments were not yet available to the Central Bank. On the other hand, in the same year the Treasury sold 11.6 MD of newly created short-term bonds to the commercial banks. This only meant a temporary absorption of the excess liquidity of those banks, because once the Treasury had spent this sum inflationary tendencies would be renewed.

4.49 The first year to be characterized by a strong need for liquidity by newly created public manufacturing enterprises was 1966. These needs were initially met by the commercial banks; short-term credits increased in 1966 by 21.7 MD. The difficult liquidity position of new enterprises was also felt by the Central Bank and Treasury: the Central Bank's discounts increased in 1966 by 5.5 MD whereas enterprise deposits with the Treasury became negative and commercial banks even sold short-term Treasury bonds which obliged the Treasury to increase considerably its indebtedness toward the Central Bank. The latter reacted to this situation by an increase of one per cent in its discount rate but this measure was powerless in face of the very real need for short-term credit. Indeed, the situation in 1966 was so desperate as to make a strong currency increase unavoidable.

4.50 The situation is clearer in 1971: a huge inflow of foreign exchange created ample liquidities with commercial banks. As a result, the Central Bank's discounts declined and required reserves rose, but these automatic reactions did not suffice to avoid in 1971 a growth in currency circulation that was too strong compared to growth in real GDP.

To harmonize the growth of currency circulation and of real GDP would have required a more active Central Bank policy and, in particular, the possibility of open-market transactions. Indeed the lack of this instrument was so acutely felt in 1971 that competent authorities decided upon a thorough review of monetary policies.

E5.3 Consistency between monetary policy and fiscal and commercial policies

4.51 Third case: inconsistency between monetary and fiscal policies. Deficit financing by the central government and subsequent reliance on Central Bank support had been a major factor in 1963 and 1966 explaining a faster growth in currency circulation than in real GDP. During the early seventies, however, changes in the Treasury's account with the Central Bank were sometimes controlled in order to make them consistent with monetary policy requirements. At the end of 1972, for instance, the rate of budgetary expenditures were deliberately slowed down in order to avoid a drastic fall in Treasury's deposit with the Central Bank, as this would have given rise to too strong an increase in currency circulation.⁵⁴

4.52 Fourth case: inconsistency between monetary and commercial policies. A strong inflow of foreign exchange can be curbed by weaker restrictions on foreign operations. The need for such a policy was particularly felt in 1971 but as of yet changes in foreign exchange controls have not been used as a short-term policy measure. However, coordination between Central Bank and commercial policy makers in the Ministry of National Economy used to be very strong in the sixties when foreign exchange was very scarce indeed; transactions with abroad were kept strictly within the limits of available foreign exchange as projected by the Economic Budgets.

4.53 There are also limitations to compensatory fiscal policies. For example, in 1971, foreign exchange reserves increased by the colossal amount of 48.5 MD. At the same time, the overall surplus of the government budget led to an increase in Treasury deposits of only 5.9 MD. Obviously, this was a move in the right direction, but at the same time, fiscal policy and particularly expenditure policy is difficult to quickly adjust so as to harmonize it with the possibilities of monetary policy. Effective monetary policy would seem to require that violent fluctuations

in any one of Central Bank's assets be avoided. This implies that the capital accounts of most important agents, in particular of the central government and of the balance of payments, are more or less in equilibrium as it is the Central Bank that carries most of the balances (central government's indebtedness and foreign exchange reserves). These disequilibria can be avoided by realistic planning and a careful watch over seasonal movements through short-term indicators.

E6. Inflation and growth of GDP

4.54 It might be expected that price increases in one year would stimulate growth in GDP in a succeeding year. This would not seem to apply to Tunisia during the years 1961 to 1971. In 1963 and 1966 the increase in money in circulation far outstripped the growth in real GDP but both of these years were succeeded by years in which there was very little increase in GDP. This observation is in line with Andrey Kidel's analysis of macro-economic time-series; in Tunisia monetary variables by themselves have only a small impact on national income.⁵⁵

4.55 In most developing countries inflationary policies do not succeed because price rises are not met by new factor combinations. The reasons are first, the absence of an economic organization (e.g., banking and training facilities) and secondly, the additional demand for foreign goods and services that cannot be made available because of the balance of payments limitations.⁵⁶ It would seem, however, that by the second half of the sixties various kinds of facilities were quite well developed in Tunisia. The lack of influence of monetary variables on the national economy might well come from the many direct controls, including foreign exchange regulations, that held down private initiative.

F. Bank Deposits

F1. Bank deposits and currency circulation

4.56 Annual growth rates of total bank deposits (sight + time deposits) and currency circulation are given in table 17. Increases of bank deposits were rather close to those of currency circulation in the years 1964 to 1968 but they diverged thereafter; deposits continued to grow strongly whereas currency circulation increased slowly. In the years 1964 to 1968 total deposits were twice as high as money circulation but 2-1/2 times in 1971. The continuous growth in deposits after 1968

becomes understandable by considering their origin.

Table 17
Annual Growth Rates of Bank Deposits
and Currency Circulation

Annual Growth Rate	%									
	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971
Bank deposits	5.0	27.9	3.9	7.5	14.9	5.1	10.8	8.2	10.1	21.4
Currency cir- culation	-9.7	18.1	1.5	5.8	17.2	3.3	8.0	4.0	4.3	19.4

F2. The composition of bank deposits

4.57 The composition of bank deposits is given in the following table.

Table 18
The Composition of Bank Deposits

	MD								
	1964	1965	1966	1967	1968	1969	1970	1971	
<u>Current deposits:</u>									
Commercial private enterprises	30.4	32.8	34.9	35.3	40.1	38.2	40.5	45.7	
Other private enterprises and households	27.5	25.4	28.9	29.3	33.1	35.9	41.1	49.8	
Public enterprises	19.3	17.9	17.3	20.5	22.2	35.4	40.1	63.6	
Total current deposits	77.2	76.1	81.1	85.1	95.4	109.5	121.7	159.1	
Time deposits	15.1	22.3	29.6	31.0	36.9	35.4	39.6	40.1	
Bonds	1.1	1.5	2.8	2.9	3.9	3.6	3.4	3.1	
Total deposits	93.4	99.9	113.5	119.0	136.2	148.5	164.7	202.3	
Currency circulation	44.9	47.4	55.4	57.5	62.1	64.5	67.3	80.4	
Total deposits/currency circulation (%)	2.1	2.1	2.0	2.1	2.2	2.3	2.4	2.5	
Sight deposits/ currency circulation (%)	1.7	1.6	1.5	1.5	1.5	1.7	1.8	2.0	

4.58 The continuous growth in total deposits after 1968 is due to sight deposits and in particular to those of public enterprises, which are concentrated with the three public banks, STB, BNT and Banque du Sud. As already noted these deposits came especially from public enterprises in

the fields of commerce, petroleum and social security. In Tunisia large changes in bank deposits can be traced back to a limited number of enterprises rather than to a multitude of small depositors as in developed countries. These enterprises have several choices of where to put their additional liquidity: in sight or time bank deposits or with the Treasury. This explains the unequal growth rates of sight and time deposits in some of the years; in 1965 time deposits registered a strong increase but sight deposits fell. The opposite happened in 1969 and again in 1971; big increases in sight deposits were accompanied by stagnating time deposits.

4.59 The increase in the deposits of public enterprises has nothing to do with the growth in currency circulation, and this explains the divergence in growth of total deposits and currency circulation after 1968: deposits continued to increase rapidly notwithstanding slow growth in the currency circulation. The autonomous growth in deposits made commercial banks more independent of the Central Bank.

F3. Treasury deposits

4.60 Public trading enterprises as well as the social security organization keep important deposits with the Treasury of the central government. This function of the Treasury, acting exactly like a commercial bank is characteristic for the French system of public finance. The Treasury in turn keeps all its liquid assets, including deposits of public enterprises, with the Central Bank.

4.61 Treasury deposits have been important in the second half of the sixties. When normal resources fell short of expectations the central government induced public enterprises to increase their deposits with the Treasury. In particular, when in 1968 the Title I surplus was very small, the Treasury succeeded in increasing the deposits of public enterprises by 7.6 MD. After 1969 the deposits of public enterprises ceased to grow. The central government does not need these deposits any more, and in order to overcome temporary discrepancies between resources and expenditure it uses the classical method of short-term borrowing (bons de trésor).

G. Commercial Bank Credits to Enterprises

G1. The volume

4.62 In Tunisia enterprises depend for their supply of long-term capital⁵⁷ on the general government and on foreign aid, directly or indirectly through special lending funds. On the other hand, commercial banks use their own resources and deposits mainly to provide short-term credits; the proportion of such credits attained 80 per cent of the total (excluding credits on special resources and Central Bank discounts) in the period 1963-1971. Such a situation seems to be general for developing countries.

4.63 The commercial banks' own lending to enterprises increased considerably between 1961-1965 (11.5 MD per year on the average) and 1966-1970 (14.6 MD). Annual figures from 1963 onwards are given in the following table.

Table 19

Commercial Bank Credits on Own Resources and Deposits									MD
	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Annual amount of new credits less repayments-of which:	19.7	8.2	12.9	24.3	16.7	14.3	3.3	15.3	40.6
short term	12.8	6.9	10.1	21.7	14.5	7.1	0.7	15.4	33.5
medium term	6.3	2.1	2.7	0.7	-0.9	4.8	0.5	-1.1	5.8
long term	0.6	-0.8	0.1	1.9	3.1	2.4	2.1	1.0	1.3

4.64 There are two types of short-term credit: commercial credit given on the basis of trade documents; and overdrafts on current account. The volume of commercial credits varies from one year to another depending on the size of the crops, the level of imports and exports, etc. Overdraft facilities are supposed to be given to industrial enterprises and hotels in order to carry them over brief periods of low liquidity. However, in reality, overdrafts had a double position of prefinancing industrial investment and supplying liquidity on a permanent basis to deficit enterprises.

4.65 Short-term credits during the first period 1961-1965 frequently served to prefinance investments, especially in 1963 when foreign aid had not yet developed. In those years short-term bank credits

permitted enterprises to embark on their investment programs hoping that a definite financial arrangement could be worked out. This happened in tourism and in the building materials, mechanical and textile industries.

4.66 Industrial investment increased enormously in 1964 and 1965 but was mostly financed by foreign supplier credits. Hence, local short-term lending did not yet increase in those two years. It rose, however, very strongly thereafter, not to prefinance new industrial ventures but to supply liquidity to newly-established industrial enterprises for working capital, to cover losses and for debt service on medium-term foreign supplier credits. (The financial results of these new enterprises will be treated in somewhat more detail in sec. 9.2). Short-term credits for this purpose increased strongly in 1966 and 1967 and again in 1970 and 1971. There was no increase in bank overdrafts in 1968 and 1969 because, first, in 1968 and later, government's subsidies to deficit enterprises doubled and, secondly, because of a reduction in fixed investment of public enterprise in industry and tourism. The rise in 1970 and 1971 is due to public enterprises in the fields of mining, chemical industries, paper and housing.

4.67 Short-term loans by way of overdrafts were mainly given by one of the three state-owned banks. (In many ways they behave differently from traditional commercial banks. Statistically, however, it is not possible to separate what may be called state-owned government lending institutions from private commercial banks.) To the extent that the general government has been responsible for the creation of deficit enterprises, the state-owned bank supported the consequences of an economic policy that was imposed upon them. In supplying substantial overdrafts that were continuously rolled-over, the state-owned banks really took care of government responsibilities. From the point of view of a commercial bank it was certainly an unorthodox credit policy but consistent with the importance of bank deposits of public enterprises in the fields of commerce, petroleum and social security.

4.68 Because public enterprises had such a huge need for short-term credit one of the state-owned Tunisian banks (STB) had to borrow from a foreign bank. Short-term liabilities of this nature rose by 9 MD in 1967. They fulfilled the same function for enterprises as, some years before, short foreign bank credits contracted by the Central Bank in favour

of the general government. In both cases the need of liquidity rose so suddenly that normal resources were not sufficient. Growth of local bank deposits after 1968 quickened which permitted the STB to reimburse the foreign banks.

4.69 Short-term borrowing abroad might be considered one of the unexpected consequences of the stand-by agreements with the IMF. These agreements put a ceiling on the flow of funds from the Central Bank to the commercial banks and to the Treasury. Neither agency was anymore able to help deficit enterprises without limit and therefore the STB was obliged to turn to foreign banks. From 1968 onwards commercial banks' short-term borrowing abroad and borrowing from the Central Bank were limited by a joint ceiling.

G2. Savings of industrial enterprises

4.70 Profits have been too low for a number of industrial projects selected according to administrative procedures. This is well brought out by the breakdown of gross retained savings (that is, after distribution of profits) for recent years as is shown in the following table.

Table 20
Gross Savings of Public Corporations in
Mining and Manufacturing 1 000 D

Year (1)	Profit (2)	Depreciation (3)	Other reserves and distributed profits (4)	Total gross savings 2+3+4 (5)
1963	2 290	2 560	- 99	4 751
1966	-1 586	6 522	1 041	5 977
1967	-1 494	7 182	-1 044	4 644
1968	-3 136	8 829	- 164	5 529
1970	-3 649	12 028	-1 496	6 883
1971	-5 282	10 963	- 886	4 795

4.71 All years for which such data are available show losses for all mining and manufacturing enterprises together. The rapid rise in depreciation clearly shows the investment effort in manufacturing and mining which in principle should have led to an equal rise in profits. Foreign debt charges had been high for these public enterprises (in

1 000 D): 1966: 30,043; 1967: 3,099; 1968: 3,459; 1970: 3,410. It appears that the external debt charges took more than half of the gross savings.

4.72 As table 21 shows, losses are concentrated in mining, the mechanical industries and paper. Losses in the mechanical industries are linked to the establishment of El Fouladh steel and ironworks in 1964 and 1965. El Fouladh did better in 1970 and the heavy loss in 1971 is due to exceptional circumstances. Public manufacturing enterprises as a whole also did better in 1970 than in most of the years before and one would hope that the problems in these years can simply be considered as the cost of learning. However, the big loss in the paper industry in 1971, due to the establishment of a new unit, shows that the prospect of a definite improvement is far from certain.

