



***"The Monetary and Banking reforms during the 1930 Depression  
in Argentina"***

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# THE MONETARY AND BANKING REFORMS DURING THE 1930 DEPRESSION IN ARGENTINA

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*Roberto Cortés Conde<sup>1</sup>*

The discussion of the impact of the 1930 world crisis in Argentina, its consequences, and the monetary and banking reforms implemented to fight it, enjoys today renewed interest because of the 2008 crisis. It is a widespread opinion that the 1929 financial crisis led to the 1930's depression because of the incapacity of the governments, under a monetary regime like the gold standard, to adopt expansionary monetary and fiscal policies to overcome the huge monetary contraction caused by the financial crisis (Temin, 1989; Eichengreen, 1992; Bernanke, 1983 and 1991; Romer, 2003). Precisely, the governmental policies implemented in the United States in response to the 2008 crisis were aimed at avoiding the kind of scenario that led to the Great Depression in the 20's.

**TABLE 1. Peak-to-Through Decline in Industrial Production in Various Countries**  
(Annual Data)

COUNTRY	DECLINE
UNITED STATES	46.8%
GREAT BRITAIN	16.2%
GERMANY	41.8%
FRANCE	31.3%
CANADA	42.4%
ARGENTINA	17.0%
BRAZIL	7.0%
JAPAN	8.5%

*Source:* Romer (2003)

It is also well known that, although Argentina suffered a severe impact during the 1930 world crisis, the consequences – in terms of fall in activity and unemployment – were less deep than in the United States and lasted shorter. It was argued that this was due to the reaction of the Argentine administration, who abandoned the gold standard and implemented expansionary policies (both monetary and fiscal), some type of

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<sup>1</sup> *Acknowledgement:* I would like to thank Ariel M. M. Meije for his cooperation in the preparation of Tables and Graphs contained herein.

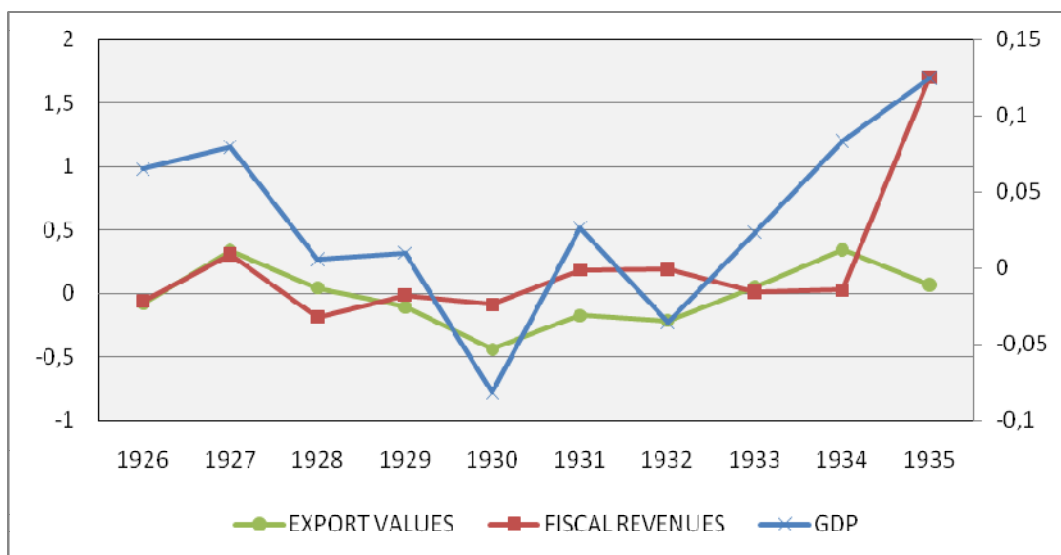
Keynesianism before Keynes. This was noticed long ago by Carlos Díaz Alejandro, and the said differences in terms of fall of the GDP and length are shown in a recent work by Cristina Romer. (See Table 1)

Here we will try to explain the reasons why the crisis was shorter and milder in Argentina than in the US, as well as the causes and reasons behind the policies adopted. To a large extent, these subjects have already been discussed in Díaz Alejandro (1970), Salama (1997), della Paolera and Ortiz (1994) and della Paolera and Taylor (2003). Our purpose is to emphasize several issues which have not been wholly explained, such as the effect of frozen remittance, the access to international credit thanks to the Roca Agreement, the role of IMIB as a bad bank, etcetera.

