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Relationship between the Population's Monetary Income, Consumption and Savings

Saving may be defined as an objectively necessary process under certain conditions of the living-standard increase, consisting in accumulating monetary means, on the basis of the individual incomes, in view of making certain expenses hereafter.

Experience shows that the continuous increase of population's income is reflected in increased consumption, but not uniformly for all classes of goods: for some products the demand grows more and for others it grows less or remains unchanged, new categories of expenses making their apperance concomitantly. The orientation of population's demand towards qualitatively superior products, of high value and long term utility, leads to rather important changes in the manner the income is used, in the sense of an increase in proportion of that part of the income serving to form the savings required for the future purchase of the products desired.

The aim of this paper is to analyze the main relationships between the evolution of the population's monetary availabilities in the form of saving deposits at the CEC (Savings Bank), and the factors influencing their proportion and dynamics.

I. CHARACTERISTIC TRENDS IN THE EVOLUTION OF THE POPULATION'S SAVINGS DEPOSITS

The last few years have seen a rapid increase of the population's savings deposits at the CEC. Some problems arise in connection with this process: what factors have led to this rate of increase? What is the meaning of these savings from the standpoint of the reproduction process as a whole?

1. *Evolution of the population's monetary income and of savings deposits at the CEC.* Among the factors bearing an influence on the process of savings it is natural to take into account in the first place the evolution of the population's monetary income, since the income is the only source from which the population can effect savings. Analyzing the period of the last nine years, 1960—1968, it can be noticed that while the population's monetary income proceeding from socialist economy has increased yearly by about 10 per cent in the average, the general balance of population's monetary savings deposited at the CEC showed a yearly increase of approximately 38 per cent.

The fact that the rate of increase of CEC deposits is considerably larger than the population's monetary income suggests that, although the income constitutes the basis of savings, nevertheless this process is also determined by other factors.

Since the factors which determine objectively the process of savings cannot be placed outside the sphere of income formation and utilization, it is necessary to analyze the level and structure of the population's monetary income, as well as the degree to which demand is satisfied, particular stress being laid on the influence exerted by income on consumption structure and proportion [1] as well as on the part played by income and consumption in the formation of the population's monetary savings.

2. *Wage earners' and peasants' savings deposits at the CEC.* By virtue of long-standing tradition, mainly resulting from the specific features of the production process (e.g. seasonable character of agricultural production) and of the mode in which consumption requirements are provided, the process of wage earners' incomes formation and utilization differs noticeably from that concerning peasants' incomes. For instance,the seasonable character of agricultural production bears an influence on periodic cashing-in of incomes, and this conditions the level and rate of expenses. Wage earners obtain all their consumption requirements from their monetary income, while peasants satisfy quite a part of their requirements from income in kind, obtained either from their personal farming activity, or received from the co-operative farms for working-days effected.

Taking into consideration the population's monetary relationships as a whole, hence both the incomes obtained from socialist economy and those obtained by re-distribution among various categories of the population, a few findings may be formulated. In the first place, it can be noticed that the rate of increase of peasants' savings is faster than that of wage earners' savings, although the rate of increase of peasant income is slower than that of wage earners' incomes. *In the second place, the proportion of monetary savings at the CEC for peasants, as compared to the total volume of population's monetary savings, although it increases from one year to the next, represents less than a quarter* of the total. It is noteworthy that the increase in the proportion of peasants' savings as compared to total savings, occurs in conditions where the proportion of peasant monetary income as compared to total income volume, shows a decreasing trend. This evolution shows, on the one hand, that the rate of increase of savings in the rural area is faster than in the urban area, which leads to

a change of savings proportion in both areas, in the advantage of the savings in the rural area, and on the other hand, that the volume of peasants' savings is at a relatively low level in comparison with the total volume of monetary savings deposited by the population at the CEC.

3. *Structure of saving deposits by groups of value.* An investigation of the structure of savings by groups of value allows to make evident the trend of population's demand, the proportion of larger amounts compared to the total of savings indicating with sufficient approximation the aims of the savings. Grouping the general balance of deposits by groups of value, it can be noticed that deposits up to 5,000 lei, whose proportion in 1960 was 61.1 per cent of the saving balance deposited on savings-bank books, point to a decreasing trend reaching 25.1 per cent in 1967, while savings exceeding 5,000 lei, whose proportion was of 38.9 per cent have, in the period analyzed, increased up to 74.9 per cent. At present, about three quarters of the general balance of savings consists of deposits representing amounts above 5,000 lei, and in the framework of the latter almost half are amounts exceeding 10,000 lei.