Table 21

Retained Profits of Public Enterprises by Sector 1 000 D

Sectors	1963	1966	1967	1968	1970	1971
<u>Mining</u>	- 142	1 105	-1 029	-1 266	-3 186	-3 500
<u>Manufacturing industries:</u>						
Food and agriculture	2 182	1 760	1 892	2 258	1 127	1 153
Building materials	195	-23	100	641	136	16
Mechanical and electrical	27	-2 459	-2 389	-1 905	-748	-1 870
Chemical	212	-402	-78	630	975	1 321
Textiles and leather	265	-1 345	-92	-3 467	-379	-478
Wood industries	30	249	194	127	-53	175
Paper and printing	-479	-471	-92	-154	-1 521	-2 099
Total manufacturing industries	2 432	-2 691	-465	-1 870	-863	-1 782
Total mining and manufacturing ind.	2 290	-1 586	-1 494	-3 136	-3 649	-5 282

4.73 Financial results of private manufacturing industries are better than the results of public enterprises in the same field: there are no losses even though profits hardly increased (see table 22).

Table 22
Gross Savings in Private Manufacturing Enterprises

Year (1)	Profits (2)	Depreciation (3)	Other Transfers and distributed profits (4)	Total gross savings 2+3+4 (5)
1966	1 162	1 060	96	2 318
1967	2 276	1 863	-939	3 200
1968	1 744	1 489	-254	2 979
1970	2 492	1 619	-1 735	3 376
1971	2 122	2 282	-802	3 602

4.74 Tunisia's industrialization policies during the sixties were predominantly based on import substitution. New industries were protected against foreign competitors by high tariffs and quantitative import restrictions. In general, therefore, domestic prices of manufactured goods were well above world market prices. This should have led to profits as in the case of private manufacturing enterprises. The losses for those public enterprises that produce for the local market, like the ones in the mechanical industries, indicate a very low productivity indeed.⁵⁹

H. Turning Long-Term Bank Resources into Short-Term Uses

4.75 After having analyzed separately bank deposits and credits we shall now compare, first, the more-or-less stable bank resources and (medium or) long-term uses, and, secondly, short-term bank resources and uses (tables 23 and 24).

4.76 In tables 23 and 24 long-term bank resources do not include part of sight deposits though normal bank practice would have been to consider, say, 25 per cent of sight deposits as stable. Notwithstanding this restrictive definition, only half of bank's long-term resources have been used for long-term uses. On the other hand, the bank's short-term uses were 20 per cent higher than corresponding resources. This phenomenon of converting long-term bank resources into short-term uses preoccupies Tunisian bank authorities, who would like to see commercial banks more interested in promoting and financing long-term projects, industrial and otherwise.

4.77 Local bankers in Tunisia prefer short-term to medium- and

Table 23

Changes in Long-term Resources and Long-term Uses
with Commercial Banks

MD

	1964	1965	1966	1967	1968	1969	1970	1971	1964- 1971
<u>Resources</u>									
Capital and reserves	2.9	2.0	2.1	3.3	4.0	4.4	3.0	3.7	-
Time deposits	3.5	9.3	6.6	-0.1	2.0	3.6	6.2	-1.0	-
Blocked deposits	1.3	-0.7	0.7	2.6	1.3	-3.1	0.6	1.8	-
Bonds	0.2	0.4	1.3	0.1	1.0	0.3	-0.2	-0.3	-
Total	7.0	11.0	10.7	5.9	8.3	4.6	9.6	4.2	62.2
<u>Uses</u>									
Long-term credits on Bank's own resources and on deposits	1.3	2.8	2.6	2.2	7.2	2.6	-0.1	7.1	-
Government bonds	1.0	1.9	-1.2	0.1	0.4	2.5	2.7	-2.4	-
Total	2.3	4.7	1.4	2.3	7.6	5.1	2.6	4.7	30.7

Table 24

Changes in Short-term Resources and Short-term Uses
of Commercial Banks

MD

	1964	1965	1966	1967	1968	1969	1970	1971	1964- 1971
<u>Resources</u>									
Sight deposits	-1.0	-0.9	5.0	4.0	10.3	14.1	12.2	37.4	81.1
<u>Uses</u>									
Short-term credits on bank's own resources and on deposits	6.9	10.1	21.7	14.5	7.1	0.7	15.4	33.5	109.9
Foreign exchange reserves	-2.9	-4.8	-1.9	-9.4	4.2	7.2	0.2	-0.8	-8.2
Total	4.0	5.3	19.8	5.1	11.3	7.9	15.6	32.7	101.7

long-term credits because the interest rate for short-term credits (10%) is higher than for the other kinds (7%). Moreover, the needs for long-term credits in the fields of agriculture, industry and tourism are satisfied from the many special lending funds, set up either by central government or through foreign aid. It will therefore be difficult to change

the situation and, indeed, the phenomenon of transforming long-term resources into short-term uses continued in 1972. In that year long-term resources amounted to 16.1 MD and long-term uses to only 4.7 MD.⁶⁰

4.78 If commercial banks do not utilize their long-term resources for long-term investments their recourse to the Central Bank will become smaller and their deposits with the Central Bank larger. This has happened in 1971 to 1973. In these years the important liquidity of commercial banks corresponds to equally important foreign exchange earnings. The under-utilization of banks' resources is reflected in the big increases in the foreign exchange reserves. At the end of 1972 these had become big enough, 100 MD or about four months' import, and the continued rise in 1973 means an under-utilization of Tunisia's financial possibilities. A break-through might come from the commercial banks' utilization of long-term resources to finance office and apartment buildings and individual houses. Additional supply for dwellings and office space will be met by strong demand and this type of investment seems profitable. Moreover, it is not covered by any type of special lending fund.

J. Capital Subsidies and Equity Capital to Enterprises

4.79 Capital transfers from the central government finance new fixed investment but are also meant to cover the deficit of some public enterprises. Table 25 shows the composition of this flow from government to enterprises.

4.80 Capital subsidies for the purpose of supplying liquidity to already established firms (i.e. not for new investments) amounted to about 5 MD in each of the years 1968 to 1971, which is something between 7 and 10 per cent of total expenditure of the capital budget. The decline in 1971 will only be temporary and capital subsidies for the purpose of putting old enterprises on their feet will become higher again in 1972 and 1973. In many cases these subsidies are given to cover losses. Even though they are in the capital budget, they are essentially of a current nature.

4.81 Table 25 shows clearly the increasing importance of subsidies to commercial banks for special lending funds. Capital subsidies to tourism fall under the same category as they are not given to individual enterprises but mainly to a financial company (Cofitour). Together

Table 25

Flow of Funds from General Government to
Enterprises and Commercial Banks

MD

	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Subsidies and equity to enterprises for new investments:							
agriculture	3.5	2.2	1.8	1.3	1.8	2.2	1.5
tourism	2.1	-	1.0	1.1	2.9	2.3	2.2
communication and television	1.2	1.6	1.7	1.8	2.0	2.7	2.5
urban water supply	-	-	-	0.4	3.8	1.3	1.0
house construction	-	0.8	-	-	-	2.3	-
other	<u>6.1</u>	<u>5.8</u>	<u>8.6</u>	<u>7.8</u>	<u>6.6</u>	<u>6.7</u>	<u>3.1</u>
Total for new investment	12.9	10.4	13.1	12.4	17.1	17.5	10.3
Flow of funds to commercial banks for setting up special lending funds	1.2	1.6	0.6	2.9	1.1	0.8	2.0
Subsidies and equity capital to supply needed liquidity	<u>1.8</u>	<u>3.3</u>	<u>3.2</u>	<u>6.0</u>	<u>5.7</u>	<u>5.1</u>	<u>4.6</u>
Total flow to enterprises and banks	15.9	15.3	16.9	21.3	23.9	23.4	16.9

this type of capital subsidy amounted in 1971 to 4 MD or 1/4 of all the capital outflow to banks and enterprises. Actual government policy favours strengthening special lending funds because it permits decentralized project evaluation and decision making.

4.82 It should also be noted that an important part of the subsidies goes to enterprises that really fulfill a government function: the public corporation for the supply of drinking water (SONEDE) is one example; the public housing corporation (SNIT), another. These investment activities used to be part of the development budget from 1961 to 1965. This type of subsidy took 1 MD in 1971. Investment activity by the Postal Ministry (including tele-communications) and by the Radio and Television Ministry took in 1971 another 2.5 MD. In the system of national accounts these ministries are treated like enterprises and for this reason government capital outflows for their investments are considered capital subsidies.

4.83 Total capital transfers from the general government to enterprises have become very important, from 1968 onwards. In that year government savings were very low and in order to fill the gap the central government had recourse to foreign financial credits: a medium-term Euro-dollar credit of 7.8 MD in 1968 and short-term credits with foreign banks of 4.4 MD in 1968 and 2.2 MD in 1969. These transactions can be compared to what was done by the STB in 1967 because in both cases foreign funds were used to help out deficit enterprises. Ample fiscal returns in later years permitted a complete repayment of the government's foreign financial loans.

Footnotes

¹Since then, the Ministry of Plan has further improved its estimate of the GDP. The improvements consist, first, of new estimates of all sectors of gross domestic product for the years 1968 to 1971, published in the statistical annex to the Four-Year Plan, 1973-1976, and secondly, of new estimates of value added in agriculture for the whole period 1962-1971, so far available only on an informal basis. The new information has not been incorporated, first, because it became available only after the present study was already substantially finished, and secondly, because the methods of estimating the revised figures for the years from 1968 on differ from the older methods sufficiently to raise some doubts about their comparability.

²Raymond F. Mikesell and James E. Zinser, "The Nature of the Savings Function in Developing Countries: A Survey of the Theoretical and Empirical Literature" in *Journal of Economic Literature*, Vol. XI, no. 1 (March, 1973), p. 1

³Household savings depend on what types of capital outlays are attributed to them; see section 3E.

⁴In Tunisia, preparing a medium-term plan demands a colossal effort from numerous officials and committees. Even so, no complete and phased list of government investments existed until the second four-year plan and the economic justification of some of the major investments was questionable. Just the same, up-dating such a plan is simply too heavy a task. Hence, the list of projects and the macro-economic projections contained in the plan soon lose their validity.

Overall investment allocation requires at least some sort of medium-term projection which should not be too detailed in order that up-dating remains feasible. A rolling plan would seem the best solution.

⁵There were 255,000 foreigners in Tunisia in 1956, 175,000 in 1962 and only 66,700 in 1966.

⁶J. Poncet, "L'Economie Tunisienne depuis l'Indépendance" in *Les Economies Maghrébiennes*, Paris, 1971, p. 90.

⁷Republique Tunisienne, Ministère du Plan: *Rétrospectives Décennales*, 1962-1971, Tunis, 1972, p. 22.

⁸Poncet, *op. cit.*, p. 91.

⁹Paolo Mottura, *Système Bancaire de la Tunisie 1956-1970*, Milan, p. 9.

¹⁰Before the devaluation of September 1964, 1 D = \$2.38, thereafter \$1.90.

- ¹¹Sadok Bahroun, *L'Expérience Tunisienne en matière de Planification*.
- ¹²*Rétrospectives Décennales, op. cit.*, p. 5.
- ¹³*Ibid.*, p. 9.
- ¹⁴Republique Tunisienne, Secrétariat d'Etat au Plan et aux Finances: *Plan Triennal, 1962-1964, Année 1962*, p. 132.
- ¹⁵Republique Tunisienne, Secrétariat d'Etat au Plan et à l'Economie Nationale: *Rapport d'Exécution du Plan Triennal*, pp. 217, 234.
- ¹⁶Private supplier credits were higher than foreseen in the years 1964 and 1965 because no French official loans were available after Tunisia nationalized all land held by foreigners in May 1964.
- ¹⁷Evangelos A. Calamitsis, "Stabilization Problems and Policies in Tunisia," *Finance and Development*, no. 3, 1970, p. 44. Italics supplied.
- ¹⁸We remind the reader that the figures refer to investment in current prices. During this period, however, investment goods prices did not rise much.
- ¹⁹Defined as short-term foreign assets less short-term liabilities.
- ²⁰In fact, only one state bank is involved.
- ²¹All of these foreign credits have since been repaid.
- ²²Republique Tunisienne, Ministère du Plan: *Statistiques des Opérations avec l'Extérieur au cours de la Décennie, 1962-1971, 1973* (document interne), tableau 8.4.
- ²³Technical assistance is an expenditure item on the current account of the balance of payments and an offsetting income item on the capital account.
- ²⁴This example is also given by Sadok Bahroun in a debate on the Tunisian planning experience. See: Cahiers du Centre des Recherches et d'Etudes Administratives: *Le Développement Economique Tunisien*, E.N.A., p. 53.
- ²⁵J. G. Kleve, "The Control of Annual Plans: the Experience of Tunisia," in *The Journal of Modern African Studies*, Vol. 5, no. 2, p. 306.
- ²⁶See Moncef Ben Slama, "Analyse des Écarts entre les Réalisations

du Plan et les Prévisions du Budget Economique durant la Période, 1965-1968," in *Revue Tunisienne des Sciences Sociales*, March 1971, Table 5, pp. 40, 41.

²⁷ It has already been pointed out that the level of imports in 1968 was abnormally low and probably has led to reduced stocks of import goods.

²⁸ Although most of our detailed analysis stops with 1971, the preliminary data for 1972 and the indications for 1973 suggest that the conclusions derived from developments during 1971 can be extrapolated at least through 1973.

²⁹ The only exception is the renewed price rise. It is likely that this is at least in part an international rather than a purely domestic phenomenon.

³⁰ In current prices.

³¹ The distinction between the two functions of the Central Planning Agency (advising and implementation) has been taken from Albert Waterston, *Development Planning, Lessons of Experience*, Baltimore, 1965, pp. 419-429.

³² Raymond F. Mikesell and James E. Zinser, *op. cit.*, p. 6.

³³ Including both Central Bank and commercial banks. The latter do include the industrial investment bank, the SNI, which figures in present-day Central Bank statistics among the group of independent financial institutions.

³⁴ République Tunisienne: Secrétariat d'Etat au Plan et à l'Economie Nationale, *Rapport d'Exécution du Plan pour l'Année 1965*.

³⁵ See paragraphs 4.39 and 4.41.