## I. The Impact of the 1930 Crisis in Argentina.

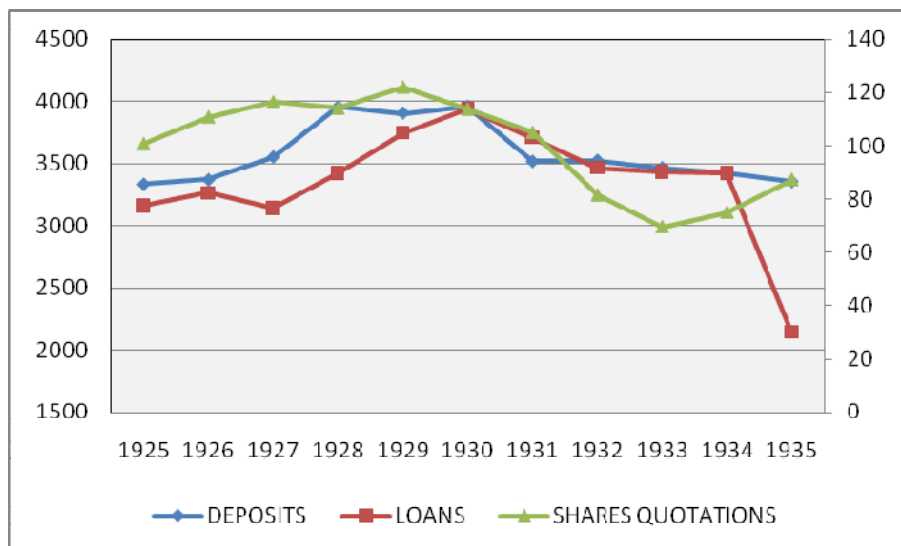
Its consequences can be seen in the following graph:

**GRAPH 1. GDP (right axis), Export Values and Fiscal Revenues (left axis) 1925-1935.**  
(Percent Variation)



Source: Cortés Conde (2009)

**GRAPH 2. Deposits, Loans (in thousands of pesos, left axis), and Shares Quotations (right axis), 1925-1935**



Source: Baiocco (1937)

### *The 20's: The Return to the Gold Standard*

Argentina, as many of the western countries, had suspended the peso convertibility once the war started in 1914. However, unlike the countries that had financed the war with huge monetary emissions, the Argentine Currency Board maintained, during those years, the link between emissions and gold flows. So, when the country returned to convertibility, it was not necessary to reduce an oversupply of money issues.

In 1927, following Great Britain, Argentina went back to the gold standard at the pre-war parity.

### *The Volatility of the Gold Flows in the Late 20's Monetary Consequences*

In 1928, while a phase of low interest rates decided by the Fed in the US was still in force, Argentina received a large amount of foreign gold, which was largely deposited in the Currency Board and generated a significant increase in the money supply. In 1929, instead, when the Fed raised the rediscount rate, the gold flows went back to the United States. In Argentina, this was reflected by an important outflow of gold and – consequently- a strong monetary contraction. (See Table 2).

**TABLE 2. Gold Reserves (Currency Board, Banco Nación and Entire Country), 1925-1929.**

(Data from December 31, in Millions of Gold Pesos, Percent Variation)

YEAR	ENTIRE COUNTRY		BANKS		BANCO NACION		CURRENCY BOARD		GOLD BNA / GOLD AT THE CURRENCY BOARD
1925	475.26	1.32	8.23	-8.15	15.25	83.51	451.78	0.00	3.38
1926	475.3	0.01	8.31	0.97	15.21	-0.26	451.78	0.00	3.37
1927	559.4	17.69	10.95	31.77	70.86	365.88	477.58	5.71	14.84
1928	640.87	14.56	11.42	4.29	139.79	97.28	489.66	2.53	28.55
1929	460.87	-28.09	11.10	-2.80	30.12	-78.45	419.64	-14.30	7.18

Note: The "Banks" column excludes Banco de la Nación Argentina.

Source: Baiocco (1937).

### *The Abandonment of the Gold Standard in 1929*

In the face of the outflows of gold, and concerned about the need to have foreign exchange in avail to pay for the public foreign debt, President Irigoyen decided the closure of the Currency Board as early as August 1929. From then on, the public did no longer have the possibility of converting pesos to gold at the Currency Board at the official rate of 2.2727 pesos to one gold peso (or one dollar). Banks and public could operate with foreign currency at the exchange rate they agreed on.

### *The New Monetary Regime*

The shutdown of the Currency Board put an end to the obligation of exchanging gold for paper pesos presented to convert at its counter, and consequently, to the need of eliminating from circulation the paper pesos received. The main consequence of this was that, from then on, currency issues were no longer linked to the stock of gold at the Currency Board. The gold standard regimen was abandoned.

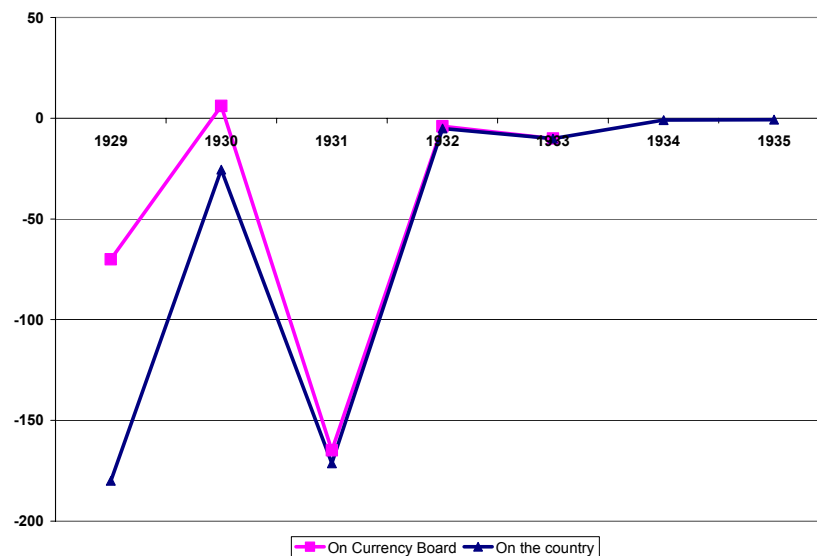
**TABLE 3. Monetary Indicators, 1920-1930.**  
(In Millions of Pesos)

