Subject Index

Avellaneda administration, 44

Balance of payments: with differential treatment of exports and imports, 81–82; at onset of Great Depression, 188

Banco de la Nación Argentina: creation (1891), 106–7, 169; credit restrictions and reserve requirements for, 107–8; as financial agent of government, 33, 143; internal currency convertibility by, 169–86; post-1892 importance, 33; as quasi-Lender of Last Resort (1914), 34, 135–36, 143, 171–72, 183; rediscount service of, 34, 171–77, 183, 200, 214

Banco de la Provincia de Buenos Aires: demise of (1891), 68, 74, 94, 108, 176–77; as fiscal agent of governments, 71–72; management of monetary policy by, 43; paper money as legal tender (1862), 38; run on (1890), 70–72; solvency-liquidity indicators (1886–91), 75–76

Banco Nacional: demise of (1891), 74, 94, 108, 169; run on (1890), 70–72


Bank of England: bridge loan to Argentina (1891), 30, 73–74, 84, 106; as international Lender of Last Resort, 223–25; intervention in Baring Crisis, 67, 73; operation in 1847 crisis, 167–68

Baring Crisis (1890–91): effect on banks in Argentina, 144; effect on economy in Argentina, 68–70; factors provoking, 25; ingredients in, 16; lessons of, 221, 224–25; origin of, 67, 77, 223; timing and intensity of, 70–71

Bimetallic standard: in Argentina (1881), 46–48, 50–51; de jure status only, 51; units of currency under Monetary Law (1881), 46, 50, 222

Bond prices: spreads (1870–1940), 26–29; spreads (1883–1913), 122–24; spreads (1888–89), 89

Bonex 89 plan, Argentina, 224–25

Budget deficit. See Public debt

Capital flows: inflows (1868–72), 43; inflows (1884–90), 53, 55, 223; inflows (1891–1902), 30, 77, 105; inflows (1900–1930), 150; at onset
Subject Index

of First World War, 144–46; role of (1881–91), 29–30

Capital markets, international: access with credibility to, 29; after 1913, 29; Argentina's access to (1930s), 217; openness of Argentina to, 77

Central bank, Argentina: Conversion Office reorganized as (1935), 35, 159, 176, 188, 221; emergence of idea of, 34, 176, 204, 231; as Lender of Last Resort in Argentina, 234


Conversion Law (1891), 48–49, 120–21, 128

Conversion Office (Caja de Conversión): authority to issue money, 169; as currency board, 49–50; currency contraction policy, 106; defense of currency's external value, 154; emergency powers of, 183; exchange function under Conversion Law, 120; external currency convertibility by, 169–86; foreign exchange reserves held by, 156; gold stocks (1900–1935), 184, 192, 196–99; guaranteed fund deposit at, 108; independence of, 120–21; issuance of domestic currency, 202; as monetary authority, 32, 48–49, 103, 112, 188–89, 228; operation in gold standard regime, 177–86; post-1892 responsibilities, 33; rediscount function of, 34, 200, 202, 214–16; role in economic downturn (1913–14), 134–36; shift from metallic to fiduciary monetary policy (1931), 28, 31, 35, 202–18, 230–31; tenure of (1891–1935), 17–18, 25, 140, 213

Convertibility law (1881). See Conversion Law (1891)

Country risk: bond price spreads (1883–1913), 122–24; bond price spreads in Argentina (1870–1940), 26–28; decline in (1888–89), 89; defined, 26. See also Bond prices

Coup d'état (1930), 195n18, 215

Currency: bimetallic standard in Argentina (1881), 46–48, 50; Conversion Office exchange policy for, 119–20; under Monetary Law (1881), 46–50; paper pesos assigned to debt service, 82–83; paper-specie mix during Baring Crisis, 70–77; printing of paper pesos as, 87–90; tax payments using paper-gold market rate (1891), 101–2; transactions velocity of, 70; units under bimetallic standard, 46, 50. See also Paper currency (paper peso)

Currency boards: adoption in Argentina, 79; present version in Argentina, 18, 231; use in nineteenth century, 17n10

Currency convertibility: Cavallo plan in present-day Argentina, 12, 15, 17–18, 231; under Conversion Office authority (1891–1914), 49, 169; country risk of Argentina with, 26–28; failed plan of Buenos Aires province, 38–45; under Monetary Law (1881), 47–48; second Roca administration policy, 119–20; separation of internal and external functions, 33–34, 41–42, 73, 166–86; suspension in Argentina (1914–27), 197; suspension of, 186–87. See also Gold standard convertibility

Currency substitution: effect on inflation tax base, 92; as policy restraint, 24–25; using paper currency to pay off external debt, 90, 92