³⁶ It does not matter whether wheat is commercially bought, received as a gift or obtained under PL 480 conditions. In the last two cases, the countervalue in world market prices is passed on to the government (where it is an important source for financing its capital budget (Title II) and the ONC keeps the price differential just as in the case of commercial imports). See for details Thomas E. Davis, "Progress and Policies in the Tunisian Agricultural Sector, 1962-1971," mimeo. 1974.

³⁷ In our analysis CNSS is treated as part of the general government.

³⁸ Stephen R. Lewis, *Pakistan, Industrialization and Trade Policies*, London, 1970, p. 147.

³⁹These are averages between two years; this method is used in cases with strong yearly changes in order to bring out trends.

⁴⁰IBRD, *La Croissance Economique et l'Elasticité de l'Impôt: L'Expérience de la Tunisie*, Washington, 1969. This result is confirmed by the (slightly more detailed) analysis of André Küpfer for his doctoral thesis at the University of Zürich.

⁴¹H. Durand, *Rapport sur une Mission de Cooperation Technique*, Genève 1971 (Rapport non-publié du Programme des Nations Unies pour le Développement), p. 62.

⁴²République Tunisienne, Ministère du Plan: Finances Publiques 1960-1970 (internal document of the Ministère du Plan), table 29.

⁴³H. Durand, *op. cit.*, p. 54.

⁴⁴Albert Waterston, *Development Planning: Lessons of Experience*, Baltimore, 1965, p. 224.

⁴⁵Excluding repayments of long-term government bonds (bons d'équipement).

⁴⁶The words 'public' and 'private' refer to the origin of the loan, the lender, and not to the borrower. Thus the central government utilized a small number of private supplier credits.

⁴⁷République Tunisienne, Ministère du Plan: *Rétrospectives Décennales 1962-1971*, pp. 63, 64.

⁴⁸S. F. Postma, *Rapport sur l'Irrigation en Tunisie*, Tunis, 1973 (internal document of the Plan Ministry), p. 11. (Translation supplied.)

⁴⁹IBRD, *State-Owned Enterprises in Tunisia*, Washington D.C., 1969 (not published), p. 11. Frequent suggestions are found in the literature that foreign donors have, for better or for worse, a great influence on project selection. This is not the case in Tunisia, and probably not elsewhere where the government can choose among a large number of donors. In Zaire, the Inga dam was built against the advice of foreigners, as was the steel plant. It would not be surprising to learn elsewhere that the influence of foreign donors was more of a legend than a fact. (W. F. Stolper)

⁵⁰Raymond F. Mikesell and James E. Zinser, *op. cit.*, p. 12.

⁵¹See Introduction for sources. Real growth rates, cited here, differ from the ones in Stolper's paper, also because they are calculated on

a trend basis. It is thought that the readers might find it useful to have both calculations.

⁵²It should be added, however, that the use of ceilings on individual transactions is characteristic of a French-type monetary system.

⁵³Paolo Mottura, *Système bancaire, op. cit.*, pp. 166 and 179.

⁵⁴BCT, *Rapport Annuel 1972*, p. 110.

⁵⁵Andrey Kidell, *Some Simple Aggregative Multipliers in the Case of Tunisia* (internal IMF paper, 1972).

⁵⁶Wolfgang F. Stolper, *Planning without Facts*, Cambridge, Mass., 1966, pp. 222-226.

⁵⁷The term "long-term credit" is used to include medium-term credits.

⁵⁸Wayne W. Snyder, *Managing Money and Credit in a Developing Country*, CRED Reprints (New Series), no. 25, p. 10.

⁵⁹The effect of protection on prices is discussed by R. J. Blake, *op. cit.*

⁶⁰Ministry of Finance, *Bulletin Ministriel, Monnaie et Credit*, Decembre 1972, p. 5. Obviously, the interest rate structure would have to be changed.

Table 1
Investment and Savings Ratios

	1961	1962	1963	1964	1965	1966	1967
Gross domestic product at market prices	355,1	369,3	442,9	469,7	530,0	557,1	573,3
Public and household consumption	326,8	321,4	384,9	420,6	468,1	474,3	492,4
Gross domestic savings	28,3	47,9	58,0	49,1	61,9	82,8	80,9
Net factor payments from abroad	-1,7	-4,2	-6,7	-8,0	-13,7	-14,7	-19,6
Net transfers from abroad	4,0	3,3	-0,8	1,8	2,0	3,3	1,5
Gross national savings	30,6	47,0	50,5	42,9	50,2	71,4	65,6
of which:							
General government	4,9	4,9	6,7	15,1	19,9	23,7	14,7
Non-financial enterprises	16,1	36,3	38,3	12,5	21,9	28,9	35,6
Central Bank	0,8	0,4	0,3	0,2	0,1	0,3	-0,1
Commercial banks	0,6	0,7	0,9	2,9	2,0	2,1	3,3
Households	8,2	4,7	4,3	12,2	6,3	16,4	14,0
Current deficit of balance of payments	32,7	41,4	45,8	56,4	80,7	64,4	70,3
Gross investments	63,3	88,4	96,3	99,3	130,9	133,8	136,1
of which:							
Gross fixed investments	68,5	76,3	86,7	104,0	130,6	128,4	127,1
Changes in inventories	-5,2	12,1	9,6	-4,7	0,3	7,4	8,9
Gross national product	353,4	365,1	436,2	461,7	516,3	542,4	553,7
Depreciation	2,8	5,0	6,6	9,0	10,1	16,6	24,1
National income in market prices	350,6	360,1	429,6	452,7	506,2	525,8	529,6
Ratio of gross investments to GDP	17,8%	23,9%	21,7%	21,1%	24,7%	24,4%	23,7%
Ratio of gross fixed investment to GDP	19,3	20,7	19,6	22,1	24,6	23,0	22,2
Ratio of domestic savings to GDP	8,0	13,2	13,1	10,5	11,7	14,9	14,1
Ratio of national savings to GNP	8,7	12,9	11,6	9,3	9,7	13,2	11,9
Share of local financing in gross investments	48,3	53,2	52,5	43,2	38,4	52,6	48,4
Share of foreign financing in gross investments	51,7	46,8	47,5	56,8	61,6	47,4	51,6
Share of foreign financing in gross fixed investments	47,7	54,3	52,8	54,2	61,3	50,2	55,3

Tableau 1
Taux d'Investissement et taux d'épargne

(Valeur en millions de Dinars)

1968	1969	1970	1971	1972	1973 H1	1973 H2	
618,7	669,2	739,7	854,5	1.014,0	1.029,7	1.064,2	Produit intérieur brut aux prix du marché
502,6	555,8	618,0	689,7	809,1	856,4	866,6	Consommation publique et privé
116,1	113,4	121,7	164,8	204,9	173,3	197,6	Epargne intérieure brute
-25,1	-23,9	-20,4	-11,9	-10,5	-10,5	-10,5	Services facteurs nets provenant de l'extérieur
5,9	4,1	5,2	8,5	5,5	5,5	5,5	Transferts courants nets provenant de l'extérieur
96,9	93,6	106,5	161,4	199,9	168,3	192,6	Epargne Nationale brute
							Dont:
2,6	25,6	23,6	25,9	37,2	42,2	42,2	Administrations
67,0	42,9	50,1	91,8	120,5	88,0	108,3	Entreprises non financières
0,1	0,3	0,4	0,6	0,6	0,6	0,6	Entreprises financières-B.C.T.
4,0	4,4	3,0	3,7	3,4	3,4	3,4	Banques commerciales
23,2	20,4	29,4	39,4	38,2	34,1	38,1	Ménages
38,0	50,2	49,2	21,2	40,0	68,0	58,0	Déficit courant de la balance des paiements
134,9	143,8	155,7	182,6	239,9	236,3	250,6	Formation brute de capital (FBC)
128,7	140,0	146,2	173,4	207,4	242,4	242,4	Dont: Formation brute de capital fixe (F.B.C.F.)
6,2	3,8	9,5	9,2	32,5	-6,1	8,2	Variation des stocks
593,6	645,3	719,3	842,6	1.003,5	1.019,2	1.053,7	Produits National Brut
27,5	36,8	41,3	48,9	41,0	55,5	55,5	Amortissements
566,1	608,5	678,0	793,7	962,5	963,7	998,2	Revenu National aux prix du marché
21,8%	21,5%	21,1%	21,4%	23,7%	22,9%	23,5%	Taux de la F.B.C. par rapport au P.I.B.
20,8	20,9	19,8	20,3	20,5	23,5	22,8	Taux de la F.B.C.F. par rapport au P.I.B.
18,8	17,0	16,5	19,3	20,2	16,8	18,6	Taux d'épargne inter. par rapport au P.I.B.
16,3	14,5	14,8	19,2	19,3	16,5	18,3	Taux d'épargne nationale par rapport au (PNB)
71,8	65,1	68,4	88,4	83,3	71,2	76,9	Taux de oeuv. de la F.B.C. par l'épargne national
28,2	34,9	31,6	11,6	16,7	28,8	23,1	Taux de financ. extérieur de la F.B.C.
29,5	35,9	33,7	12,2	19,3	28,1	23,9	Taux de financem. extérieur de la F.B.C.F.

Table 2
Resources and Uses in Current Prices

	1961	1962	1963	1964	1965	1966	1967
Gross domestic product in market prices	355,1	369,3	442,9	469,7	530,0	557,1	573,2
Imports	108,2	110,8	115,0	135,1	168,1	168,0	176,1
Total resources and uses	463,3	480,1	557,9	604,8	698,1	725,1	749,4
Household consumption	265,3	258,6	319,9	350,0	389,0	382,0	391,3
Public consumption	61,5	62,8	65,0	70,6	79,1	91,7	101,1
Gross fixed investments	68,5	76,3	86,7	104,0	130,6	128,4	127,2
Changes in inventories	-5,2	12,1	9,6	-4,7	0,3	7,4	8,9
Exports	73,2	70,3	76,7	84,9	99,1	115,0	120,9

Table 3
Gross fixed Investments by Agents
(in current prices)

	1961	1962	1963	1964	1965	1966	1967
General government	27,7	34,6	37,4	41,6	47,4	48,5	46,1
Households	5,2	7,2	7,5	7,9	7,7	7,5	10,7
Enterprises	35,6	34,5	41,8	54,5	75,5	72,4	70,4
of which:							
Public corporation	(15,2)	(19,0)	(26,8)	(37,4)	(60,4)	(55,5)	(47,6)
Private enterprises	(8,0)	(10,3)	(9,6)	(13,7)	(15,1)	(16,9)	(22,8)
Non-identified	(12,4)	(5,2)	(5,4)	(3,4)	-	-	-
Total	68,5	76,3	86,7	104,0	130,6	128,4	127,2

Tableau 2

Ressources et emplois aux prix courants

MD

1968	1969	1970	1971	1972	1973 H1	1973 H2	
618,7	669,2	739,7	854,5	1.014,0	1.029,7	1.064,2	Produits intérieur brut aux prix du marché
152,3	180,3	200,2	230,2	307,0	335,0	336,0	Emportation
771,0	849,5	939,9	1.084,7	1.321,0	1.364,7	1.400,2	Total des ressources et emplois
389,5	434,4	482,8	546,9	647,8	682,1	692,3	Consommation privée
113,1	121,4	135,2	142,8	161,3	174,3	174,3	Consommation publique
128,7	140,0	146,2	173,4	207,4	242,4	242,4	Formation brute de capital fixe
6,2	3,8	9,5	9,2	32,5	-6,1	8,2	Variation des stocks
133,5	149,9	166,2	212,4	272,0	272,0	283,0	Exportation

Tableau 3

Repartition de la formation brute de capital fixe par agent

(aux prix courants)

MD

1968	1969	1970	1971	1972	1973 H1	1973 H2	
48,1	51,2	39,6	40,4	51,6	52,5	52,5	Administration
12,1	15,5	17,3	16,9	20,2	20,8	20,8	Ménages
68,5	73,3	89,3	116,1	135,6	169,1	169,1	Entreprises
(37,7)	(43,6)	(55,6)	(72,2)	(76,3)	(94,7)	(94,7)	Dont : Publiques
(30,8)	(29,7)	(33,7)	(43,9)	(59,3)	(74,4)	(74,4)	Privées identifiées
-	-	-	-	-	-	-	Privées non-identifiées
128,7	140,0	146,2	173,4	207,4	242,4	242,4	F.B.C.F. Total

Table 4

Balance of Payments

	1961	1962	1963	1964	1965	1966	1967
Export of goods & non-factor serv.:							
Goods	46,3	48,7	53,0	57,7	63,4	74,2	78,9
Services	26,9	21,6	23,7	27,2	35,7	40,8	42,0
Total	<u>73,2</u>	<u>70,3</u>	<u>76,7</u>	<u>84,9</u>	<u>99,1</u>	<u>115,0</u>	<u>120,9</u>
Import of goods & non-factor serv.:							
Goods	86,7	87,9	89,3	106,0	122,5	124,4	134,0
Services	21,5	22,9	25,7	29,1	45,6	43,6	42,1
Total	<u>108,2</u>	<u>110,8</u>	<u>115,0</u>	<u>135,1</u>	<u>168,1</u>	<u>168,0</u>	<u>176,1</u>
Balance of goods and non-factor services	-35,0	-40,5	-38,3	-50,2	-69,0	-53,0	-55,2
Factor services:							
Receipts	4,7	3,8	3,5	3,4	4,5	5,5	6,6
-Payments	6,4	8,0	10,2	11,4	18,2	20,2	26,2
Balance	<u>-1,7</u>	<u>-4,2</u>	<u>-6,7</u>	<u>-8,0</u>	<u>-13,7</u>	<u>-14,7</u>	<u>-19,6</u>
Transfers from abroad:							
Receipts	5,6	5,9	3,4	3,2	3,9	4,3	5,3
-Payments	1,6	2,6	4,2	1,4	1,9	1,0	0,8
Balance	<u>4,0</u>	<u>3,3</u>	<u>-0,8</u>	<u>1,8</u>	<u>2,0</u>	<u>3,3</u>	<u>4,5</u>
Total current receipts	83,5	80,0	83,8	91,5	107,5	114,8	132,8
-Total current expenditures	<u>116,2</u>	<u>121,4</u>	<u>129,6</u>	<u>147,9</u>	<u>188,2</u>	<u>189,2</u>	<u>203,1</u>
Current Balance	<u>-32,7</u>	<u>-41,4</u>	<u>-45,8</u>	<u>-56,4</u>	<u>-80,7</u>	<u>-64,4</u>	<u>-70,3</u>
Long-term gross capital inflow							
Aid	17,2	8,3	16,5	9,8	13,2	8,1	10,6
Equity investment	2,0	4,5	2,8	3,5	9,0	4,8	9,6
Special drawing rights	-	-	-	-	-	-	-
Public loans	2,2	14,6	14,8	28,0	42,6	25,9	41,8
Private loans	1,7	0,9	11,1	10,9	26,3	18,5	23,8
Total	<u>23,1</u>	<u>28,3</u>	<u>45,2</u>	<u>52,2</u>	<u>91,1</u>	<u>67,3</u>	<u>85,8</u>
Loan repayments	-1,1	-1,3	-4,5	-8,7	-13,1	-14,5	-22,2
Net long-term gross capital inflow	22,0	27,0	40,7	43,5	78,0	52,8	63,6
Net short-term priv. cap. balance	2,7	3,7	-9,6	2,9	-1,1	4,0	0,3
Total net capital inflow	<u>24,7</u>	<u>30,7</u>	<u>31,1</u>	<u>46,4</u>	<u>76,9</u>	<u>56,8</u>	<u>63,9</u>
Current deficit	32,7	41,4	45,8	56,4	80,7	64,4	70,3
Change in foreign exch. reserves:							
Central bank	-5,4	-9,4	-12,0	-7,1	-1,0	-5,7	3,0
Commercial banks	-2,6	-1,3	-2,7	-2,9	-4,8	-1,9	-9,4
Total	<u>-8,0</u>	<u>-10,7</u>	<u>-14,7</u>	<u>-10,0</u>	<u>-5,8</u>	<u>-7,6</u>	<u>-6,4</u>