Such a change in the structure of deposits is not surprinsing. It corresponds to the continuous increase in the standard of living, to the orientation of the population's consumption toward superior products. The population doenot save for the sake of accumulating monetary means, but in order to increass their consumption of those products whose value exceeds the level of currene income. The existence of an important number of deposits whose value exceedt 10,000 lei allows some conclusions to be drawn on the proportion of futurs demand for objects whose value exceeds 10,000 lei, such as high-quality furnie ture, cars and privately owned dwellings.

4. *Ratio of savings and income.* Another characteristic element regarding the evolution of the population's monetary availabilities consists in the ratio between unspent amounts forming deposits at the CEC and the total incomes for each year. In the period 1960—1968, the proportion of savings deposits has had, in general, an upward trend, when compared to the total of current incomes.

II. FACTORS THAT CONDITION AND DETERMINE SAVINGS

1. *Level of population's monetary income.* There is a close functional relation between income level and volume of savings. Noting this functional relation by $E = f(v)$, where v represents income, and E the volume of savings, the function $f(.)$ is defined on the positive half-axis of real numbers.

The data obtained by the selective study of wage earners' family budgets in 1966, grouped as a function of the income level, shows that concomitantly with income increase there is an increase of that part of the income which remains unspent and is used to form the savings at the CEC. It is obvious that function $f(.)$ is a monotonously increasing function.

	Group I	Group IX
Monetary income	100.0	100.0
Ratio of amounts deposited at the CEC vs. income	0.2	4.0

It can be seen from the above table that the wage earners' families obtaining the lowest income (group I) allotted 0.2 per cent of it to savings, while families with the highest income (group IX) were able to use 4 per cent to this end.

On the basis of statistical data, explicit forms corresponding to each income group may be determined for function $f(.)$. Taking n income groups and knowing the trend of evolution of income for every group, the evolution of the volume of monetary savings can be determined on the basis of the relation

$$E = f_i(v)_i$$

The increase of the population's monetary income in the period 1960—1968 was, on the average, about 10 per cent yearly, giving the population the possibility to save ever increasing amounts. Obviously, only the dynamics of income in itself does not provide elements capable of explaining why monetary savings have increased in the same period in a proportion that is considerably higher (about 38 per cent).

Many questions arise: Why has the population preferred to constitute monetary savings in the form of CEC balances instead of increasing consumption? Are savings an objective process? In case they are, what are the reasons, and if they are not, is it an accumulation of monetary reserves for any eventuality, whose level is dependent on certain fortuitous and unpredictable factors? The answers are found by investigating the factors which condition and determine savings. Their value is not only theoretical, but also practical, since the importance of the proportion and dynamics of savings is not limited to the sphere of the population's consumption, but it also concerns, to the same extent, the total process of reproduction, the population's monetary savings constituting one of the sources of expanded reproduction.

2. *Elasticity of savings vs. income.* An analysis of the elasticity of savings vs. income shows that 1 per cent increase of the latter leads to a much greater increase of savings deposits at the CEC. Thus, computing elasticity on the basis of the data concerning the achievement of balances by the population's monetary income and expenses in 1961 and 1966, by total and by social groups, there results that for 1 per cent income increase in 1961 there coresponds 3.54 per cent savings increase, and in 1966—7.84 per cent savings increase. The fact is characteristic that savings elasticity for the peasants' group is larger than for the wage earners' group, which, once again, confirms the previous findings.

The strong trend of savings increase as a function of income stands out still more conspicuously if the family budgets of wage earners, grouped according to income level, are analyzed:

Group	Elasticity of savings vs. income
II	2.5457
III	3.2939
IV	4.6008
V	5.0853
VI	8.2087
VII	8.5600
VIII	8.9889
IX	10.3915

It stands out that while for the lower income groups (I—IV) a 2—4 per cent increase of savings deposits corresponds to a 1 per cent income increase, for the upper income groups (VI—IX) the increase in savings deposits is between 8 and 10 per cent.

From the analysis of these data there results that the elasticity of function $E_i = f_i(v_i)$, defined by relation

$$\varepsilon_i = \frac{-df_i(v_i)}{dv_i} : \frac{E_i}{v_i}$$

forms an increasing series:

$$\varepsilon_1 < \varepsilon_2 < .... < \varepsilon_n$$

This must be taken into account when determining the explicit forms of the $f_i(.)$ functions.