Debt, external: Bank of England funding loan to service, 30, 73–74, 84–85; burden of servicing (1890), 72; currency mix in payment of (1890–99), 102–3; delinquent provincial and municipal (1897–1900), 85, 225; measured in gold pesos (1883–1913), 84; pay off in paper currency (1889), 90; retirement policy (1906–13), 85; use of gold to service (1930s), 192, 196–97; uses for loans in Argentina (1884–90), 55; value of service in depreciated paper currency, 102–3

de la Plaza-Bank of England agreement. See Bank of England; Funding Loan (1891)

Economic performance: in Argentina (1800–1920), 6; in Argentina
(1868–74), 6–7, 42; in Argentina (1899–1914), 9, 126–29; in Argentina (1900–1939), 146–50; in Argentina (1900–1940), 152–54; in Argentina (1880s–1913), 7; comparison of countries (1820–2000), 7–9

Exchange rate: appreciation of real (1899–1914), 128; during Baring Crisis, 70–77; choice of floating or fixed rate system, 21; under Conversion Office, 17; during financial crisis (1914), 130–35; market rate of paper-gold (1899), 117, 119; paper-gold (1883–1902), 103–5; paper-gold (1884–1914), 48–49; paper-gold (1892–99), 113; path (1885–99), 104, 247–52; during recovery (1930s), 205, 207–13. See also Currency convertibility

Exchange rate regime: convertible or inconvertible, 22, 24; internal and external convertibility, 34, 41–42, 73, 166–86

Federal Reserve System, United States, 228

Financial crises: Asian (1997), 59, 77, 166n1, 223n3, 224; combined with macroeconomic crisis, 154–58, 166–69; international (1914), 130–35; Mexican (1994), 229; real, 32; recurrences in Argentina (1890–1931), 154–58

Financial intermediation: with collapse of official banks (1891), 94; loss in Argentina of (1890s), 31–32; proxies for, 146–48

Financial systems: comparison of core and peripheral countries (1913–39), 150–54, 162–64; development in Argentina (1900–1939), 146–50; effect of 1914 downturn in Argentina, 130–33. See also Banking system

Fiscal deficit. See Public debt

Fiscal policy: debt management (1884–90), 5; expansionary (1888–91), 223; during Great Depression, 193–97; related to gold-backed monetary base, 90; resumption of specie standard (1884), 55. See also Seigniorage (inflation tax)

Fiscal revenues: gold value of (1892–94), 112; from internal excise taxes (1884–1913), 81, 100–102; from taxes on international trade (1884–1913), 81–82, 102

Fiscal spending: composition of (1884–1913), 81–82; debt service (1884–1913), 81–83

Funding Loan (1891): high interest rates of, 110, 116; syndicated loan to Argentina, 30, 73–74, 84–85, 106

Gold standard, international: adherence in Argentina to (1867–76), 42–43; adjustment in Argentina (1900–1913), 121–30; fractional reserve banks under regime of, 21, 177–86; operation in Argentina (1904–14), 124–25; policies for adequate functioning, 22; public debt of Argentina during adherence to, 85; reentry of Argentina (1899), 50; resumption (1927–29), 186; suspension (1914), 118, 121, 130, 183; suspension in Argentina (1929), 193n13

Gold standard convertibility: restoration and maintenance of (1899–1914), 117–21; support for policy of, 119

Goschen debt conversion (1887), 95

Government, Argentina: intervention in banks runs (1890), 72–73; as Lender of Last Resort, 72–73; merchant banks’ Funding Loan to (1891), 106; requirements under Bank of England loan (1891), 73–74

Great Depression: Argentine fiscal policy during, 193–96; experience in Argentina, 188–93

Gresham’s Law, 50

Inflation: in Argentina (1820–1935), 13–15; hyperinflation in Argentina (1980s–1990s), 17, 224; median inflation in Argentina (1940–97), 10–12. See also Seigniorage (inflation tax)

Instituto Movilizador de Inversiones Bancarias (IMIB): bailout operation of (1935), 231–33
Subject Index

Interest groups: influence on rediscounting to banks, 174–76; influence on trade-related taxes, 82. See also Public perception

Interest rates: during Baring Crisis, 92–94; behavior of nominal and real (1891–99), 115–16; effect of inflationary policy on, 92–94; during recovery (1930s), 205, 207–13. See also Bond prices

International Monetary Fund (IMF): as international Lender of Last Resort, 224

Irigoyen administration, economic crisis and coup d'état (1930), 215

Juárez Celman administration, 73; bank solvency during, 75; effect of inflationary policies, 92–93; expected duration, 93–94; stabilization of gold value of fiscal revenues, 100