YEAR	CURRENCY (HELD BY PUBLIC AND BANKS)	BANK DEPOSITS	RATIO DEPOSITS / CURRENCY	CASH RESERVES AT COMMERCIAL BANKS	RATIO CASH RESERVES / DEPOSITS	BANK MULTIPLIER	REDISCOUNTS AT THE BANCO DE LA NACIÓN ARGENTINA*
1920	1,362.6	3,293.9	0.41	744.9	0.23	3.42	29.26
1921	1,362.6	3,177.2	0.43	949.4	0.30	3.33	37.92
1922	1,362.6	3,297.4	0.41	970.6	0.29	3.42	12.90
1923	1,362.6	3,316.8	0.41	923.1	0.28	3.43	106.99
1924	1,319.8	3,319.5	0.40	780.7	0.24	3.52	121.59
1925	1,319.8	3,334.6	0.40	656.6	0.20	3.53	123.00
1926	1,319.8	3,359.1	0.39	708.6	0.21	3.55	147.19
1927	1,378.4	3,545.9	0.39	594.5	0.17	3.57	106.42
1928	1,405.9	3,953.2	0.36	734.0	0.19	3.81	91.58
1929	1,246.7	3,903.2	0.32	878.8	0.23	4.13	156.21
1930	1,260.7	3,956.2	0.32	481.9	0.12	4.14	151.5

Note: \* Data from December 31 of each year.

Source: Comité Nacional de Geografía (1941) y Banco de la Nación Argentina (1941)

**GRAPH 3. Gold Inventory Annual Balances, 1929-1935.**  
(In Millions of Gold Pesos)

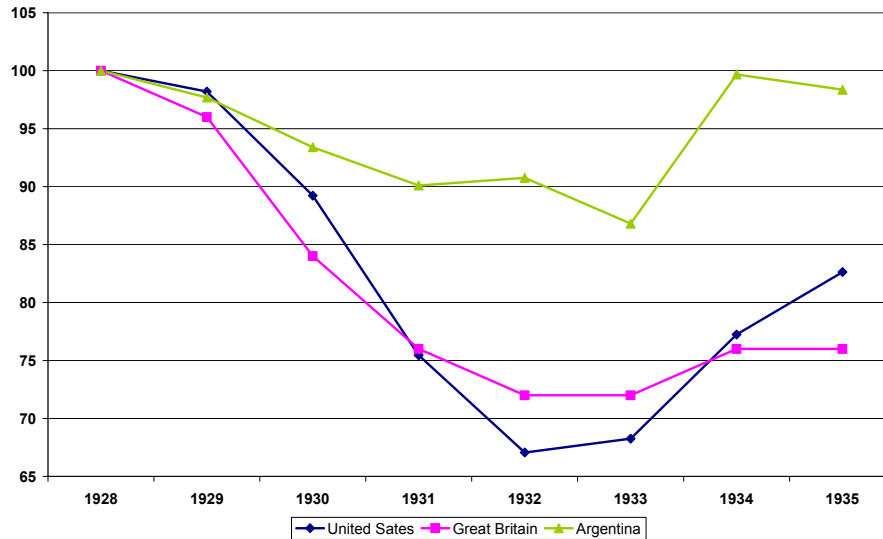


Source: Baiocco (1937).

As early as 1929, and unlike most western countries, Argentina managed to avoid the great monetary contraction derived from the external drain, which would have taken place if the system of convertibility had been maintained.

Since monetary contraction was not as strong as in the US, domestic prices in Argentina fell less than in the US. (See Graph 4)

**GRAPH 4. Fluctuation of Producer Price Index.  
Argentina, US and Great Britain, 1928-1935. (1928=100)**



*Source:* National Statistics, UK, Bureau of Labor Statistics, and Dirección General de Estadísticas y Censos de la Nación, Argentina.

However, it was not possible for Argentina to escape from the whole effect of the fall of international prices. The fall of primary products' prices in the international markets not only affected the agricultural sector but the banks as well. Because of the huge drop in earnings, the rural sector –which was strongly indebted to the banks- became unable to pay its liabilities. The generalized default of the farmers not only affected the liquidity of the banks but also the value of their assets, pushing them to the edge of insolvency. This situation was aggravated by failure of the government to afford the payments of its debt with the banks, due to the effect that the fall in international trade had on its revenues.

#### *The Currency Board as a Central Bank*

In order to cope with the enormous difficulties both the banks and the government were having, a 1914 law was enforced in 1931 allowing the Currency Board to issue currency by rediscounting loans of the Banco de la Nación. Until then, the Banco de la Nación had been allowed to rediscount private banks' loans only with its own deposits. (See

Table 4) In 1932, the Currency Board was also allowed to issue money by buying National Treasury bonds.