3. *Confidence of the population in the national currency.* The fact that the population has allotted ever increasing amounts of money in view of forming monetary savings proves the existence of confidence in the national currency and in the government's economic construction and peace policy. If this condition were not fulfilled it is difficult to assume that the savings action could have developed. The stability of prices undoubtedly contributed to intensifying the process of savings, since it is obvious that nobody would have deposited money at the CEC while lacking the certainty that, after a certain period of savings, one would be able to purchase with the amount saved at least the same quantity of goods as in the period the deposit was made.

4. *Increase in the number of wage earners per family.* In our opinion it is necessary, for a deeper analysis, to also determine the functional relationship between the value of incomes and that of savings for one family in each income group. This relationship takes better into account the concrete realities as well as the very aim of savings. Starting from the first factor influencing savings — the evolution of monetary income — it may be stated that the savings possibilities have been positively influenced by the more rapid increase in the number of wage earners than the natural growth of the population would have allowed. This has been made possible by drawing into production part of the domestic population (the women) and by the absorption into non-agricultural production of part of the manpower having become available in agriculture consequently to the rationalization and mechanization of the works in the co-operative farms.

5. *Changes in population's grouping in agreement with income.* Experience shows that the continuous increase of the population's monetary incomes from one year to the other leads to a new grouping in agreement with income, with profound implications on the level and structure of consumption. Since no data are available concerning the grouping of the entire population, we shall use the grouping of wage earners in accordance with the earning level reached. The conclusions resulting from these groupings may be regarded as conclusive since their incomes represent about 73 per cent of the total volume of the population's monetary incomes. Comparing the situation of wage earners' groups in March 1968 to that of March 1959, there results that while in March 1959 more than 51 per cent of the total number of wage earners had incomes lower than

700 lei, in March 1968 their proportion became smaller than 3 per cent. In exchange, the number of wage earners having incomes higher than 1,100 lei has increased from about 12 per cent in March 1959, to about 52 per cent in March 1968.

6. *Relationship of income and consumption.* Expenses for goods, by population's groups, as it results from wage earners' family budgets for 1966 have been the following:

	Purchase of goods, of which:		
	Total	Food-stuffs	Other
Group I	100.0	61.5	38.5
Group II	100.0	58.2	41.8
Group III	100.0	55.3	44.7
Group IV	100.0	54.7	45.3
Group V	100.0	52.5	47.5
Group VI	100.0	54.0	46.0
Group VII	100.0	52.3	47.7
Group VIII	100.0	51.8	48.2
Group IX	100.0	49.4	50.6

There results that for wage earners' families of group I, who have had the lowest incomes, the proportion of expenses for products other than foodstuffs, in the total volume of expenses for goods, is 38.5 per cent, and for families of group IX who have had the highest incomes, the proportion of exponses for products other than food-stuffs stands at more than 50 per cent. The fact is characteristic that among the expenses for products other than food-stuffs, the expenses for goods of higher value and long term utility increase more rapidly. The analysis of the structure of goods sold through socialist trade shows that while sales of products other than food-stuffs through socialist trade in the period 1960—1966 have recorded an average yearly rate of increase of 9.3, per cent, the sale of higher value and long term utility products recorded much higher rates of increase (for instance, for furniture 14.1 per cent, for TV sets, 44.2 per cent, for refrigerators 60.0 per cent, for motor-cars 81.1 per cent. Moreover, the analysis of the elasticity coefficient dependent on income, for the main products, shows that demand elasticity is above the unit for qualitatively superior products and particularly for those other than food-stuffs, of higher value and long term utility; for curent use products required to satisfy the basic physiological needs the demand is less elastic, and for some products it is even less than the unit.

The above shows the necessity of elaborating a mathematical model of consumption, on whose basis the relationship between the volume and the structure of consumption on the one hand, and the level and structure of the population's incomes by groups of income, level of prices, and so on, on the other hand, can be known with accuracy. Besides the valuable information which this model can supply to the interbranch balance, to the price system, to the model of monetary flow in economy and to other models that should be used in the planning of national economy, it also allows to explain a series of phenomena and trends related to the process of saving. When elaborating

this model, the starting point should be the division of the various goods into more or less homogeneous groups, such as: essential goods, of prime necessity, goods of second necessity and long term utility goods. Between the demand for goods of each group and the population's income there exists a strong relationship, the functional relation diferring from group to group. Thus, if we denote by y the expenses of a family for essential goods, and by v the incomes of this family, the functional relation is, generally, of the form