Law of National Guaranteed Banks (1887), 24–25, 58–60, 77, 240–43; debt incurred under, 84; financial deepening during, 126; incentives of, 99; provision for gold-backed paper note issue, 89–90

Lender of Last Resort: Argentine bank as (1914), 134; Conversion Office inability to act as, 154, 221; IMF as, 224

Long Term Capital Management, 67n2

Macroeconomic policy: dilemma of, 21; trilemma of, 16, 21, 70, 99. See also Fiscal policy; Monetary policy

Mitre administration, 13–14, 38–39

Monetary base: in Argentina (1899–13), 121–26; composition of (1900–1940), 200–201; increase (1868–72), 42–43; institution to control (1891), 108; rate of growth (1890–91), 68

Monetary Law (1881), 46, 50, 221, 222

Monetary policy: in Argentina (1929–35), 188–89, 197–202, 205, 207–13, 230–31; of Conversion Office, 32, 120–21, 177, 221, 228; experiments in nineteenth century, 38–50; in Funding Loan agreement with Argentina, 106; influence of federal budget on, 83–84; under Law of National Guaranteed Banks (1887), 58; management by Banco de la Provincia, 43; need for reform (1890s), 99; Pelligrini administration reforms, 103; rediscount law (1914), 34, 200; reform of Mitre administration (1862), 38–39; of rigid convertibility under Conversion Office, 17, 34; shift from metallic to fiduciary (1931), 28, 31, 35, 202–18, 230–31. See also Banking system; Capital flows; Currency; Currency convertibility; Debt, external; Gold standard, international; Monetization; Paper currency; Sterilization

Monetary standard: for borrower countries, 26; convertible or inconvertible, 22, 24; idea of efficient, 26

Monetization: in Argentina (1820s–1880s), 15–16; combined with convertibility (1868–72), 43–44; to cover budget deficit (1889–91), 90, 92; during interwar period, 143; to service fiscal deficits (1885–93), 87–90. See also Seigniorage (inflation tax)

Money base. See Monetary base

Money supply: Conversion Office control of (1891–1935), 140; effect of gold reserves on (1904–13), 124–25

Moral hazard: emergence in Argentina, 176–77; of state guarantees to banks, 72–73

Office of Exchange: commitment to international gold standard, 42–43; establishment (1867), 41–42

Paper currency (paper peso): depreciation (1891), 102–4; flight to specie from (1889), 90; investment in assets denominated in, 95; used to payoff external debt (1889), 90

Patriotic Loan law (1932), 35, 202n29

Pelligrini administration: actions to support banking system (1890), 73; acts to preserve Argentina’s reputation, 225; new tax measures (1891), 82, 101–2; Romero
Agreement during, 83, 109–10, 112; tax on deposits in foreign-owned banks (1891), 73n12

Public debt: debt instruments in interwar period, 143; levels and service of (1891–99), 100–103; management in Argentina (1881–91), 29–30; measured in gold pesos (1883–1913), 84; paper pesos assigned to service, 82–83, 87–90; post–1890 crash influences on, 84–85; related to insufficient revenue (1885–93), 87–89; service and amortization of (1884–1913), 81–83. See also Debt, external

Public debt theory: intertemporal budget constraint in, 20–21

Public perception: of Banco de la Nación Argentina, 106–7; during Baring Crisis, 16; behavior under gold standard (1904–13), 128; of closing of Conversion Office, 213–16; of guaranteed paper peso (1887), 59–62, 68; lack of confidence in convertibility, 50–52, 90–91; of reforms (1890–91), 108–9

Purchasing power parity (PPP), Argentina (1884–1913), 122, 130, 248

Recession, Argentina: effect (1913–14), 171, 190; performance of currency-board system (1913–14), 118

Rediscounting: emergency law about (1913–14), 35, 200; of Banco de la Nación Argentina (1914–35), 35, 171–77, 183, 200, 214; used by Conversion Office (1931), 34, 200, 202, 214–16

Roca administration (second term, 1898–1904), 119–20

Romero Agreement: rescheduling of debt service under, 83, 109–10, 112

Rothschild Committee, 109

Saenz Peña administration (1892), 108

Sarmiento administration, 42

Seigniorage (inflation tax): in Argentina (1820–80), 12–13, 15–16, 19; in Argentina (1820s–1860s), 13f, 222; currency substitution lowers base for, 92; to finance budget deficit (1889–91), 90, 92; with shift to fiduciary regime, 35

Specie reserves: changes in (1885–93), 89t, 90; loss of (1880s), 25; under Monetary Law (1881), 47

Sterilization: of gold outflow (1888–89), 60, 70, 189; of gold outflow by Conversion Office (1931), 202

Uriburnu administration, 72