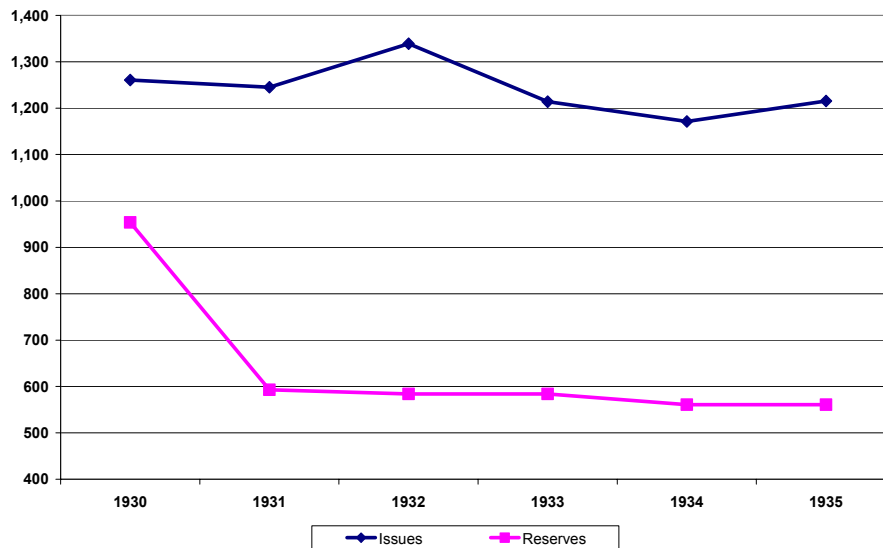
Then, the Currency Board took over a new role, different from the very limited one it had previously enjoyed. Under the new regime, the Currency Board began to operate in a way similar to that of a Central Bank.

**TABLE 4. Sources of Monetary Issues at the Currency Board, 1930-1935**  
(In Millions of Pesos, Data for the End of the Period)

YEAR	CURRENCY BOARD				BANCO NACION	
	GOLD	COMMERCIAL DOCUMENTS	PATRIOTIC LOAN	MONETARY ISSUE	COMMERCIAL REDISCOUNT	LOANS TO NATIONAL GOVERNMENT
1930	953.7			1260.7	151.5	692.5
1931	592.9	359.2		1245.1	284.8	721.8
1932	583.9	295.3	156.5	1338.7	315.9	713.8
1933	853.9	206.5	153.4	1213.9	292.6	719.9
1934	561	172.2	145.3	1171.5	295.2	729.6
1935	561	216.4	145.3	1215.7	216.4	n.a.

Source: Arnaudo (1987).

**GRAPH 5. Ratio Between Issues and Reserves at the Currency Board, 1930-1935.**  
(In Millions of Pesos)



Source: Arnaudo (1987).

### *New Exchange Regime. Control of Exchange*

After August 1931, when Great Britain abandoned the gold standard, the government decided to implement a control of exchange. Under the new regime, all transactions involving foreign exchange were controlled by the government. Exporters had the obligation to exchange at authorized banks the foreign currency received for sales abroad. The amount of foreign exchange was rationed by the government and the authorized banks once approval by the “Comisión de Control de Cambios” (*Foreign Exchange Commission*) made it available, according to the priorities established: payment of the public debt and imports of critical inputs for local production.

Since profit remittances did not appear as a main priority throughout, the foreign companies operating in Argentina accumulated an important stock of pesos that could not be converted. This raised complains from both those companies and the governments of the foreign countries those companies belonged to (mainly Great Britain). The inconvertibility of those funds hindered the monetary contraction that would have taken place if they had been sent abroad. Instead, the foreign companies placed those sums in bank deposits or treasury bonds, helping to ease the monetary and fiscal difficult situation.

### *Exchange Rate System (selling, buying, and free rates).*

According to this reform and the agreement reached in London at the same time, those remittances were unfrozen. To get the necessary foreign exchange in a market as tough as that of the early 30's, the Argentine government managed to obtain, in Great Britain, a 12 million pesos loan to be paid in 20 years with the surplus of the Argentine exports to that country.

The deposit of the loan was highly successful, as noted in *The Economist*; in a long article, it eulogized Argentina, by saying:

“Today Argentina stands in magnificent isolation as the only South American borrower who has met 100% of her overseas debt service, throughout the depression, promptly, unquestioningly and with a good grace. Some 7,156,100 pounds of new sterling bonds of the Argentine government have been ingeniously mixed with 5,367,075 of British government 3% conversion loan, 1948-53 and a small amount of cash, to form a basis for three classes of stock in

the United Kingdom and Argentine convention trust, and a further 6,370,300 pounds of 4% ('Roca') bonds have subsequently been introduced separately and directly to the London market."

It went on to note that

"although the primary object of the 'Roca' issue was to enable British companies in the Argentine to secure sterling for the homeward remittance of frozen peso balances, the Argentine government has been put in possession of a corresponding amount of loaned funds, subscribed in effect by the British investor, which is at liberty to expend at its unfettered discretion."