$$y = a \frac{v}{v + b}$$

for goods of the second category it is

$$y = a \frac{v - c}{v + b}$$

and for goods of the third category

$$y = av \frac{v - c}{v + b}$$

In each of the above formulae the parameters a, b and c are determined on the basis of statistical data, the mathematical methods of econometrics being used. These methods are already well-known in works dealing with modelling and it seems that they correspond to the exigencies concerning the elaboration of a model of consumption. Analyzing the formula showing the relationship between expenses for essential goods and income, it can be seen that from a certain level of the latter the increase of expenses is very slow. The elasticity of expenses for essential goods in proportion to the income increase is

$$\varepsilon = \frac{b}{v + b}$$

It can be seen from the above formula that as the income v grows, the elasticity draws closer to zero.

With regard to the elasticicity of expenses for the other two categories of goods, in proportion with the income, they are given by the formulae

$$\varepsilon = (b + c) \frac{v - c}{v(v + b)} \quad \text{and}$$

$$\varepsilon = \frac{v^2 + 2vb - bc}{(v + b)(v - c)}$$

It can be seen from the above relations that, concomitantly with the increase of incomes, the elasticity of the expenses for goods in the second category also tends towards zero. With respect to the elasticity of expenses for long use objects, concomitantly with the increase of incomes, it tends towards 1. This is quite natural since, starting from a certain, sufficiently large volume

of incomes, any further increase of the latter is specially destined for the purchase of long use objects.

Obviously, the consumption model should also take into account an entire series of other elements. The information obtained by the study of this model is of exceptional importance in the analysis of the savings process.

The change in the structure of consumption and particularly the new orientation of demand in the conditions of a rising evolution of the population's living standard also entail profound monetary implications. If, in order to effect expenses related to the satisfaction of current consumption, the fortnightly or monthly incomes of the respective periods are sufficient, the purchase of higher value and long use goods is no longer possible from current incomes, since their price exceeds the level of the incomes. Savings thus appear as an objective factor that is necessary in view of increasing the consumption of those products whose value is higher than the current income.

If the income increase leads to a much more rapid growth of demand for higher value and long use products, then also the monetary funds for their purchase, constituted in the form of deposits at the CEC, must necessarily record more rapid rates of increase than the increase of the incomes. Some trends can be evidenced by comparing the volume of withdrawals from the CEC — which can be purposed as serving mainly for the purchase of goods other than food-stuffs — with the evolution of the sale of these goods through the socialist trade network. Thus, in 1955, 4.3 per cent of the value of purchased goods, other than foodstuffs, was paid off with amounts withdrawn from the CEC. In 1966 however, the proportion of amounts withdrawn from the CEC, compared to the value of sold goods other than food-stuffs, was 23.8 per cent. This conclusion is strengthened by investigating the existing situation, from this standpoint, in the other socialist countries too.

7. *Monetary income — a conditioning factor; orientation of demand — a factor of causal determination of savings.* The investigation of the factors bearing an influence on the proportion and dynamics of savings suggests a first general conclusion, namely that the level of the population's monetary income and its confidence in the national currency are conditioning factors on which the possibilities for saving are dependent, and which ensure the conditions required for the development of this action, while the changes in the structure of consumption and the orientation of demand constitute factors of causal determination [3], which turn the possibility of saving into an objective necessity. The modifications in the structure of consumption and the orientation of demand have been illustrated, mentions to the sale of goods being made. However, the increase of preference for the purchase of private property dwellings, for various more costly services, for tourism abroad and within the country, etc., also bear an influence on the process of saving.

The process of saving should not be identified with the deposits at the CEC. The population may also save by keeping amounts in cash. In order that the population's savings may acquire an organized form through their depositing at the savings bank it is necessary to stimulate it.

III. ESSENCE OF SAVING

Taking into account the complex character of the process of saving and the implications which it exerts not only in the sphere of individual consumption but also on the proportions and rates of production, the elucidation of the outstanding aspects of this essence and the role of saving are of particular importance. Among the basic problems forming the object of investigation in this field, the following could be underlined:

— is saving a necessary objective process demanded by the interaction between income and consumption, or is it a more or less temporary expression of some fortuitous factors?

— what is the nature of the interaction between consumption and saving? Is the increase of savings at a rate which exceeds considerably the one recorded for the population's monetary incomes justified from the economic standpoint or not?