Tableau 4

Balance des paiements							MD
1968	1969	1970	1971	1972	1973 H1	1973 H2	
							Exportation :
83,1	89,2	98,8	117,2	156,0	138,0	149,0	Biens
50,4	60,7	67,4	95,2	116,0	134,0	134,0	Services non-facteurs
133,5	149,9	166,2	212,4	272,0	272,0	283,0	Total
							Importations :
114,4	136,2	154,5	176,0	240,0	258,0	259,0	Biens
37,9	44,1	45,7	54,2	67,0	77,0	77,0	Services non-facteurs
152,3	180,3	200,2	230,2	307,0	335,0	336,0	Total
-18,8	-30,4	-34,0	-17,8	-35,0	-63,0	-53,0	Solde de Biens et Services non-facteurs
							Services Facteurs :
8,6	13,5	19,0	30,5	35,0	38,5	38,5	Recettes
33,7	37,4	39,4	42,4	45,5	49,0	49,0	-Dépenses
-25,1	-23,9	-20,4	-11,9	-10,5	-10,5	-10,5	Total
							Transferts courants :
7,3	6,2	7,5	10,4	6,0	6,0	6,0	Recettes
1,4	2,1	2,3	1,9	0,5	0,5	0,5	-Dépenses
5,9	4,1	5,2	8,5	5,5	5,5	5,5	Solde de transferts courants
149,4	169,6	192,6	253,3	313,0	316,5	327,5	Recettes courantes totales
187,4	219,8	241,8	274,5	353,0	384,5	385,5	-Dépenses courantes totales
-38,0	-50,2	-49,2	-21,2	-40,0	-68,0	-58,0	Déficit courant
							Bruts de capitaux :
15,1	22,7	22,4	18,4	21,3	21,5	21,5	Dons en capital
10,7	10,5	10,2	12,5	26,0	26,0	26,0	Participations étrange
-	-	3,1	2,0	2,7	-	-	D.T.S.
29,7	35,1	31,9	44,9	48,0	52,0	52,0	Crédits publics
22,8	18,0	19,1	20,1	15,0	16,5	16,5	Crédits privée
78,3	86,3	86,7	97,9	113,0	116,0	116,0	Apports Bruts de capitaux
-25,4	-26,7	-25,7	-25,5	-33,0	-30,0	-30,0	Remboursement de la dette extérieur
52,9	59,6	61,0	72,4	80,0	86,0	86,0	Apports nets de capitaux à moyen
-6,0	-1,7	-1,1	-3,5	-	-	-	Capitaux privés à short terme
46,9	57,9	59,9	68,9	80,0	86,0	86,0	Apports de capitaux nets
38,0	50,2	49,2	21,2	40,0	68,0	58,0	Déficit courants
							Augmentation de la réserve :
4,7	0,5	10,5	48,5	39,0	18,0	28,0	Banque Centrale
4,2	7,2	0,2	-0,8	1,0	-	-	Banques Commerciales
8,9	7,7	10,7	47,7	40,0	18,0	28,0	Total

Table 5
Capital Account of General Government

	1961	1962	1963	1964	1965	1966	1967
Resources							
Savings	4.894	4.905	6.673	15.107	19.949	23.701	14.744
Sale of land	92	10	470	155	126	312	144
Aid	15.077	11.686	15.929	12.027	11.960	8.115	10.931
Transfers from enterprises	1.289	1.155	945	677	1.205	2.348	1.145
Local loans	3.625	5.029	11.636	6.782	4.723	3.105	8.351
Foreign loans	-	9.859	11.940	11.229	23.455	25.413	47.871
Increase in treasury deposits	8.771	10.179	4.249	2.193	8.149	3.583	-3.569
Increase in indebtedness to Central Bank	5.300	9.800	15.984	1.504	4.390	6.364	-1.587
Repayment of advances to enterprises	-	-	596	-	-	921	921
Total resources	39.048	52.743	68.122	49.674	73.957	73.862	78.951
Uses							
Capital subsidies to enterprises	5.955	5.397	12.223	7.305	14.544	13.314	13.943
Capital subsidies to households	191	167	197	197	247	300	399
Transfers for war damage	768	561	2.437	742	682	202	209
Gross fixed investments	27.731	34.560	37.362	41.568	47.413	48.500	45.078
Advances	1.567	1.670	415	4.393	1.069	2.597	3.500
Repayment of foreign loans	4.911	3.175	1.341	2.118	2.624	2.396	9.013
Repayment of local loans	500	1.044	2.783	3.816	533	600	2.953
Purchase of land	291	247	2.468	193	224	42	177
Increase in bank deposits	1.700	2.000	300	1.800	3.300	2.500	2.500
Change in short-term liabilities and assets	4.566	3.922	8.596	-12.458	3.321	3.411	-79
Total uses	39.048	48.821	69.122	49.674	73.957	73.862	78.951

Tableau 5

Compte de capital des administrations

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1968	1969	1970	1971	1972	1973	
						<u>Ressources</u>
2.649	25.619	23.591	25.901	37.202	42.187	Epargne
140	331	1.407	439	924	1.344	Vente de terrain et viens d'occasion
13.808	19.410	20.701	17.881	21.605	20.967	Aide pour le développement
832	2.969	1.055	1.821	1.893	2.202	Transfert provenant des entreprises
6.557	5.130	5.294	16.347	19.376	18.800	Emprunt intérieur
36.657	25.537	30.750	33.874	41.918	41.282	Emprunt extérieur
18.733	7.133	14.720	-4.200	7.400	6.600	Augmentation des dépôts au trésor
-691	4.820	-3.685	-5.916	-23.725	-3.900	Recours à la B.C.T.
2.674	2.212	2.381	2.900	3.300	3.600	Remboursement des prêts
81.359	93.161	96.214	89.047	109.893	133.082	Total Ressources
						<u>Emplois</u>
19.179	22.378	18.664	16.018	22.702	46.041	Subvention d'équipement aux entreprises
400	400	342	475	717	929	Subvention d'équipement aux ménages (primes à la construct)
210	32	3	-	100	100	Domage de guerre
48.060	51.156	39.620	40.393	51.642	52.540	F.B.C.F.
3.397	2.297	6.747	12.798	13.100	11.600	Prêts et avances
9.089	9.145	12.810	12.045	19.824	14.803	Remboursement Emprunt extérieurs
2.016	2.407	4.049	12.630	9.428	10.154	Remboursement Emprunt intérieurs
64	256	18	668	830	1.689	Achat de terrains
2.100	2.800	6.000	-200	2.400	3.600	Augmentation des dépôts aux banques et au trésor
-3.156	2.290	7.961	-5.780	-10.850	-8.374	Diminution sommes à payer, augmentation sommes à recevoir
81.359	93.161	96.214	89.047	109.893	133.082	Total Emplois

Table 6

<u>Detailed Capital Account of General Government - Receipts and expenditure</u>							
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Receipts - Origin</u>							
General government:							
Savings	<u>4,9</u>	<u>4,9</u>	<u>6,7</u>	<u>15,1</u>	<u>19,9</u>	<u>23,7</u>	<u>14,7</u>
Households:							
Sale of land	<u>0,1</u>	<u>0,1</u>	<u>0,5</u>	<u>0,2</u>	<u>0,1</u>	<u>0,3</u>	<u>0,1</u>
Abroad:							
Aid	<u>15,1</u>	<u>11,7</u>	<u>15,9</u>	<u>12,0</u>	<u>12,0</u>	<u>8,1</u>	<u>10,9</u>
Enterprises:							
Transfers	<u>1,3</u>	<u>1,2</u>	<u>0,9</u>	<u>0,7</u>	<u>1,2</u>	<u>2,3</u>	<u>1,1</u>
Local loans:							
Commercial banks	<u>1,8</u>	<u>1,2</u>	<u>11,6</u>	<u>1,0</u>	<u>1,3</u>	<u>-1,1</u>	<u>0,3</u>
Households	<u>0,8</u>	<u>0,4</u>	<u>-</u>	<u>4,4</u>	<u>-</u>	<u>-</u>	<u>3,2</u>
Enterprises	<u>1,0</u>	<u>3,4</u>	<u>-</u>	<u>1,4</u>	<u>3,4</u>	<u>4,2</u>	<u>4,9</u>
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>3,6</u>	<u>5,0</u>	<u>11,6</u>	<u>6,8</u>	<u>4,7</u>	<u>3,1</u>	<u>8,4</u>
Abroad:							
Foreign loans	<u>-</u>	<u>9,9</u>	<u>11,9</u>	<u>11,2</u>	<u>23,5</u>	<u>25,4</u>	<u>47,9</u>
Treasury deposits, of which							
Postal savings system - households	<u>1,0</u>	<u>0,6</u>	<u>0,4</u>	<u>0,5</u>	<u>0,6</u>	<u>0,7</u>	<u>0,4</u>
Postal payment system - households	<u>-</u>	<u>0,2</u>	<u>0,1</u>	<u>0,2</u>	<u>0,6</u>	<u>0,3</u>	<u>0,1</u>
Postal payment system - enterprise	<u>-</u>	<u>0,2</u>	<u>0,1</u>	<u>0,3</u>	<u>0,5</u>	<u>0,2</u>	<u>-</u>
Postal payment system - com. banks	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0,6</u>	<u>-0,1</u>	<u>-0,2</u>
Social security system	<u>1,7</u>	<u>1,6</u>	<u>-0,2</u>	<u>1,4</u>	<u>2,1</u>	<u>2,5</u>	<u>1,5</u>
Post, telegraph, telephone	<u>-</u>	<u>0,1</u>	<u>0,1</u>	<u>0,3</u>	<u>0,2</u>	<u>0,6</u>	<u>0,4</u>
Enterprises in acc. N-bis	<u>0,3</u>	<u>0,3</u>	<u>-2,6</u>	<u>-0,1</u>	<u>4,2</u>	<u>1,6</u>	<u>-4,0</u>
Other enterprises	<u>5,8</u>	<u>7,2</u>	<u>6,3</u>	<u>-0,4</u>	<u>-0,7</u>	<u>-2,2</u>	<u>-1,8</u>
Total	<u>8,8</u>	<u>10,2</u>	<u>4,2</u>	<u>2,2</u>	<u>8,1</u>	<u>3,6</u>	<u>-3,6</u>
Indebtedness to Central Bank	<u>5,3</u>	<u>9,8</u>	<u>16,1</u>	<u>1,4</u>	<u>4,4</u>	<u>6,4</u>	<u>-1,6</u>
Repayment of long-term treas. bonds:							
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Repayment of advances:							
Households	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0,9</u>	<u>0,9</u>
Enterprises	<u>-</u>	<u>-</u>	<u>0,6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>-</u>	<u>-</u>	<u>0,6</u>	<u>-</u>	<u>-</u>	<u>0,9</u>	<u>0,9</u>
TOTAL RECEIPTS	<u>39,1</u>	<u>52,8</u>	<u>68,4</u>	<u>49,6</u>	<u>73,9</u>	<u>73,8</u>	<u>78,8</u>

(Cont'd.)