This enabled the government to devalue the peso, and exporters were allowed to "sell their produce freely, but are required to hand over the resulting devisa to the government at a fixed rate." The government could then use these proceeds to meet

"its own external debt obligation and puts the residuum up to Dutch auction among the importing interests. This system is allied to a grain price control. It combines ingeniously Argentina's practical recognition of her necessity, as a primary producing country, to secure the maximum return from exports of agricultural products, and at all costs to avoid heavy accumulation of unsold stocks, with the maintenance of full debt service and the automatic 'balancing' of her overseas payments. [...] The bondholders interest are safeguarded for the obtains the equivalent of a first charge, not merely on Argentina's export "surplus" but on the entire proceeds of her export trade."

The article went on to estimate that "the government's total overseas requirements should represent only about 15% of the total available in foreign currencies" and noted that

"Argentine government bonds may claim to rank, as regards security, among the soundest stocks in the foreign market. British owned companies in the Argentine, however must bear the full brunt of peso depreciation on homeward remittances, without the immediate assurance of compensation through the stimulation of Argentina's internal trade...The Argentine budget situation is probably the healthiest of any South American State... On the hole the outlook for bondholders may be brighter than at any in the last 3 years".

*The Foundation of the Central Bank in 1935. The Revaluation of Bank Assets. Bail Out to Banks. The IMIB.*

We are not going to comment here on the steps towards the foundation of the Central Bank, already discussed in previous works (Diaz Alejandro, 1970; Arnaudo, 1987; della Paollera and Ortiz, 1994; della Paolera and Taylor, 2003). We just wish to underline the monetary effects of the revaluation of gold at the Central Bank, the bail out of the banks, and the new agency in charge of receiving and selling the toxic assets: the IMIB. Finally, we will deal with the monetary anti-cyclical policies of the Central Bank during 1936 -1938.

## II.Revisiting Policies in the 30's.

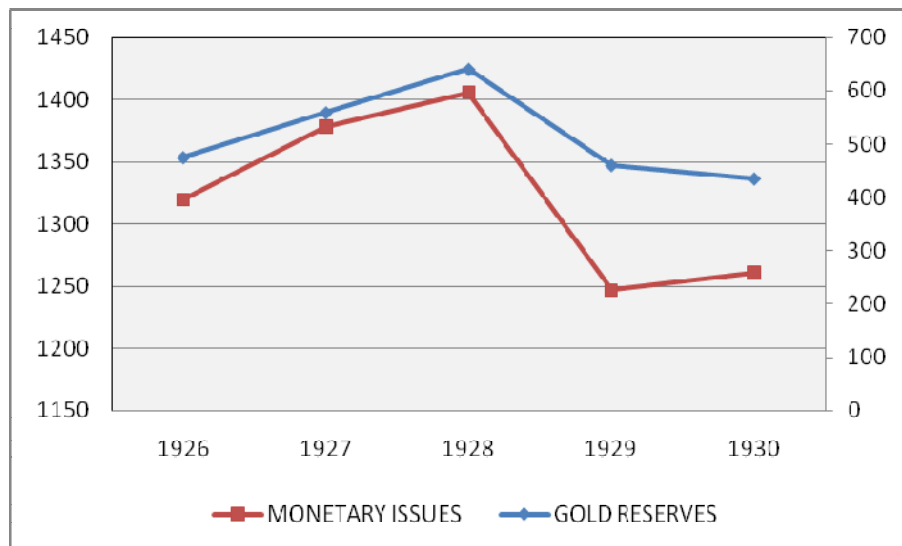
We will discuss below the measures implemented by the government in those years, and determine whether they consisted in explicit policies to avert the deflationary effects of the 1929 financial crisis.

### *Monetary policy*

#### *The end of the gold standard regime.*

The shutdown of the Currency Board in December 1929 allowed detaching the issue of money from the fluctuations in gold reserves. Under the gold standard regime, a large outflow of gold resulting from the fall in exports and foreign capital should be translated into an enormous monetary contraction and ensuing recession. The 1929 abandonment of the rules of the gold standard prevented such consequence, as shown in the following graph.

**GRAPH 6: Gold Reserves (in millions of gold pesos, right axis) and Monetary Issues (in millions of paper pesos, left axis), 1926 – 1930.**



Source: Baiocco (1937)

The shutdown of the Currency Board not only prevented the external drain but also a run on deposits at the banks. Since it was not possible to convert pesos to gold, the

banks were able to continue lending money to the government without the threat of a run of its deposits as a consequence of a rise in the demand for gold.