— what is the role of the population's monetary savings in the process of reproduction as a whole?

The large number of problems and their complexity make the sorting of the object to be investigated imperative and require their examination to be gradual. It is obvious that this vast topic cannot be exhausted in the present study. It is, however, considered that a substantiation of the objective character of savings would contribute to making clear and to solving some basic aspects related to the the problems of saving.

1. *Objective character of saving.* By elucidating the factors that condition and determine saving an important step is, in our opinion, taken towards the disclosure of the objective character of saving. The necessity for saving results from the objective conditions of goods production and of monetary circulation, in the sense that the acquirement of products whose value exceeds a certain level makes imperative the previous accumulation of monetary means. Any aim of savings (goods, services, etc.) involves a certain period of accumulation until the level corresponding to the volume of the respective expense is reached. Even in the hypothesis that every depositor would withdraw integrally the amounts saved at the moment that the level corresponding to his purpose is reached, there would still exist, in economy as a whole, a minimum permanent balance of savings, which can be determined quantitatively [4[. It is obvious that, with respect to society taken as a whole, the depositors begin the process of saving gradually. Every month a certain number of depositors end a process of saving and effect the integral withdrawal of the amount saved, a certain number will continue the process of saving formerly initiated, and others will start a new process of saving. This sequence is not uniform in time.

For illustration a numerical example may be taken where the following elements are given:

— part of income saved — 100 MU (monetary units) = a;

— length of time saving is carried out, after which follows the integral withdrawal of the amounts accumulated = 12 months = nt.

— number of depositors (or groups of depositors) engaged in the process of saving = 12 = ng.

The quantitative dependence between the amounts saved and the period of accumulation, on the one hand, and the general balance of savings, on the other hand, remain to be determined. To this end, the data are the following:

nt \ *ng*	I	II	III	IV	V	VI	VII	VIII	IX	X	XI	XII	Σ
1	100												
2	200	100											
3	300	200	100										
4	400	300	200	100									
5	500	400	300	200	100								
6	600	500	400	300	200	100							
7	700	600	500	400	300	200	100						
8	800	700	600	500	400	300	200	100					
9	900	800	700	600	500	400	300	200	100				
10	1,000	900	800	700	600	500	400	300	200	100			
11	1,100	1,000	900	800	700	600	500	400	300	200	100		
12	1,200	1,100	1,000	900	800	700	600	500	400	300	200	100	7,800
1		1,200	1,100	1,000	900	800	700	600	500	400	300	200	7,800
2			1,200	1,100	1,000	900	800	700	600	500	400	300	7,800
3				1,200	1,100	1,000	900	800	700	600	500	400	7,800
4					1,200	1,100	1,000	900	800	700	600	500	7,800
5						1,200	1,100	1,000	900	800	700	600	7,800
6							1,200	1,100	1,000	900	800	700	7,800
7								1,200	1,100	1,000	900	800	7,800
8									1,200	1,100	1,000	900	7,800
9										1,200	1,100	1,000	7,800
10											1,200	1,100	7,800
11												1,200	7,800
Σ	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800

Computations yield a minimum permanent balance of 7,800 MU, which can be determined by means of the following formula

$$S = \frac{n}{2}(a_1 + a_n)$$

where: S = minimum permanent balance of savings;

n = period of saving, in months;

a_1 = monthly quota of savings for one group, i.e. part of income remaining unspent;

a_n = total amount of savings made by one of the groups.

Taking into consideration the above conventional example it may be noticed that between the permanent balance of savings (7,800 MU), on the one hand, and the total amount to be saved in the economy as a whole ($a \times nt \times ng = 100 \times 12 \times 12 = 14{,}400$ MU), on the other hand, there is a certain ratio, which also remains constant in case the data of the problem are changed with respect to the amounts deposited and length of saving time. Starting

from this observation, the conclusion may be drawn that the level of the general balance of savings, that is justified from the economic standpoint, should be somewhat larger than half the volume of the amounts to be saved.

The practical importance of this conclusion is obvious. Thus, for instance, if it is assumed that the yearly sale of higher value goods, whose purchase requires a period of accumulation of about 3 years, is of 10,000,000,000 MU (monetary units), the minimum permanent balance of savings could be computed:

— yearly turnover = 10,000,000,000 MU;

— 3-year turnover = 30,000,000,000 MU = total amount of required savings = a.

The permanent minimum balance of savings is of about 15,500,000,000 MU i.e. somewhat higher than half the total volume of savings required to achieve the sales in wiew.