Tableau 6

Compte de capital détaillé des Administrations - ressources et emplois MD

<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	
						Ressources : Agent d'origine
						Administrations :
<u>2,6</u>	<u>25,6</u>	<u>23,6</u>	<u>25,9</u>	<u>37,2</u>	<u>42,2</u>	Epargne
<u>0,1</u>	<u>0,3</u>	<u>1,4</u>	<u>0,4</u>	<u>0,9</u>	<u>1,3</u>	Ménages :
						Vente des terrains
<u>13,8</u>	<u>19,4</u>	<u>20,7</u>	<u>17,9</u>	<u>21,6</u>	<u>21,0</u>	Extérieur :
						Aide développement
<u>0,8</u>	<u>3,0</u>	<u>1,1</u>	<u>1,8</u>	<u>1,9</u>	<u>2,2</u>	Entreprises :
						Transferts entreprises
-	2,1	3,9	1,0	9,6	12,0	Emprunts intérieurs :
1,8	-	-	-	-	-	Banque commerciales
4,7	3,0	1,4	9,3	5,8	5,6	Ménages
-	-	-	6,0	4,0	1,2	Entreprises
<u>6,5</u>	<u>5,1</u>	<u>5,3</u>	<u>16,3</u>	<u>19,4</u>	<u>18,8</u>	Administrations
						Total
<u>36,7</u>	<u>25,5</u>	<u>30,8</u>	<u>33,9</u>	<u>41,9</u>	<u>41,3</u>	Emprunts extérieurs :
						Extérieur
0,6	0,7	0,7	2,0	1,5	1,5	Dépôts au trésor :
1,4	-0,6	0,3	-	0,7	0,7	CNB - ménages
1,4	-0,6	0,4	-	0,8	0,8	CCP - ménages
0,4	0,4	-0,7	0,1	-	-	CCP - entreprises
4,6	0,7	3,4	-0,4	2,4	3,6	CCP - banques commerciales
0,8	1,3	2,3	2,7	2,0	-	Sécurité sociale
7,6	3,9	6,5	-6,5	-	-	P.T.T.
1,9	1,3	1,8	-2,1	-	-	Entreprises N-bis
<u>18,7</u>	<u>7,1</u>	<u>14,7</u>	<u>-4,2</u>	<u>7,4</u>	<u>6,6</u>	Autres entreprises
						Total
<u>-0,7</u>	<u>4,8</u>	<u>-3,7</u>	<u>-5,9</u>	<u>-23,7</u>	<u>-3,9</u>	Recours B.C.T.
						Remboursement bons d'équipement
-	-	-	0,9	0,9	1,2	S.N.S.S.
						Remboursement prêts :
1,2	1,4	1,9	2,0	2,4	2,4	Ménages
1,5	0,8	0,2	-	-	-	Entreprises
<u>2,7</u>	<u>2,2</u>	<u>2,1</u>	<u>2,0</u>	<u>2,4</u>	<u>2,4</u>	Total
<u>81,2</u>	<u>93,0</u>	<u>96,0</u>	<u>89,0</u>	<u>109,9</u>	<u>133,1</u>	TOTAL RESSOURCES

(suite)

Table 6 (cont'd.)

<u>Expenditures: Destination</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Capital subsidies:							
Commercial banks	1,0	1,0	1,2	0,7	1,2	1,6	0,6
Enterprises	<u>5,0</u>	<u>4,4</u>	<u>11,0</u>	<u>6,6</u>	<u>13,3</u>	<u>11,7</u>	<u>13,3</u>
Total	<u>6,0</u>	<u>5,4</u>	<u>12,2</u>	<u>7,3</u>	<u>14,5</u>	<u>13,3</u>	<u>13,9</u>
Capital subsidies - households	0,2	0,2	0,2	0,2	0,2	0,3	0,4
War damage payments - households	0,8	0,6	2,4	0,7	0,7	0,2	0,2
Gross fixed investment -							
General government	27,7	34,6	37,4	41,6	47,4	48,5	48,1
Advances:							
Households	0,4	0,4	0,4	0,4	1,1	1,3	2,0
Enterprises	<u>1,2</u>	<u>1,3</u>	-	<u>4,0</u>	-	<u>0,3</u>	<u>1,5</u>
Total	<u>1,6</u>	<u>1,7</u>	<u>0,4</u>	<u>4,4</u>	<u>1,1</u>	<u>2,6</u>	<u>3,5</u>
Long-term treasury bonds -							
General government	-	-	-	-	-	-	-
Repayment foreign loans - abroad	4,9	3,2	1,3	2,1	2,6	2,4	9,0
Repayment long-term treas. bonds:							
Commercial banks	-	-	-	-	-	-	-
Social security system	-	-	-	-	-	-	-
Enterprises	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Repayment other local loans:							
Households	0,3	0,5	0,5	0,5	0,3	0,3	0,7
Enterprises	0,2	0,5	2,3	3,3	0,2	0,3	2,3
Commercial banks	-	-	-	-	-	-	-
Total	<u>0,5</u>	<u>1,0</u>	<u>2,8</u>	<u>3,8</u>	<u>0,5</u>	<u>0,6</u>	<u>3,0</u>
Purchase of land - households	0,3	0,2	2,5	0,2	0,2	-	0,2
Deposits of social security system:							
Commercial banks	-	0,4	0,5	0,4	1,2	-	1,0
Treasury - CNSS	0,5	0,1	-	-	0,4	0,8	0,2
- CNR	<u>1,2</u>	<u>1,5</u>	<u>-0,2</u>	<u>1,4</u>	<u>1,7</u>	<u>1,7</u>	<u>1,3</u>
Total	<u>1,7</u>	<u>2,0</u>	<u>0,3</u>	<u>1,8</u>	<u>3,3</u>	<u>2,5</u>	<u>2,5</u>
Non-identified transfers -							
Enterprises	-4,6	3,9	8,9	-12,5	3,4	3,4	-
TOTAL EXPENDITURES	<u>39,1</u>	<u>52,8</u>	<u>68,4</u>	<u>49,6</u>	<u>73,9</u>	<u>73,8</u>	<u>78,8</u>

Tableau 6 (suite)

<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	
						<u>Emplois</u> : Destination
						Subvention d'équipement :
2,8	1,2	0,8	2,0	3,1	3,4	Banques Commerciales
<u>16,4</u>	<u>21,2</u>	<u>17,9</u>	<u>14,0</u>	<u>19,6</u>	<u>42,6</u>	Entreprises
<u>19,2</u>	<u>22,4</u>	<u>18,7</u>	<u>16,0</u>	<u>22,7</u>	<u>46,0</u>	Total
0,4	0,4	0,3	0,5	0,7	0,9	Primes à la construction - ménages
0,2	-	-	-	0,1	0,1	Dommage de guerre - ménages
						F.B.C.F. -
48,1	51,2	39,6	40,4	51,6	52,5	Administration
						Prêts et avances :
2,2	2,3	2,2	2,9	3,4	5,3	Ménages
<u>1,2</u>	-	<u>4,5</u>	<u>3,9</u>	<u>5,7</u>	<u>5,1</u>	Entreprises
<u>3,4</u>	<u>2,3</u>	<u>6,7</u>	<u>6,8</u>	<u>9,1</u>	<u>10,4</u>	Total
						Bons d'équipement :
-	-	-	6,0	4,0	1,2	Administration
9,1	9,1	12,8	12,0	19,8	14,8	Remboursement des prêts extérieur
						Remboursement bons d'équipement :
-	-	-	2,7	3,3	3,6	Banques commerciales
-	-	-	0,9	0,9	1,2	Sécurité sociale
-	-	-	<u>1,7</u>	<u>2,4</u>	<u>3,0</u>	Entreprises
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,3</u>	<u>6,6</u>	<u>7,8</u>	Total
						Remboursement autres prêts intérieurs :
0,7	0,7	0,6	0,6	0,6	0,6	Ménages
1,3	1,7	2,9	5,9	0,8	0,4	Entreprises
-	-	0,5	0,8	1,4	1,4	Banques commerciales
<u>2,0</u>	<u>2,4</u>	<u>4,0</u>	<u>7,3</u>	<u>2,8</u>	<u>2,4</u>	Total
0,1	0,3	-	0,7	0,8	1,7	Achat terrains - ménages
						Dépôts CNSS et GNR :
-2,5	2,1	2,6	0,2	-	-	Banques commerciales - CNSS
3,0	0,6	0,2	-1,9	-	-	Trésor - CNSS
<u>1,6</u>	<u>0,1</u>	<u>3,2</u>	<u>1,5</u>	<u>2,4</u>	<u>3,6</u>	- GNR
<u>2,1</u>	<u>2,8</u>	<u>6,0</u>	<u>-0,2</u>	<u>2,4</u>	<u>3,6</u>	Total
						Non-identifié Transferts :
-3,4	2,1	7,9	-5,8	-10,7	-8,3	Entreprises
<u>81,2</u>	<u>93,0</u>	<u>96,0</u>	<u>89,0</u>	<u>109,9</u>	<u>133,1</u>	TOTAL EMPLOIS

Tableau 7

Ressources et emplois du système bancaire							MD
1968	1969	1970	1971	1972	1973 H1	1973 H2	
							<u>Ressources</u>
							Banque Centrale :
62,0	64,5	67,3	80,3	89,2	96,2	99,3	Masse fiduciaire hors banque
0,4	-	0,2	0,2	0,2	0,2	0,2	Dépôts à vue
							Banques commerciales :
95,4	109,5	121,7	159,1	240,0	269,8	276,7	Dépôts à vue
29,4	33,0	39,2	38,2				Dépôts à terme
9,1	6,0	6,6	8,4				Dépôts effecté
3,9	3,6	3,4	3,1				Obligations
<u>200,2</u>	<u>216,6</u>	<u>238,4</u>	<u>289,3</u>	<u>332,5</u>	<u>369,3</u>	<u>379,3</u>	Total ressources monétaires
							Banque Centrale:
1,6	4,3	5,6	0,8	0,8	0,8	0,8	Ressources spéciales
							Banques commerciales :
15,0	16,2	17,0	19,0	22,1	25,5	25,5	Ressources spéciales Etat
<u>14,1</u>	<u>17,8</u>	<u>21,6</u>	<u>24,6</u>	<u>30,1</u>	<u>36,8</u>	<u>36,8</u>	Ressources spéciales extérieur
<u>30,7</u>	<u>38,3</u>	<u>44,2</u>	<u>44,4</u>	<u>53,0</u>	<u>63,1</u>	<u>63,1</u>	Total ressources spéciales
							Banque Centrale:
2,8	3,1	3,5	4,1	4,7	5,3	5,3	Fonds propres
							Banques commerciales :
<u>20,3</u>	<u>24,7</u>	<u>27,7</u>	<u>31,4</u>	<u>34,8</u>	<u>38,2</u>	<u>38,2</u>	Fonds propres
<u>23,1</u>	<u>27,8</u>	<u>31,2</u>	<u>35,5</u>	<u>39,5</u>	<u>43,5</u>	<u>43,5</u>	Total fonds propres
<u>23,1</u>	<u>21,1</u>	<u>12,0</u>	<u>31,2</u>	<u>30,6</u>	<u>25,3</u>	<u>21,3</u>	Autres ressources :*
<u>277,1</u>	<u>303,8</u>	<u>334,8</u>	<u>400,4</u>	<u>455,6</u>	<u>501,2</u>	<u>511,2</u>	TOTAL RESSOURCES ET EMPLOIS
							<u>Emplois</u>
							Banque Centrale:
5,6	6,1	16,6	65,1	104,1	122,1	132,1	Réserve nette
							Banques commerciales :
<u>-17,4</u>	<u>-10,2</u>	<u>-10,0</u>	<u>-10,8</u>	<u>-9,8</u>	<u>-9,8</u>	<u>-9,8</u>	Réserve nette
<u>-11,8</u>	<u>-4,1</u>	<u>6,6</u>	<u>54,3</u>	<u>94,3</u>	<u>112,3</u>	<u>122,3</u>	Total réserve
							Banque Centrale :
43,9	48,7	45,0	39,1	15,4	11,5	11,5	Créances sur l'état
							Banques commerciales :
<u>27,0</u>	<u>29,5</u>	<u>32,2</u>	<u>29,8</u>	<u>34,7</u>	<u>41,7</u>	<u>41,7</u>	Créances sur l'état
<u>70,9</u>	<u>78,2</u>	<u>77,2</u>	<u>68,9</u>	<u>50,1</u>	<u>53,2</u>	<u>53,2</u>	Total créances
							Banque Centrale :
<u>27,2</u>	<u>29,2</u>	30,9	12,6	12,6	12,6	12,6	Créances sur secteur privé
							Banques commerciales :
<u>190,8</u>	<u>200,5</u>	<u>220,1</u>	<u>264,6</u>	<u>298,6</u>	<u>323,1</u>	<u>323,1</u>	Créances sur secteur privé
<u>218,0</u>	<u>229,7</u>	<u>251,0</u>	<u>277,2</u>	<u>311,2</u>	<u>335,7</u>	<u>335,7</u>	Total creances
<u>277,1</u>	<u>303,8</u>	<u>334,8</u>	<u>400,4</u>	<u>455,6</u>	<u>501,2</u>	<u>511,2</u>	TOTAL RESSOURCES ET EMPLOIS
							Dont Banques commerciales
-	-	3,1	5,1	7,8	7,8	7,8	D.T.S.

Table 8

Capital Account of the Central Bank's Resources and Uses

<u>Resources - Origin</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Central Bank:							
Savings	<u>0,8</u>	<u>0,4</u>	<u>0,3</u>	<u>0,2</u>	<u>0,1</u>	<u>0,3</u>	<u>-0,1</u>
Abroad:							
Special drawing rights	-	-	-	-	-	-	-
Commercial banks:							
Deposits with Central Bank	-	-	-	-	-1,3	-0,7	-0,2
Currency	-	-	-	-	0,1	-	0,1
Required reserves	-	-	-	-	1,1	1,7	-0,2
Foreign exchange deposit with Central Bank	-	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-0,1</u>	<u>1,0</u>	<u>-0,3</u>
Households:							
Currency circulation	<u>3,0</u>	<u>-2,7</u>	<u>4,5</u>	<u>0,4</u>	<u>1,7</u>	<u>5,4</u>	<u>1,3</u>
Enterprises:							
Currency circulation	1,5	-1,3	2,3	0,2	0,9	2,6	0,7
Deposits	-	-	-0,5	-	-	-	0,1
Special funds	<u>3,0</u>	<u>-</u>	<u>-</u>	<u>1,8</u>	<u>-1,3</u>	<u>-4,0</u>	<u>-2,3</u>
Total	<u>4,5</u>	<u>-1,3</u>	<u>1,8</u>	<u>2,0</u>	<u>-0,4</u>	<u>-1,4</u>	<u>-1,5</u>
TOTAL RESOURCES	<u>8,3</u>	<u>-3,6</u>	<u>6,6</u>	<u>2,6</u>	<u>1,3</u>	<u>5,3</u>	<u>-0,6</u>
 <u>Uses - Destination</u>							
Abroad:							
Changes in net reserves	<u>-5,4</u>	<u>-9,4</u>	<u>-12,0</u>	<u>-7,1</u>	<u>1,0</u>	<u>-5,7</u>	<u>3,0</u>
Commercial banks:							
Advances	-	-	-	-	-	-	-
Non-identified transfers	<u>2,7</u>	<u>1,0</u>	<u>5,2</u>	<u>-2,6</u>	<u>-1,5</u>	<u>-0,4</u>	<u>-0,9</u>
Total	<u>2,7</u>	<u>1,0</u>	<u>5,2</u>	<u>-2,6</u>	<u>-1,3</u>	<u>-0,4</u>	<u>-0,9</u>
General government:							
Treasury's indebtedness	<u>5,3</u>	<u>9,8</u>	<u>16,1</u>	<u>1,4</u>	<u>4,4</u>	<u>6,4</u>	<u>-1,6</u>
Households:							
Discounts of housing loans	<u>0,7</u>	<u>2,5</u>	<u>-1,0</u>	<u>4,7</u>	<u>-0,2</u>	<u>-0,5</u>	<u>-2,4</u>
Enterprises:							
Discounts	5,0	-8,0	-2,2	1,8	1,2	1,5	1,3
Shares	-	-	-	-	-	-0,2	0,1
Short-term discounts	<u>-</u>	<u>0,5</u>	<u>0,5</u>	<u>4,4</u>	<u>-3,8</u>	<u>4,2</u>	<u>-0,1</u>
Total	<u>5,0</u>	<u>-7,5</u>	<u>-1,7</u>	<u>6,2</u>	<u>-2,6</u>	<u>5,5</u>	<u>1,3</u>
TOTAL USES	<u>8,3</u>	<u>-3,6</u>	<u>6,6</u>	<u>2,6</u>	<u>1,3</u>	<u>5,3</u>	<u>-0,6</u>