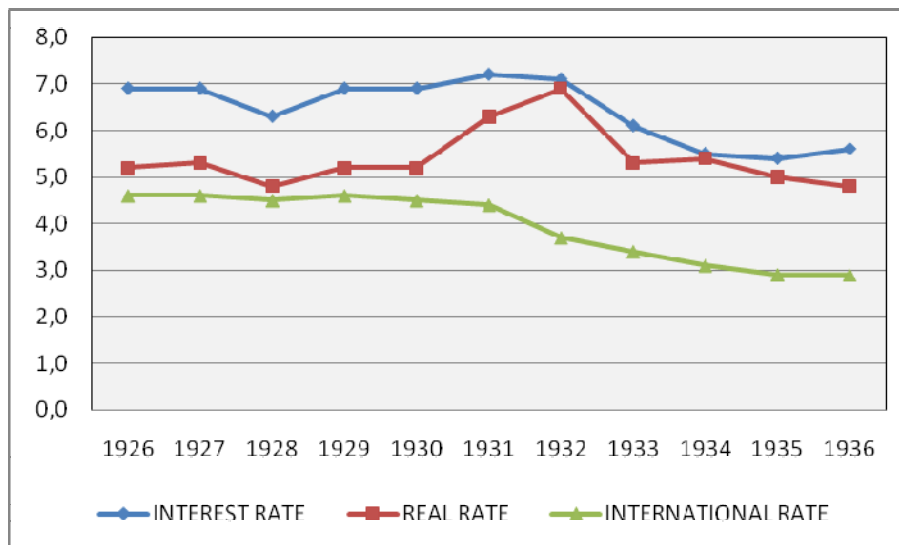
**TABLE 5: Loans to the National Government and Bank Reserves, 1926 – 1930.**  
(In Millions of Pesos)

YEAR	LOANS TO THE NATIONAL GOVERNMENT	BANK RESERVES
1926	362,1	594,46
1927	346,2	734,02
1928	474,5	878,8
1929	564,9	481,9
1930	692,5	472,5

Source: Baiocco (1937)

On the other hand, the 20% devaluation that followed the shutdown of the Currency Board raised domestic prices and lowered real interest rates.

**GRAPH 7: Interest Rates, 1926 - 1930.**



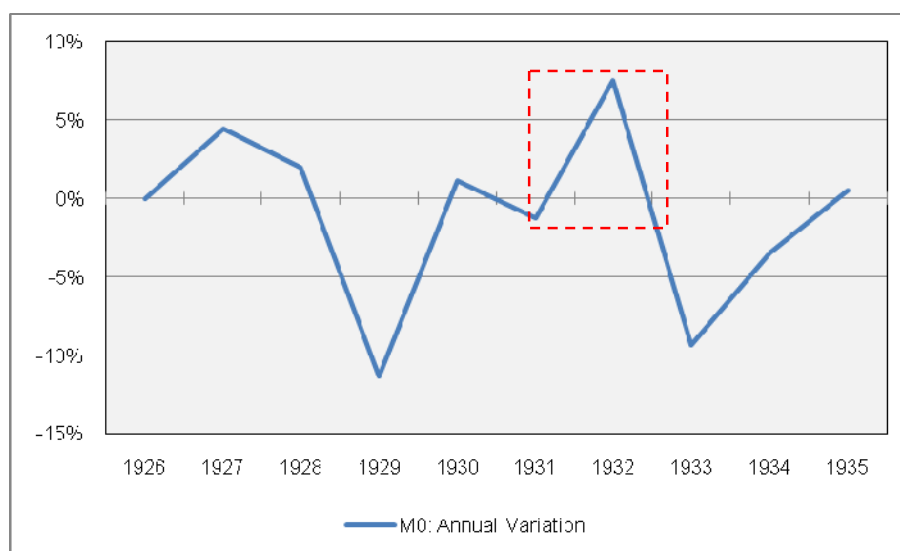
Source: Cortés Conde (2009)

*The change of the monetary regimen, the Currency Board and the Banco Nación as a Central Bank*

The law that allowed the Currency Board to issue currency through rediscount of commercial papers from the Banco de la Nación prevented the monetary contraction that would otherwise have occurred. The expansion of the monetary base, however,

took place only in the years 1931-32, and was used to increase reserves at the banks that were lending money to the government in 1931, but not to increase credits. It was also used to supply funds to the government to pay salaries and other expenditures overdue in 1932.

**GRAPH 8: Monetary Base, 1926 – 1935.**  
(Percent Variation)



*Source: Comité Nacional de Geografía (1941)*

However, by indirect means, the authorization to the Currency Board to issue money by buying government debt had both monetary and fiscal effects.

The increase in money supply to finance the government avoided the monetary contraction that would have occurred because of the government's being in arrears in paying salaries to public employees and other creditors.

Nevertheless, it should be noticed that the increase in money supply was limited to the years 1931 and 1932, and in fact it rather reflects the intention of solving the government's immediate fiscal problems.

### *Fiscal Policies*

While the monetary policies tried to overcome the government's financial difficulties, it does not seem that they were devised to pump up the economy. In fact, the government

–as it had happened in the past– initially got financing by failing to pay the employees and other creditors and placing its debts on the banks.

**TABLE 6: Floating Debt**  
(In Thousands of Pesos)

<b>YEAR</b>	<b>FLOATING DEBT</b>
<b>1928</b>	623.731
<b>1929</b>	827.845
<b>1930</b>	1.181.435
<b>1931</b>	1.341.825
<b>1932</b>	1.009.206
<b>1933</b>	888.350
<b>1934</b>	872.395
<b>1935</b>	110.750

*Source:* Comité Nacional de Geografía (1941).