Doutblessly, the application — for the concrete needs of planning — of the formula regarding the minimum permanent balance would require a thorough knowledge of the structure of demand, of the monetary incomes and of the length of saving time required, taking into account the contradictory influence borne by the credits granted for consumption.

Thus, taking into account the above, saving may be defined as an objectively necessary process under certain conditions of the living-standard increase, consisting in accumulating monetary means on the basis of the individual incomes, in view of making certain expenses hereafter. It takes place as a consequence of the separation in time of the processes of the constitution of incomes and of their use, and its aim is to ensure an increase of consumption of those products or services which imply the existence of a certain volume of monetary availabilities.

2. *Interaction between consumption and saving.* Many papers dealing with the essence and role of savings rightly rise against the assertion that the important increase of savings deposits is due to unsatisfied demands and that the action of saving lessens the possibility of socialist trade to fulfil and exceed the plan of retail sales. We consider that this aspect in the problem of savings is sufficiently elucidated and does not require any further discussion.

We shall confine ourselves to the finding that if the continuous increase of savings deposits were really a consequence of unsatisfied demand, it would mean that the population's solvent demand has remained unsatisfield at the rate at which savings deposits have increased, and the improvement of suppy should lead to a decrease of the savings. Experience shows that it is the very improvement of supply with qualitatively superior goods and diversifying of the population's consumption demand that leads to an increase in the savings and not to their decrease.

The process of noticeable change in the structure of demand, now taking place in favour of higher value and long use products, of the building of private property dwellings, and of tourism, results in lengthening the time during which the amounts proceeding from incomes are formed, before the moment they are spent. Certain categories of expenses would be unconceivable without the existence of previous savings. We therefore consider that there is no contradiction between consumption and saving, since savings deposits represent a

means of acquiring certain objects or services which the population cannot obtain from current income. Moreover, there exists a reciprocal conditioning between the activity of attracting savings, and the development of trade.

In Romania, the increase of savings deposits occurs under conditions of an ever improving supply of consumer goods to the population. There is a direct relation between saving and the rate of increase of the population's cultural and material requirements.

Besides the assertion that savings are the expression of an unsatisfied consumption demand, there is also the statement that savings deposits are a form of achieving the population's monetary incomes and that they thereby represent annulled purchasing power. This statement is related and is almost identical to the one which considers the increase of savings deposis as being one of the sources ensuring the balance of the population's monetary incomes and expenses.

Although a series of elements plead in favour of the latter statement, we consider that it is not right, since it does not take into account the essence of the saving process. In the first place, the fact should be taken into account that purchasing power is an inalienable function of the currency and that it cannot be annulled by depositing money at the CEC. By depositing, a change in form of the money occurs. From cash it turns into account money. In the second place, through depositing part of the income at the CEC, no final utilization of the money occurs and no renouncement to consumption, but a process of saving takes place, whose end is precisely the creation of the objective conditions required for the final use of the income. The right to dispose of the savings is in no manner limited or bounded by the effect of depositing. In the third place, the fact that savings deposits do not stand out as an effective demand for the length of time the saving process of the monetary resources lasts, as well as the use of the CEC deposits during this period in the process of reproduction, through the instrumentality of the financial or credit system, does not change the economic content of the amounts deposited by the population at the CEC.

Under these conditions it is obvious that the balancing of financial plans, made by including in the computation a certain increase of savings deposits at the CEC without taking into account the necessary objective increase, would be a manifestation of voluntarism, since saving is not a consequence of the lack of correlation between the purchasing fund and the stock of goods; the manner in which the population's monetary incomes and expenses are balanced should be a consequence of the objectively necessary increase of savings, required by a certain level of the incomes and by a certain structure of demand.

3. *Saving from the standpoint of the process of reproduction as a whole.* Another highly debated problem in the specialty literature is that of the apparent contradiction between the transitory character of saving from the viewpoint of each depositor in part, and the stable character, of long standing, of the general balance of savings in the economy as a whole. The solving of this problem from the theoretical viewpoint has deep practical implications, particularly in what regards the optimum modality of the use of the amounts deposited by the population at the CEC.

This problem has been approached by many authors [6], partly in a contradictory manner. We consider that a debate concerning this topic might start from the assertion already made by Marx that"... if the worker makes savings from his salary...this means that he transforms part of his salary into a treasure and that pro tanto (in the same proportion) he does not show up so much as a solicitant, but a buyer" [7]. The fact that part of the income is not utilized constitutes one face of the problem, and the modality in which these means are re-distributed, the other face.