Table 9

Capital Account of Commercial Banks' Resources and Expenditures

<u>Resources - Origin</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Commercial banks:							
Savings	<u>0,6</u>	<u>0,7</u>	<u>0,9</u>	<u>2,9</u>	<u>2,0</u>	<u>2,1</u>	<u>3,3</u>
Central Bank:							
Advances	-	-	-	-	-	-	-
Abroad:							
Special funds	<u>0,4</u>	<u>2,1</u>	<u>0,7</u>	<u>2,7</u>	<u>0,8</u>	<u>1,3</u>	<u>0,9</u>
General government:							
Repayment long-term Treas. Bonds	-	-	-	-	-	-	-
Other repayments	-	-	-	-	-	-	-
Special funds	1,0	1,0	1,2	0,7	1,2	1,6	0,6
Social security deposits	-	0,4	0,5	0,4	1,2	-	1,0
Total	<u>1,0</u>	<u>1,4</u>	<u>1,7</u>	<u>1,1</u>	<u>2,4</u>	<u>1,6</u>	<u>1,6</u>
Households:							
Deposits	0,4	3,2	1,5	2,7	-1,9	3,5	0,4
Savings accounts	-	-	-	-	-	-	1,6
Bonds	-	0,2	-0,1	0,2	0,4	1,3	0,1
Total	<u>0,4</u>	<u>3,4</u>	<u>1,4</u>	<u>2,9</u>	<u>-1,5</u>	<u>4,8</u>	<u>2,1</u>
Enterprises:							
Sight and time deposits	<u>6,9</u>	<u>5,2</u>	<u>21,3</u>	<u>0,7</u>	<u>8,2</u>	<u>8,8</u>	<u>3,5</u>
TOTAL RESOURCES	<u>9,3</u>	<u>12,8</u>	<u>26,0</u>	<u>10,3</u>	<u>11,9</u>	<u>18,6</u>	<u>11,4</u>
<u>Expenditures - Destination</u>							
Abroad:							
Changes in net for. exch. reserve	-2,6	-1,3	-2,7	-2,9	-4,8	-1,9	-9,4
Repayment special funds	-	-	-	-	-	0,4	0,4
Total	<u>-2,6</u>	<u>-1,3</u>	<u>-2,7</u>	<u>-2,9</u>	<u>-4,8</u>	<u>-1,5</u>	<u>-9,0</u>
General Government:							
Short-term Treasury Bonds	{1,8	{1,2	{11,6	{1,0	{1,3	{-1,1	{0,3
Long-term Treasury Bonds							
Deposits in postal savings system	-	-	-	-	0,6	-0,1	-0,2
Total	<u>1,8</u>	<u>1,2</u>	<u>11,6</u>	<u>1,0</u>	<u>1,9</u>	<u>-1,2</u>	<u>0,1</u>
Central Bank:							
Deposits with Central Bank	-	-	-	-	-1,3	-0,7	-0,2
Currency with commercial banks	-	-	-	-	0,1	-	0,1
Required reserves	-	-	-	-	1,1	1,7	-0,2
For. exch. deposits with Central Bank	-	-	-	-	-	-	-
Other non-identified transfers	-2,7	-1,0	-5,2	2,6	1,3	0,4	0,9
Total	<u>-2,7</u>	<u>-1,0</u>	<u>-5,2</u>	<u>2,6</u>	<u>-1,2</u>	<u>1,4</u>	<u>0,6</u>
Households:							
Housing loans	<u>-0,4</u>	<u>0,1</u>	<u>5,1</u>	<u>-2,4</u>	<u>0,6</u>	<u>1,4</u>	<u>3,1</u>
Enterprises:							
Loans	5,3	11,3	15,4	11,4	15,1	23,4	14,3
Equity investment	-	-	0,4	1,9	0,9	0,0	1,1
Other non-identified transfers	7,9	2,5	1,4	-1,3	-3,0	-2,2	1,2
Total	<u>13,2</u>	<u>13,8</u>	<u>17,2</u>	<u>12,0</u>	<u>13,0</u>	<u>21,2</u>	<u>16,6</u>
TOTAL EXPENDITURES	<u>9,3</u>	<u>12,8</u>	<u>26,0</u>	<u>10,3</u>	<u>11,9</u>	<u>18,6</u>	<u>11,4</u>

Tableau 9

Compte financier des Banques commerciales : ressources et emplois MD						
1968	1969	1970	1971	1972	1973 H1	1973 H2
Ressources - Agent d'origine						
Banques commerciale :						
4,0	4,4	3,0	3,7	3,4	3,4	3,4
Epargne (fonds propres)						
Banque Centrale :						
-	1,3	4,4	-5,5	-	-	-
Avances de la B.C.T.						
Extérieur :						
3,3	4,5	4,6	4,1	6,5	8,2	8,2
Ressources spéciales (brutes)						
Administrations :						
-	-	-	2,7	3,3	3,6	3,6
Remb. bons d'équipement						
-	-	0,5	0,8	1,4	1,4	1,4
Autres remboursements						
2,8	1,2	0,8	2,0	3,1	3,4	3,4
Ressources spéciales						
-2,5	2,1	2,6	0,2	-	-	-
Dépôts sécurité sociale						
0,3	3,3	3,9	5,7	7,8	8,4	8,4
Total						
Ménages :						
3,8	2,8	5,2	8,7	9,6	3,0	5,0
Dépôts						
2,0	2,8	2,4	3,4	8,0	8,5	8,5
Compte épargne						
1,0	-0,3	-0,2	-0,3	-	-	-
Obligations						
6,8	5,3	7,4	11,8	17,6	11,5	13,5
Total						
Entreprises						
10,3	6,9	8,8	25,9	16,7	18,3	23,2
Dépôts à vue et à terme						
24,7	25,7	32,1	45,7	52,0	49,8	56,7
RESSOURCES TOTAL						
Emplois - Agent de destination						
Extérieur :						
4,2	7,2	0,2	-0,8	1,0	-	-
Augmentation réserve nette						
0,4	0,8	0,8	1,1	1,0	1,5	1,5
Remb. ressources, spéciales						
4,6	8,0	1,0	0,3	2,0	1,5	1,5
Total						
Administrations :						
{ -	{ 2,1	0,5	{ 1,0	3,3	-	-
Bons de trésor						
0,4	0,4	-0,7	0,1	-	-	-
Bons d'équipement et autres						
0,4	2,5	3,2	1,1	9,6	12,0	12,0
Dépôts au C.C.P.						
Total						
B.C.T. :						
1,1	-0,1	-0,8	3,3	-	-	-
Dépôts à la B.C.T.						
0,1	0,1	0,4	0,3	-	-	-
Caisse des banques						
1,4	2,4	-	2,7	3,1	1,2	2,0
Réserve obligatoire						
-	-	0,2	-0,1	-	-	-
Devises des intermédiaires agréés						
0,4	1,1	5,3	1,8	-	5,3	11,4
Concours non-identifie						
3,0	3,5	5,1	8,0	3,1	6,5	13,4
Total						
Ménages :						
1,7	1,6	0,9	0,4	1,0	0,7	0,7
Crédits pour habitation						
Entreprises :						
19,1	7,1	17,9	42,9	33,0	23,0	23,0
Crédits						
1,3	1,0	0,8	1,2	-	0,8	0,8
Titres et participation						
-5,4	2,0	3,2	-8,2	3,3	5,3	5,3
Concours non-identifiées						
15,0	10,1	21,9	35,9	36,3	29,1	29,1
Total						
24,7	25,7	32,1	45,7	52,0	49,8	56,7
EMPLOIS TOTAL						

Table 10

Capital and Financial Transactions with Abroad: Resources and Uses

Resources - Origin		1961	1962	1963	1964	1965	1966	1967
Abroad:								
Deficit current account								
balance of payments		32,7	41,4	45,8	56,4	80,7	64,4	70,3
Central Bank:								
Change in net foreign exchange reserve		-5,4	-9,4	-12,0	-7,1	1,0	-3,7	3,0
Commercial banks:								
Change in net foreign exchange reserve		-2,6	-1,3	-2,7	-2,9	-4,8	-1,9	-9,4
Repayment special funds		-	-	-	-	-	0,4	0,4
Total		-2,6	-1,3	-2,7	-2,9	-4,8	-1,5	-9,0
General government:								
Loan repayments		4,9	3,2	1,3	2,1	2,6	2,4	9,0
Enterprises:								
Loan repayments		-3,8	-1,9	3,2	6,6	10,5	11,7	12,8
TOTAL		25,8	32,0	35,6	55,1	90,0	71,3	86,1
Loan repayments								
	Commercial banks	-	-	-	-	-	0,4	0,4
	General government	4,9	3,2	1,3	2,1	2,6	2,4	9,0
	Enterprises	-3,8	-1,9	3,2	6,6	10,5	11,7	12,8
Total loan repayments		1,1	1,3	4,5	8,7	13,1	14,5	22,2
Expenditures - Destination								
Central Bank:								
Special drawing rights		-	-	-	-	-	-	-
Commercial banks:								
Special funds		0,4	2,1	0,7	2,7	0,8	1,3	0,9
General government:								
Aid		15,1	11,7	15,9	12,0	12,0	8,1	10,9
Foreign loans		-	9,9	11,9	11,2	23,5	25,4	47,9
Total		15,1	21,6	27,8	23,2	35,5	33,5	58,8
Enterprises:								
Aid		2,1	-3,4	0,6	-2,2	1,2	-	-0,3
Equity investment		2,0	4,5	2,8	3,5	9,0	4,8	9,0
Foreign loans		6,2	7,2	3,7	27,9	43,5	31,7	17,1
Total		10,3	8,3	7,1	29,2	53,7	36,5	26,4
TOTAL		25,8	32,0	35,6	55,1	90,0	71,3	86,1
Aid								
	General government	15,1	11,7	15,9	12,0	12,0	8,1	10,9
	Enterprises	2,1	-3,4	0,6	-2,2	1,2	-	-0,3
Total aid		17,2	8,3	16,5	9,8	13,2	8,1	10,6
Foreign loans								
	General government	-	9,9	11,9	11,2	23,5	25,4	47,9
	Commercial banks	0,4	2,1	0,7	2,7	0,8	1,3	0,9
	Enterprises	6,2	7,2	3,7	27,9	43,5	31,7	17,1
Total foreign loans		6,6	19,2	16,3	41,8	67,8	58,4	65,9

Tableau 10

Compte de capital et financier de l'extérieur - Ressources et emplois MD

1968	1969	1970	1971	1972	1973 H1	1973 H2	
							Ressources - Agent d'origine
							Extérieur:
							Déficit balance
							des paiements
38,0	50,2	49,2	21,2	40,0	68,0	58,0	B.C.T.:
							Variation
							réserve nette
4,7	0,5	10,5	48,5	39,0	18,0	28,0	Banques commerciales:
							Variation
							réserve nette
4,2	7,2	0,2	-0,8	1,0	-	-	Rembours. ressources spéc.
0,4	0,8	0,8	1,1	1,0	1,5	1,5	Total
4,6	8,0	1,0	0,3	2,0	1,5	1,5	Administrations:
							Remboursement emprunts
9,1	9,1	12,8	12,0	19,8	14,8	14,8	Entreprises:
							Remboursement
15,9	16,8	12,1	12,4	12,2	13,7	13,7	TOTAL
72,3	84,6	85,6	94,4	113,0	116,0	116,0	
							Banques commerciales
0,4	0,8	0,8	1,1	1,0	1,5	1,5	Administrations
9,1	9,1	12,8	12,0	19,8	14,8	14,8	Entreprises
15,9	16,8	12,1	12,4	12,2	13,7	13,7	Total remboursement
25,4	26,7	25,7	25,5	33,0	30,0	30,0	
							Emplois - Agent de destination
							B.C.T.:
							D.T.S.
							Banques commerciales:
							Ressources extérieures (brutes)
							Administrations:
							Aide pour le développement
							Emprunts extérieurs
							Total
							Entreprises:
							Aide pour le développement
							Participation
							Crédits
							Total
							TOTAL
							Administrations
							Entreprises
							Total Aide
							Administrations
							Banques commerc.
							Entreprises
							Total emprunts extérieurs
13,8	19,4	20,7	17,9	21,6	21,0	21,0	
1,3	3,3	1,7	0,5	-0,3	0,5	0,5	
10,7	10,7	10,2	12,5	26,0	26,0	26,0	
6,5	21,5	14,5	23,5	14,6	19,0	19,0	
18,5	35,2	26,4	36,5	40,3	45,5	45,5	
72,3	84,6	85,6	94,4	113,0	116,0	116,0	
13,8	19,4	20,7	17,9	21,6	21,0	21,0	
1,3	3,3	1,7	0,5	-0,3	0,5	0,5	
15,1	22,7	22,4	18,4	21,3	21,5	21,5	
36,7	25,5	30,8	33,9	41,9	41,3	41,3	
3,3	4,5	4,6	4,1	6,5	8,2	8,2	
6,5	21,4	14,5	23,5	14,6	19,0	19,0	
46,5	51,4	49,9	61,5	63,0	68,5	68,5	