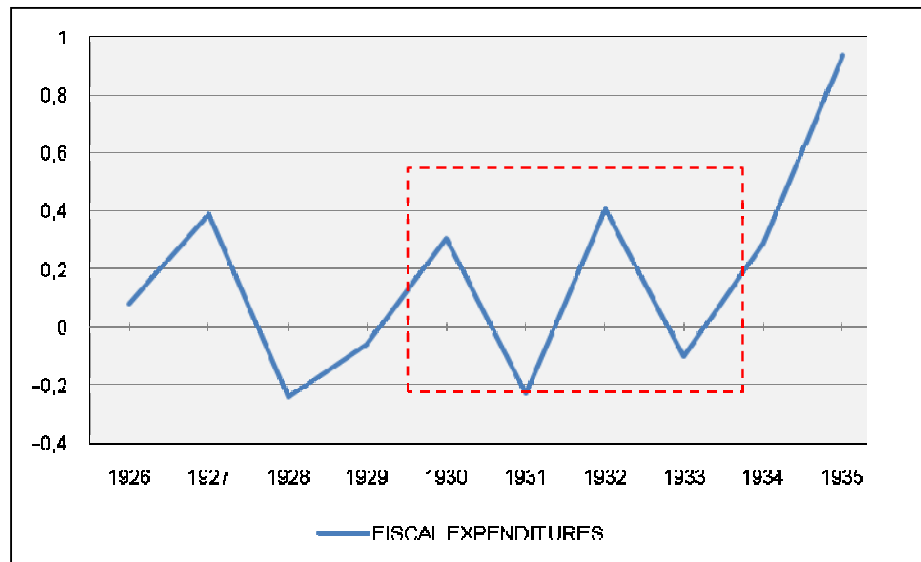
This traditional means of financing had contractive effects. In 1932, when the situation was no longer tolerable, the government issued a loan but, as its placement in the market failed, it was finally placed in the Currency Board, therefore expanding the monetary supply. There were no other money issues to finance the government until 1935. (See Table 4)

On the other hand, we cannot say that the policies followed by the government were only of a monetary nature; they had fiscal consequences as well, because the measures adopted were mainly aimed at helping the government's finances either directly or through the banks, and not at expanding economic activity, at least explicitly. However, those measures had obvious indirect positive effects (they prevented the crowding out, the contractionary effect of government's arrears, and the eventual bankruptcies of those banks whose assets consisted mainly of nonperforming loans (to the government and to farmers)).

In this regard, rather than explicit policies to expand the economy, the measures adopted were pragmatic responses to avert the government's financial crisis, which the country had experienced several times in the past.

Fiscal expenditures fell by 23 % in 1931, and increased by 41 % in 1932 thanks to the resources provided by the monetization of the Patriotic Loan; they declined again in 1933, increased in 1934, and showed a great leap in 1935 because of the resources obtained from the revaluation of gold at the Central Bank.

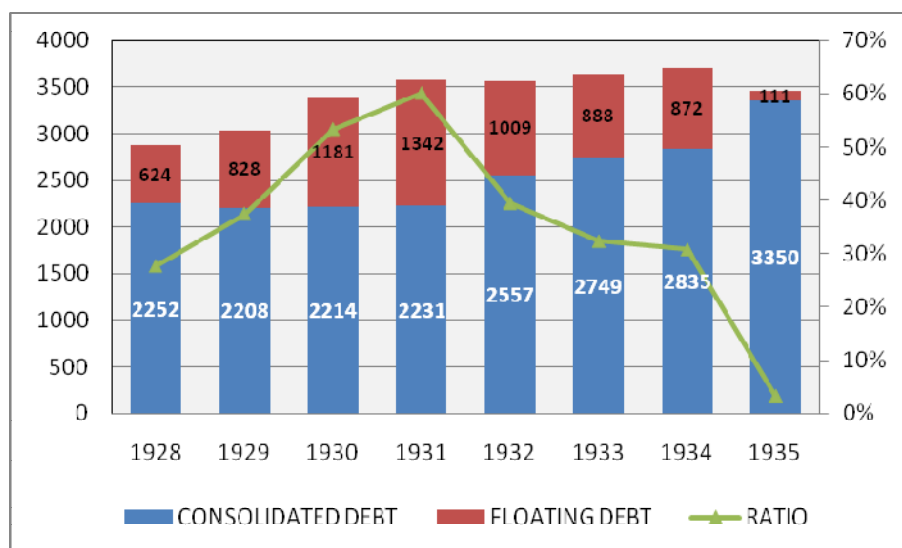
**GRAPH 9: Fiscal Expenditures, 1926 – 1935.**  
(Percent Variation)



*Source: Cortés Conde (2009)*

However, since many of the expenditures were paid by debt, the best information came from the variation of the public debt, as shown below.