Since, within the limits of the savings deposited by the population at the CEC, a voluntary decrease of the purchasing fund occurs in the sphere of individual consumption, it may be stated that the use of the population's saved amounts by the State is not only possible but also objectively necessary.

In the opposite case, i.e. in the hypothesis that the state would not proceed to the re-distribution of the amounts saved, a useless accumulation of stocks of consumption goods which could not be sold would occur, and the rate of reproduction would be slowed down. The increase in savings deposits, justified from the economic standpoint, and their use, increase the possibility of the State to effect accumulations and influences favourably the rate of economic development. Viewed in this context, the process of saving cannot be approached unilaterally, separated from the process of reproduction as a whole. Experience shows that between the volume and the circuit of money, on the one hand and the proportionality and dynamics of the process of reproduction, on the other hand, there is a close interdependence. In this sense, the following more important aspects may be made conspicuous:

— Savings modify the initial distribution of national income into accumulation fund and consumption fund, as already shown. The inclusion in the computation, when drawing up the economic plan — through the balance of the population's monetary expenses and incomes — of the savings increase is meant to ensure the necessary correlation between the material and the monetary processes;

— The level of the general balance of savings and the structure of savings from the standpoint of the aims followed (certain goods, building of dwellings, tourism, etc.) also influences directly the structure of the goods fund in the following period, respectively that of production and of the consumption fund;

— The relationship of interdependence between accumulation and consumption, as a basic economic ratio, and the premise of monetary equilibrium, becomes more pronounced in the period in which the living standard rises and where consumption demand becomes more varied.

The latter aspect is of particular practical importance since in the conditions of expanded reproduction, an expansion of the savings process also occurs, in the sense that both the conditioning factors (level of monetary incomes, number of persons employed per family, etc.), and the determining ones (the demand for qualitatively superior products of high value and long use) is faster than the increase of monetary incomes.

If, however, the rate of increase of product supply, particularly that of high value and long use products, does not keep up with the increase of the savings made to this aim, an increase of the savings lacking economic justification will then occur at a certain moment, and thus forced economies will

form, representing an unsatisfied demand for consumption, and the perpetuation of difficulties in satisfying solvent demands of the population for goods and services would lead to difficulties in the realization of monetary incomes, to the decrease of the population's interest in forming monetary savings and to the decrease of the savings rate, i.e. of the proportion of savings increase from the income of the respective period.

Under conditions of expanded reproduction while the necessary ratio is maintained between the accumulation fund and the consumption fund, the general balance of savings shows a continuously increasing trend. The permanent renewal of the general balance of the savings at an ever higher level (savings deposits are always larger than refunds), lends it a high degree of stability. It is only under conditions of an equipoise between demand and supply that the utilization of savings by the State through the credit system or through the financial system, as a source of long term financing, does not in any way prejudice the unlimited right of depositors to dispose of their savings. There exists unity between savings considered from the depositors' point of view (its temporary character standing out foremost) and savings considered from the point of view of the reproduction process as a whole (from the macroeconomic point of view, where the steady long-term character of savings stands out foremost).

The contradiction between the two aspects of the saving process has a non-antagonistic character in Romanian national economy and it is permanently solved by the fulfilment, in good conditions, of current population's demand and by the increase of the population's actual incomes.

4. *Unity between savings and cash in their interaction and correlation between the population's purchasing fund and the fund of goods.* The cash existing with the population satisfies mainly the functions of paying and circulation means, but part of the existing amounts also serve as savings means, and deposits at the CEC are an expression of the function of money as a means of saving.

Whatever the form under which they may be found at a certain moment, the right of the population to dispose of and to utilize its monetary availabilities is complete and unlimited. The relationship between cash and savings in the framework of total monetary availabilities are subject to possibilities of reciprocal substitution, being influenced, on the one hand, by the level of the population's monetary incomes and the structure of consumption and, on the other hand, by a series of organizational measures (the sale of some goods being conditioned by the previous constitution of savings, interest level, good service), but also by the traditions existing among the population with respect to the administration of their monetary availabilities.

The analysis of the structure of the population's monetary availabilities, in their evolution, shows the continuous and important increase in the proportion of savings deposite from total availabilities.