Table 11

Capital and Financial Account of General Government - Resources and Uses

	1961	1962	1963	1964	1965	1966	1967
Resources: Origin							
General government:							
Savings	4,9	4,9	6,7	15,1	19,9	23,7	14,7
Central Bank:							
Indebtedness	5,3	9,8	16,1	1,4	4,4	6,4	-1,0
Commercial banks:							
Short term treasury bonds	{1,8	{1,2	{11,6	{1,0	{1,3	{-1,1	{0,3
Long term treasury bonds							
Deposits in postal paym. system	-	-	-	-	0,6	-0,1	-0,2
Total	1,8	1,2	11,6	1,0	1,9	-1,2	0,1
Households:							
Postal savings system	1,0	0,6	0,4	0,5	0,6	0,7	0,4
Postal payments system	-	0,2	0,1	0,2	0,6	0,3	0,1
Purchase of land	0,1	0,1	0,5	0,2	0,1	0,3	0,1
Repayments of cons. loans	-	-	-	-	-	0,9	0,9
Local loans	0,8	0,4	-	4,4	-	-	3,2
Total	1,9	1,3	1,0	5,3	1,3	2,2	4,7
Enterprises:							
Transfers	1,3	1,2	0,9	0,7	1,2	2,3	1,1
Local loans	1,0	3,4	-	1,4	3,4	4,2	4,9
Postal payments system	-	0,2	0,1	0,3	0,5	0,2	-
Treasury deposits	6,1	7,6	3,8	-0,2	3,7	0,1	-5,5
Repayment of advances	-	-	0,6	-	-	-	-
Total	8,4	12,4	5,4	2,2	8,8	6,8	0,5
Abroad:							
Aid	15,1	11,7	15,9	12,0	12,0	8,1	10,9
Foreign loans	-	9,9	11,9	11,2	23,5	25,4	47,9
Total	15,1	21,6	27,8	23,2	35,5	33,5	58,8
TOTAL	37,4	51,2	68,6	48,2	71,8	71,4	77,2
Uses: Destination							
Commercial banks:							
Repaym. long term treas. bonds	-	-	-	-	-	-	-
Other repayments	-	-	-	-	-	-	-
Special funds	1,0	1,0	1,2	0,7	1,2	1,6	0,6
Social security deposits	-	0,4	0,5	0,4	1,2	-	1,0
Total	1,0	1,4	1,7	1,1	2,4	1,6	1,6
Households:							
Housing subsidy	0,2	0,2	0,2	0,2	0,2	0,3	0,4
Consumer loans	0,4	0,4	0,4	0,4	1,1	1,3	2,0
Repaym. of local loans	0,3	0,5	0,5	0,5	0,3	0,3	0,7
War damage payments	0,8	0,6	2,4	0,7	0,7	0,2	0,2
Sale of land	0,3	0,2	2,5	0,2	0,2	-	0,2
Total	2,0	1,9	6,0	2,0	2,5	2,6	3,5
Enterprises:							
Subsidies, equity investments	5,0	4,4	11,0	6,6	13,3	11,7	13,3
Advances	1,2	1,3	-	4,0	-	0,8	1,5
Repaym. long-term treas. bonds	-	-	-	-	-	-	-
Repayment local loans	0,2	0,5	2,3	3,3	0,2	0,3	2,5
Non-identified transfers	-4,6	3,9	8,9	-12,5	3,4	3,3	-0,1
Total	1,8	10,1	22,2	1,4	16,9	15,3	17,0
Gen'l. Gov't.: Gross fixed invest.	27,7	34,6	37,4	41,6	47,4	48,3	40,7
Abroad: Repaym. of foreign loans	4,9	3,2	1,3	2,1	2,6	2,4	9,0
TOTAL	37,4	51,2	68,6	48,2	71,8	71,4	77,2

Tableau 11

(MD)

Compte de capital et financier des Administrations - ressources et emplois						
1968	1969	1970	1971	1972	1973 H1	1973 H2
2,6	25,6	23,6	26,9	37,2	42,2	42,2
-0,7	4,8	-3,7	-5,9	-23,7	-3,9	-3,9
{ -	{ 2,1	0,5	{ 1,0	3,3	-	-
0,4	0,4	3,4	0,1	6,3	12,0	12,0
0,4	2,5	-0,7	1,1	-	-	-
0,4	2,5	3,2	1,1	9,6	12,0	12,0
0,6	0,7	0,7	2,0	1,5	1,5	1,5
1,4	-0,6	0,3	-	0,7	0,7	0,7
0,1	0,3	1,4	0,4	0,9	1,3	1,3
1,2	1,4	1,9	2,0	2,4	2,4	2,4
1,8	-	-	-	-	-	-
5,1	1,8	4,3	4,4	5,5	5,9	5,9
0,8	3,0	1,1	1,8	1,9	2,2	2,2
4,7	3,0	1,4	9,3	5,8	5,6	5,6
1,4	-0,6	0,4	-	0,8	0,8	0,8
10,3	6,5	10,6	-5,9	2,0	-	-
1,5	0,8	0,2	-	-	-	-
18,7	12,7	13,7	5,2	10,5	8,6	8,6
13,8	19,4	20,7	17,9	21,6	21,0	21,0
36,7	25,5	30,8	33,9	41,9	41,3	41,3
50,5	44,9	51,5	51,8	63,5	62,3	62,3
76,6	92,3	92,6	82,5	102,6	127,1	127,1
-	-	-	2,7	3,3	3,6	3,6
-	-	0,5	0,8	1,4	1,4	1,4
2,8	1,2	0,8	2,0	3,1	3,4	3,4
-2,5	2,1	2,6	0,2	-	-	-
0,3	3,3	3,9	5,7	7,8	8,4	8,4
0,4	0,4	0,3	0,5	0,7	0,9	0,9
2,2	2,3	2,2	2,9	3,4	5,3	5,3
0,7	0,7	0,6	0,6	0,6	0,6	0,6
0,2	-	-	-	0,1	0,1	0,1
0,1	0,3	-	0,7	0,8	1,7	1,7
3,6	3,7	3,1	4,7	5,6	8,6	8,6
16,4	21,2	17,9	14,0	19,6	42,6	42,6
1,2	-	4,5	3,9	5,7	5,1	5,1
-	-	-	1,7	2,4	3,0	3,0
1,3	1,7	2,9	5,9	0,8	0,4	0,4
-3,4	2,1	7,9	-5,8	-10,7	-8,3	-8,3
15,5	25,0	33,2	19,7	17,8	42,8	42,8
48,1	51,2	39,6	40,4	51,6	52,5	52,5
9,1	9,1	12,8	12,0	19,8	14,8	14,8
76,6	92,3	92,6	82,5	102,6	127,1	127,1

Ressources: Agent d'origine Administrations:

Epargne

B.C.T. :

Concours

Banques commerciales:

Bons de trésor

Bons d'équipement et autre

Dépôts au C.C.P.

Total

Menages :

C.N.E.

C.C.P.

Achats terrains

Remboursement

Prêts publics

Total

Entreprises :

Transferts

Emprunts intérieur

C.C.P.

Dépôts

Remboursements prêts

Total

Extérieur :

Aide pour le développement

Emprunts extérieurs

Total

TOTAL

Emplois : Agent de destination

Banques commerciales :

Rembours. bons d'équipement

Autres remboursements

Ressources spéciales

Dépôts sécurité sociale

Total

Ménages :

Prime à la construction

Emprunts nets

Rembours. de la dette

Dommage de guerre

Vente de terrain

Total

Entreprises :

Subventions, participation

Prêts et avances (nets)

Remboursement: bons d'équip.

Remboursement prêts inter.

Concours non-identifié

Total

Administrations: F.B.C.F.

Extérieur: Remboursement

TOTAL

Table 12
Capital Account of Households - Resources and Uses

<u>Resources: Origin</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Households:							
Savings	8,2	4,7	4,3	12,2	6,3	16,4	14,6
Central Bank:							
Discounts of housing loans	0,7	2,5	-1,0	4,7	-0,2	-0,5	-2,4
Commercial banks:							
Housing loans	-0,4	0,1	5,1	-2,4	0,6	1,4	3,1
General government:							
Housing subsidies	0,2	0,2	0,2	0,2	0,2	0,3	0,4
Consumer loans	0,4	0,4	0,4	0,4	1,1	0,9	1,1
Repayment of local loans	0,3	0,5	0,5	0,5	0,3	0,3	0,7
War damage payments	0,8	0,6	2,4	0,7	0,7	0,2	0,2
Sale of land	0,3	0,2	2,5	0,2	0,2	-	0,2
Total	2,0	1,9	6,0	2,0	2,5	1,7	2,6
TOTAL	<u>10,5</u>	<u>9,2</u>	<u>14,4</u>	<u>16,5</u>	<u>9,2</u>	<u>19,0</u>	<u>17,9</u>
Uses: Destination							
Households:							
Housing	5,2	7,2	7,5	7,9	7,7	7,5	10,7
Central Bank:							
Currency circulation	3,0	-2,7	4,5	0,4	1,7	5,4	1,3
Commercial banks:							
Sight deposits*	0,4	3,2	1,5	2,7	-1,9	3,5	0,4
Time deposits	-	-	-	-	-	-	1,6
Bonds	-	0,2	-0,1	0,2	0,4	1,3	0,1
Total	0,4	3,4	1,4	2,9	-1,5	4,8	2,1
General government:							
Postal savings system	1,0	0,6	0,4	0,5	0,6	0,7	0,4
Postal payments system	-	0,2	0,1	0,2	0,6	0,3	0,1
Purchase of land	0,1	0,1	0,5	0,2	0,1	0,3	0,1
Local loans	0,8	0,4	-	4,4	-	-	3,2
Total	1,9	1,3	1,0	5,3	1,3	1,3	3,8
Enterprise:							
Transfers to public building corporations	-	-	-	-	-	-	-
TOTAL	<u>10,5</u>	<u>9,2</u>	<u>14,4</u>	<u>16,5</u>	<u>9,2</u>	<u>19,0</u>	<u>17,9</u>

*1960-1964 private deposits only

Tableau 12
Compte de capital et financier des ménages - Ressources et emplois MD

1968	1969	1970	1971	1972	1973 H1	1973 H2	
							<u>Ressources : Agent d'origine</u>
							Ménages :
							Épargne
23,2	20,4	29,4	39,4	38,2	34,1	38,1	Transferts de la banque centrale:
-1,4	-0,9	-0,5	0,3	-	-	-	Réescompte emprunts logements
1,7	1,6	0,9	0,4	1,0	0,7	0,7	Transferts des banques commer.:
							Emprunts habitat
0,4	0,4	0,3	0,5	0,7	0,9	0,9	Transferts des Administrations :
1,0	0,9	0,3	0,9	1,0	2,9	2,9	Primes à la construction
0,7	0,7	0,6	0,6	0,6	0,6	0,6	Emprunts nets
0,2	-	-	-	0,1	0,1	0,1	Remboursement de la dette
0,1	0,3	-	0,7	0,8	1,7	1,7	Dommage de guerre
2,4	2,3	1,2	2,7	3,2	6,2	6,2	Vente terrains
							Total
25,9	23,4	31,0	42,8	42,4	41,0	45,0	TOTAL GENERAL
							<u>Emplois : Destination</u>
							Ménages :
							Habitat
12,1	15,5	17,3	16,9	20,2	20,8	20,8	Transferts à la Banque Centrale :
3,1	1,7	1,8	8,7	6,0	4,7	6,7	Circulation fiduciaire
3,8	2,8	5,2	8,7	9,6	3,0	5,0	Transferts aux banques commer. :
2,0	2,8	2,4	3,4	8,0	8,5	8,5	Dépôts à vue*
1,0	-0,3	-0,2	-0,3	-	-	-	Dépôts à terme
6,8	5,3	7,4	11,8	17,6	11,5	13,5	Obligations
							Total
0,6	0,7	0,7	2,0	1,5	1,5	1,5	Transferts aux administrations :
1,4	-0,6	0,3	-	0,7	0,7	0,7	C.N.E.
0,1	0,3	1,4	0,4	0,9	1,3	1,3	C.C.P.
1,8	-	-	-	-	-	-	Achats terrains
3,9	0,4	2,4	2,4	3,1	3,5	3,5	Prêts publics
							Total
-	0,5	2,1	3,0	-4,5	0,5	0,5	Transferts aux entreprises :
							Transferts à la S.N.I.T.
25,9	23,4	31,0	42,8	42,4	41,0	45,0	TOTAL GENERAL

* 1960 à 1964 partie privée seulement

Table 13
Capital Account of Enterprises - Resources and Uses

	1961	1962	1963	1964	1965	1966	1967
Resources: Origin							
Enterprises:							
Savings	16,1	36,3	38,3	12,5	21,9	28,9	33,3
Central Bank:							
Discounts	5,0	-8,0	-2,2	1,8	1,2	1,5	1,3
Shares	-	-	-	-	-	-0,2	0,1
Short-term discounts	-	0,5	0,5	4,4	-3,8	4,2	-0,1
Total	5,0	-7,5	-1,7	6,2	-2,6	5,5	1,3
Commercial banks:							
Loans	5,3	11,3	15,4	11,4	15,1	23,4	14,3
Equity investment	-	-	0,4	1,9	0,9	0,6	1,1
Total	5,3	11,3	15,8	13,3	16,0	24,0	15,4
Abroad:							
Aid	2,1	-3,4	0,6	-2,2	1,2	-	-0,3
Equity investment	2,0	4,5	2,8	3,5	9,0	4,8	9,6
Foreign loans	6,2	7,2	3,7	27,9	43,5	31,7	17,1
Total	10,3	8,3	7,1	29,2	53,7	36,5	26,4
General government:							
Subsidies, equity investment	5,0	4,4	11,0	6,6	13,3	11,7	13,3
Advances	1,2	1,3	-	4,0	-	0,8	1,5
Repayment long-term Treas. bonds	-	-	-	-	-	-	-
Repayment of local loans	0,2	0,5	2,3	3,3	0,2	0,3	2,3
Total	6,4	6,2	13,3	13,9	13,5	12,8	17,1
Households:							
Trans. to publ. build. corp.	-	-	-	-	-	-	-
TOTAL	43,1	54,6	72,8	75,1	102,5	107,7	93,5
Gross savings	16,1	36,3	38,3	12,5	21,9	28,9	33,3
Depreciation	2,8	5,0	6,6	9,0	10,1	16,6	24,1
Net savings	13,3	31,3	31,7	3,5	11,8	12,3	9,2
Uses: Destination							
Central Bank:							
Currency circulation	1,5	-1,3	2,3	0,2	0,9	2,6	0,7
Deposits	-	-	-0,5	-	-	-	0,1
Special funds	3,0	-	-	1,8	-1,3	-4,0	-2,3
Total	4,5	-1,3	1,8	2,0	-0,4	-1,4	-1,5
Commercial banks:							
Deposits	6,9	5,2	21,3	0,7	8,2	8,8	3,5
Non-identified transfers	-7,9	-2,5	-1,4	1,3	3,0	5,5	-1,2
Total	-1,0	2,7	19,9	2,0	11,2	14,3	2,3
Abroad:							
Repayment of foreign loans	-3,8	-1,9	3,2	6,6	10,5	11,7	12,8
General government:							
Transfers	1,3	1,2	0,9	0,7	1,2	2,3	1,1
Local loans	1,0	3,4	-	1,4	3,4	4,2	4,9
Postal payments system	-	0,2	0,1	0,3	0,5	0,2	-
Treasury deposits	6,1	7,6	3,8	-0,2	3,7	0,1	-5,5
Repayment of advances	-	-	0,6	-	-	-	-
Non-identified transfers	4,6	-3,9	-8,9	12,5	-3,4	-3,5	0,1
Total	13,0	8,5	-3,5	14,7	5,4	3,3	0,6
Enterprises:							
Gross fixed investments	35,6	34,5	41,8	54,5	75,5	72,4	70,4
Changes in inventories	-5,2	12,1	9,6	-4,7	0,3	7,4	8,9
TOTAL	43,1	54,6	72,8	75,1	102,5	107,7	93,5

Tableau 13

Compte de capital et financier des entreprises non-financières MD

1968	1969	1970	1971	1972	1973 H1	1973 H2	
67,0	42,9	50,1	91,8	120,5	88,0	108,3	Ressources : Agent d'origine
							Entreprise non-financière :
							Epargne
							Banque Centrale :
2,4	-0,6	1,4	-4,6	-	-	-	Réescompte
-	0,1	0,3	-	-	-	-	Titres
4,4	3,4	0,5	-14,0	-	-	-	Pensions
6,8	2,9	2,2	-18,6	-	-	-	Total
							Banques Commerciales :
19,1	7,1	17,9	42,9	33,0	23,0	23,0	Crédits
1,3	1,0	0,8	1,2	-	0,8	0,8	Titres et participation
20,4	8,1	18,7	44,1	33,0	23,8	23,8	Total
							Extérieur :
1,3	3,3	1,7	0,5	-0,3	0,5	0,5	Aide pour le développement
10,7	10,5	10,2	12,5	26,0	26,0	26,0	Participation
6,5	21,4	14,5	23,5	14,6	19,0	19,0	Crédits
18,5	35,2	26,4	36,5	40,3	45,5	45,5	Total
							Administrations :
16,4	21,2	17,9	14,0	19,6	42,6	42,6	Subvention, participation
1,2	-	4,5	3,9	5,7	5,1	5,1	Emprunts et avances (nets)
-	-	-	1,7	2,4	3,0	3,0	Remb. Bons d'équipement
1,3	1,7	2,9	5,9	0,8	0,4	0,4	Remb. autres prêts intérieures
18,9	22,9	25,3	25,5	28,5	51,1	51,1	Total
							Ménages :
-	0,5	2,1	3,0	-4,5	0,5	0,5	Transferts à la SNIT
131,6	112,5	124,8	182,3	217,8	208,9	229,2	TOTAL
67,0	42,9	50,1	91,8	120,5	88,0	108,3	Epargne brute
27,5	36,8	41,3	48,9	41,0	55,5	55,5	Amortissements
39,5	6,1	8,8	42,9	79,5	32,5	52,8	Epargne nette
							Emplois : Destination
							Banque Centrale :
1,5	0,8	1,0	4,3	2,9	2,3	3,4	Circulation fiduciaire
0,3	-0,4	0,2	-	-	-	-	Dépôts
1,4	2,7	1,3	-4,8	-	-	-	Ressources spéciales
3,2	3,1	2,5	-0,5	2,9	2,3	3,4	Total
							Banques commerciales :
10,3	6,9	8,8	25,9	16,7	18,3	23,2	Dépôts à vue et à terme
5,4	-2,0	-3,2	8,2	-3,3	-5,3	-5,3	Concours non-identifié
15,7	4,9	5,6	34,1	13,4	13,0	17,9	Total
							Extérieur :
15,9	16,8	12,1	12,4	12,2	13,7	13,7	Remboursement
							Administrations :
0,8	3,0	1,1	1,8	1,9	2,2	2,2	Transferts
4,7	3,0	1,4	9,3	5,8	5,6	5,6	Prêts
1,4	-0,6	0,4	-	0,8	0,8	0,8	C.C.P.
10,3	6,5	10,6	-5,9	2,0	-	-	Dépôts
1,5	0,8	0,2	-	-	-	-	Remboursement emprunts
3,4	-2,1	-7,9	5,8	10,7	8,3	8,3	Concours non-identifié
22,1	10,6	5,8	11,0	21,2	16,9	16,9	Total
							Entreprises :
68,5	72,3	89,3	116,1	135,6	169,1	169,1	F.B.C.F.
6,2	3,8	9,5	9,2	32,5	-6,1	8,2	Variation stocks
131,6	112,5	124,8	182,3	217,8	208,9	229,2	TOTAL

Table 14

Disposable National Income in Market Prices							
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Household revenues	273,5	263,3	324,2	362,2	395,3	399,0	405,9
Taxes less transfers	66,4	67,8	71,6	85,7	99,0	115,4	115,8
Retained Profits of enterprises	13,3	31,3	31,7	3,5	11,8	12,3	9,2
Retained profits of Cen. Bank	0,8	0,4	0,3	0,2	0,1	0,3	-0,1
Retained profits of comm. banks	0,6	0,7	0,9	2,9	2,0	2,1	3,3
Available national income in market prices	<u>354,6</u>	<u>363,5</u>	<u>428,7</u>	<u>454,5</u>	<u>508,2</u>	<u>529,1</u>	<u>534,1</u>
National income in market prices	350,6	360,1	429,6	452,7	506,2	525,8	529,6
Net transfers from abroad	4,0	3,3	-0,8	1,8	2,0	3,3	4,5
Available national income in market prices	<u>354,6</u>	<u>363,4</u>	<u>428,8</u>	<u>454,5</u>	<u>508,2</u>	<u>529,1</u>	<u>534,1</u>

Table 15

Household Revenues							
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
Household consumption	265,3	258,6	319,9	350,0	389,0	382,6	391,3
Savings	8,2	4,7	4,3	12,2	6,3	16,4	14,6
Household revenues	<u>273,5</u>	<u>263,3</u>	<u>324,2</u>	<u>362,2</u>	<u>395,3</u>	<u>399,0</u>	<u>405,9</u>

Tableau 14

Revenu national disponible aux prix du marché							MD
<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973 H1</u>	<u>1973 H2</u>	
412,7	454,8	512,2	586,3	686,0	716,2	730,4	Revenu des ménages
115,7	147,0	158,7	168,7	198,5	216,4	216,4	Impôts nets de transferts
39,5	6,1	8,8	42,9	79,5	32,5	52,8	Bénéfices non-distribués des entreprises non-financières
0,1	0,3	0,4	0,6	0,6	0,6	0,6	Augmen. du fonds propre - B.C.T.
4,0	4,4	3,0	3,7	3,4	3,4	3,4	Augmen. du fonds propre - banques commerciales
<u>572,0</u>	<u>612,6</u>	<u>683,1</u>	<u>802,2</u>	<u>968,0</u>	<u>969,1</u>	<u>1.003,6</u>	Total
566,1	608,5	678,0	793,7	962,5	963,7	998,2	Revenu national aux prix du marché
5,9	4,1	5,2	8,5	5,5	5,5	5,5	Transferts courants nets de l'étranger
<u>572,0</u>	<u>612,6</u>	<u>683,2</u>	<u>802,2</u>	<u>968,0</u>	<u>969,2</u>	<u>1.003,7</u>	Total

Tableau 15

Revenu des ménages							MD
<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973 H1</u>	<u>1973 H2</u>	
389,5	434,4	482,8	546,9	647,8	682,1	692,3	Consommation privée
23,2	20,4	29,4	39,4	38,2	34,1	38,1	Epargne
<u>412,7</u>	<u>454,8</u>	<u>512,2</u>	<u>586,3</u>	<u>686,0</u>	<u>716,2</u>	<u>730,4</u>	Revenu

Table 16

	<u>Taxes and Net Transfers</u>						
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Direct taxes</u>	<u>19552</u>	<u>20861</u>	<u>21585</u>	<u>24958</u>	<u>32762</u>	<u>43945</u>	<u>39298</u>
<u>Income from transfers:</u>							
Interest and dividends	661	951	865	877	1094	1080	2145
Social security contrib.	6599	8756	8983	10044	12540	14772	16071
Various transfers	2057	2273	1445	3919	4479	1696	2822
Foreign aid--cur. purposes	<u>1934</u>	<u>1970</u>	<u>1422</u>	<u>637</u>	<u>160</u>	<u>335</u>	<u>445</u>
Total	<u>11251</u>	<u>13950</u>	<u>12715</u>	<u>15477</u>	<u>18273</u>	<u>17883</u>	<u>21483</u>
<u>Expenditure for transfers:</u>							
Various transfers	991	908	1468	1691	1871	2219	1870
Social security payments	5185	6439	6560	7135	8126	9320	9677
Interest on public debt - local	825	797	672	1475	1720	2500	1750
Interest on public debt - foreign	1290	1057	1662	877	1286	1906	2474
Scholarships	478	726	893	1646	2027	2208	2512
Social welfare	<u>2632</u>	<u>3438</u>	<u>3004</u>	<u>2426</u>	<u>2452</u>	<u>2355</u>	<u>2282</u>
Total	<u>11401</u>	<u>13365</u>	<u>14259</u>	<u>15250</u>	<u>17482</u>	<u>20508</u>	<u>20565</u>
Net transfers received	<u>-150</u>	<u>585</u>	<u>-1544</u>	<u>227</u>	<u>791</u>	<u>-2625</u>	<u>918</u>
Direct taxes plus net transfers	<u>19402</u>	<u>21446</u>	<u>20041</u>	<u>25185</u>	<u>33553</u>	<u>41320</u>	<u>40216</u>
<u>Indirect taxes</u>	<u>51147</u>	<u>50908</u>	<u>54851</u>	<u>63382</u>	<u>70953</u>	<u>80342</u>	<u>62143</u>
Current subsidies to enterprises	<u>4131</u>	<u>4541</u>	<u>3247</u>	<u>2852</u>	<u>5479</u>	<u>6259</u>	<u>6484</u>
<u>Net indirect taxes</u>	<u>47016</u>	<u>46367</u>	<u>51604</u>	<u>60530</u>	<u>65474</u>	<u>74083</u>	<u>75659</u>
Direct plus indirect taxes (fiscal revenue)	<u>70699</u>	<u>71769</u>	<u>76436</u>	<u>88340</u>	<u>103715</u>	<u>124287</u>	<u>121441</u>
Net transfers less subsidies to enterprises	<u>-4281</u>	<u>-3956</u>	<u>-4791</u>	<u>-2625</u>	<u>-4688</u>	<u>-8884</u>	<u>-5566</u>
<u>Taxes plus net transfers</u>	<u>66418</u>	<u>67813</u>	<u>71645</u>	<u>85715</u>	<u>99027</u>	<u>115403</u>	<u>115875</u>

Tableau 16

Impôts plus transferts nets						1.000 DT
1968	1969	1970	1971	1972	1973	
<u>41233</u>	<u>57409</u>	<u>55904</u>	<u>58678</u>	<u>72534</u>	<u>82812</u>	<u>Impôts directs</u>
						<u>Transferts reçus :</u>
3902	5018	10757	10333	12330	14533	Intérêts et dividendes
17464	20731	21913	23266	25800	28200	Prestations sociales
1252	814	1077	2400	1130	1140	Transferts divers
<u>380</u>	<u>536</u>	<u>784</u>	<u>1008</u>	<u>516</u>	<u>520</u>	Coopération internationale
<u>22998</u>	<u>27099</u>	<u>34531</u>	<u>37007</u>	<u>39776</u>	<u>44393</u>	Total
						<u>Transferts payés :</u>
1721	1769	1565	2596	2316	2700	Transferts divers
10939	12293	13610	15000	16000	17000	Cotisations sociales
4125	5207	4350	6209	6823	7186	Intérêts de la Dette - intérieur
2895	4201	5503	7426	7813	7644	Intérêts de la Dette - extérieur
3055	3758	4395	6803	7068	7500	Bourses
<u>2100</u>	<u>2144</u>	<u>2907</u>	<u>3240</u>	<u>2614</u>	<u>3028</u>	Autres assistances sociales
<u>24835</u>	<u>29372</u>	<u>32330</u>	<u>41274</u>	<u>42634</u>	<u>45058</u>	Total
-1837	-2273	2201	-4267	-2858	-665	Transferts reçus nets
<u>39396</u>	<u>55136</u>	<u>58105</u>	<u>54411</u>	<u>69676</u>	<u>82147</u>	Impôts directs plus transferts divers
83225	98785	105344	121441	140810	147877	<u>Impôts indirects</u>
<u>6923</u>	<u>6907</u>	<u>4709</u>	<u>7140</u>	<u>12005</u>	<u>13612</u>	Subventions d'exploitation
<u>76302</u>	<u>91878</u>	<u>100635</u>	<u>114301</u>	<u>128805</u>	<u>134265</u>	<u>Impôts indirects nets</u>
124458	156194	161248	180119	213344	230689	Impôts directs plus indirects (revenu fiscal)
<u>-8760</u>	<u>-9180</u>	<u>-2508</u>	<u>-11407</u>	<u>-14863</u>	<u>-14277</u>	Transferts nets moins subventions d'exploitation
<u>115698</u>	<u>147014</u>	<u>158740</u>	<u>168712</u>	<u>198481</u>	<u>216412</u>	<u>Impôts plus transferts nets</u>