The problem may be raised as to whether the trend towards modification, of the inner structure of the population's monetary availabilities, will continue, and as to which are the limits of these modifications? A clue in this sense can be deduced from the prospects in the future evolution of consumption demand, but also from an investigation of the situation from this standpoint in other socialist countries, as it results from the statistical yearbooks of the respective countries. Considering the total of the population's

monetary availabilities as being 100 per cent, we notice that in the German Democratic Republic, for instance, the proportion of savings deposits increased from 28 per cent in 1950 to more than 80 per cent in 1967; in Poland from 2 per cent to more than 60 per cent; and in Yougoslavia from 4 per cent to almost 50 per cent.

Although there are large differences between one country and another with respect to the size of the proportion of savings from the total of the population's monetary availabilities, nevertheless the tendency of this proportion to increase is a common characteristic for all these countries.

The increase in proportion of savings deposits from total monetary availabilities which also occurs in Romania expresses in the main the process of reserve building demanded by a certain orientation in the population's demand for consumption. This tendency will also appear in the years to follow, owing to the increase of incomes and the further diversifying of demand for goods and services.

However, the process of savings increase so far has also been influenced by its low initial level. It is well known that in the first few years after the Second World War the low level of incomes and the two currency reforms (1947 and 1952) were not of a nature to promote organized saving.

The depositing of savings at the CEC is a positive phenomenon, the respective amounts having the possibility to be used for the development of national economy; the possibility is concomitantly created for a more accurate planning and regulation of cash operations. However, the fact should not be overlooked that savings deposits may be turned into cash and that any modification of the quantity of cash in circulation has the same effect on the correlation between the purchasing fund and the fund of goods as the modification of the general balance of savings. From the standpoint of the population's balance of incomes and monetary expenses, cash fulfils the same function as the savings deposits at the CEC. Hence, at the present stage, an efficient financial and monetary policy cannot be promoted and an analysis of the monetary phenomena cannot be made without taking into account the savings deposits, which become one of the main components of the population's monetary availabilities [8].

The degree of stability of savings deposits at the CEC is not a process achieved automatically and independently of the economic and psychic evolution of our society. Under our socialist economy, with a strong upward evolution and with a population's solvent demand satisfied in ever better conditions, particularly for goods and services whose purchase requires a process of saving, savings deposits at the CEC record constant increase and strong stability.

LE RAPPORT ENTRE LES REVENUS EN ESPECES DE LA POPULATION, LA CONSOMMATION ET L'EPARGNE

Utilisant comme point de départ les tendances caractéristiques de l'évolution des dépots à la Caisse d'Epargne, évolution qui met en évidence le développement rapide de l'épargne dans notre pays, les auteurs concluent que les proportions et la dynamique de celle-ci sont influencées par l'évolution des revenus en espèces de la population, d'une part, — évolution qui crée les conditions nécessaires à l'épargne — et par l'orientation de la demande vers les produits dont

le prix dépasse le niveau d'un revenu moyen courant, d'autre part, ce qui détermine la population à faire des économies.

Le caractère objectif de l'épargne — déterminé par la structure de la consommation et par l'orientation de la demande — mène à une augmentation du solde général des économies, même şi on suppose que chaque déposant retire intégralement les sommes déposées au moment où leur total devient suffisant pour la dépense en question.

Les auteurs insistent sur le caractère stable, de durée, du solde général des économies dans les conditions où la demande courante est satisfaite par des quantités suffisantes des marchandises recherchées.

ЗАВИСИМОСТЬ МЕЖДУ ДЕНЕЖНЫМИ ДОХОДАМИ НАСЕЛЕНИЯ, ИХ ПОТРЕБЛЕНИЕМ И ПРОЦЕССОМ НАКОПЛЕНИЯ

Исходя из тенденций, характерных для эволюции вкладов населения в сберегательные кассы, которая отражает быстрое развитие процесса накопления в нашей стране, авторы пришли к выводу, что масштабы и динамика накопления находятся под влиянием, с одной стороны, развития денежных доходов населения, создающих условия, необходимые для накопления, а, с другой стороны, под влиянием направления спроса на те продукты, цена которых выше уровня текущего дохода, что является причиной процесса накопления.

Объективный характер накопления, обусловленный структурой потребления и направлением спроса, ведет к росту общего сальдо накоплений, даже если и предположить, что каждый вкладчик заберет целиком накопленные суммы в момент, когда их уровень станет достаточным для соответствующих расходов.

Авторы настаивают на постоянном и продолжительном характере общего сальдо накоплений в условиях, при которых текущий спрос удовлетворяется нужными товарами в достаточных количествах.