**GRAPH 10: Public Debt, 1928 – 1935.**  
(In Millions of Pesos)



Source: *Comité Nacional de Geografía (1941)*

### *The Exchange Control, 1933*

As we have already mentioned, when exchange controls were implemented, the supply of foreign currency was rationed and the remittances of profits abroad were suspended. If, on the contrary, the outflow of foreign exchange had been allowed, the money supply would have contracted. Those funds, which had reached 97,095,000 pesos (£7,310,000), were frozen in pesos without producing a decline in money supply. (See the detail in Table A.1 in the Appendix)

The saving frozen in pesos was placed within the country, either in public debt or in banking deposits, which partially financed the government (in fact they were forced loans) or eased the credit shortage in the financial system.

### *The Roca Bond.*

As part of the agreement reached with Great Britain in 1933 (The Roca-Runciman Treaty), the arrears with British companies were unfrozen. In order to avoid the consequences of the large outflow of foreign exchange on the exchange and monetary markets, as part of the agreement, the Argentine government obtained a loan in the London market to be paid in 20 years out of the income derived from exports to Great Britain (the exchange differential received by the government).

“Paragraphs 3 and 4 of the Second Article of Law # 11639 (225) ‘Commercial Trade with Great Britain and Northern Ireland Agreement and Protocol’ signed May 1, 1933, stipulated that the equivalent of 12 million pounds sterling in paper pesos be taken from the exchange of pounds sterling that remain available ‘for remittances from Argentina to the United Kingdom during 1933, in order to make payments in cash up to a sum to be determined by the government of the United Kingdom and that of Argentina, with regard to each of the cases of balances in pesos that, until May 1, 1933, were waiting to be exchanged to pounds sterling and remitted to the United Kingdom’. It held that ‘the Argentine government would issue bonds in pounds sterling in exchange for balances in pesos that may have remained on May 1, 1933, awaiting exchange in pounds sterling to be sent to the United Kingdom, after the 12 million paper pesos...have been used up’. These bonds were supposed to be issued at the same time, redeemable within five years and were to accrue 4% interest annually. The conversion rate and other conditions of the bonds were to be negotiated upon by the Argentine government and a commission of the representatives of the holders of the bonds in question” (Cortés Conde, 2009)

The rationing of foreign exchange also affected those imports that were not indispensable. As imports of consumer goods did not have available exchange, the domestic production of previously imported goods was benefited by strong protectionist measures that opened the way to a process of import substitution.

### *The Central Bank*

In 1935, several years after the crisis started, the government decided to create the Central Bank. Although this appears as the main change in the monetary regime, it is needless to say that some of the functions of the Central Bank –such as the issue of money– were already performed by the Currency Board (although in a limited form), while others were under the responsibility of the *Comisión de Control de Cambios* and the *Banco de la Nación*.

Related to the creation of the Central Bank, the revaluation of the gold reserves in the assets of this bank was relevant. The increase in the assets values of the Central Bank allowed the issue of currency by an amount that doubled the prior monetary circulation. Such emission was used to provide funds to the government so as to eliminate its

floating debt, by cancelling its debt with the *Banco de la Nación* and private banks either in cash or with a long term bond that replaced the short term treasury bills.

However, there was no credit expansion derived from those money issues, as they were used to rebuild the diminished reserves at the Central Bank and private banks.

“(…) the Money created by the revaluation reappraisal was utilized to replenish banks’ dangerously diminished cash reserves (the ratio between reserves and deposits) but did not increase their lending capacity” (Cortés Conde, 2009)

**TABLE 7. Central Bank Initial Balance, May 1935**  
(In Millions of Pesos)

ASSETS		LIABILITIES	
Gold in country	1224.4	Bills	964.4
Gold and Foreign Exchange Agents Abroad	122.6	Banco Nación	230.5
Collateral Bonds	118.9	Official Deposits	136.3
National Treasury Consolidated Bonds	400.0	Bank Deposits	158.7
Subsidiary Money	11.0	Passthroughs (Banco Nación)	76
		Mobilizing Institute for Bank Investments	187
		Passthroughs (other banks)	124
<b>TOTAL</b>	<b>1,876.9</b>	<b>TOTAL</b>	<b>1,876.9</b>

Note: Since not all balance items are included and there is some rounding, the subtotals do not add up to the totals.

Source: BCRA Yearbook (1935).

In addition, the law instituted the IMIB (*Instituto Movilizador de Inversiones Bancarias*) with the purpose of buying the nonperforming loans from the private banks in exchange for bonds. To this purpose, they used 390 million pesos, more than half the amount coming from the revaluation, distributed as follows:

**TABLE 8. Operation of the IMIB, 1935.**

<b>PAYED TO THE BNA</b>			
	CASH	\$ 129.017.822,65	
	REDISCOUNTED DOCUMENTS	\$ 49.391.151,48	\$ 178.408.974,13
<b>PAYED TO OTHER BANKS</b>			\$ 170.000.000,00
<b>OTHERS</b>			\$ 11.499.939,60
<b>REMAINING IN CASH</b>			\$ 30.091.086,27
<b>TOTAL RESOURCES</b>			<b>\$ 390.000.000,00</b>

Source: BCRA Yearbook (1935).

The bail out of the commercial banks by the Central Bank represented a 16.24% of the bank's assets and a 4.36% of 1935 GDP.

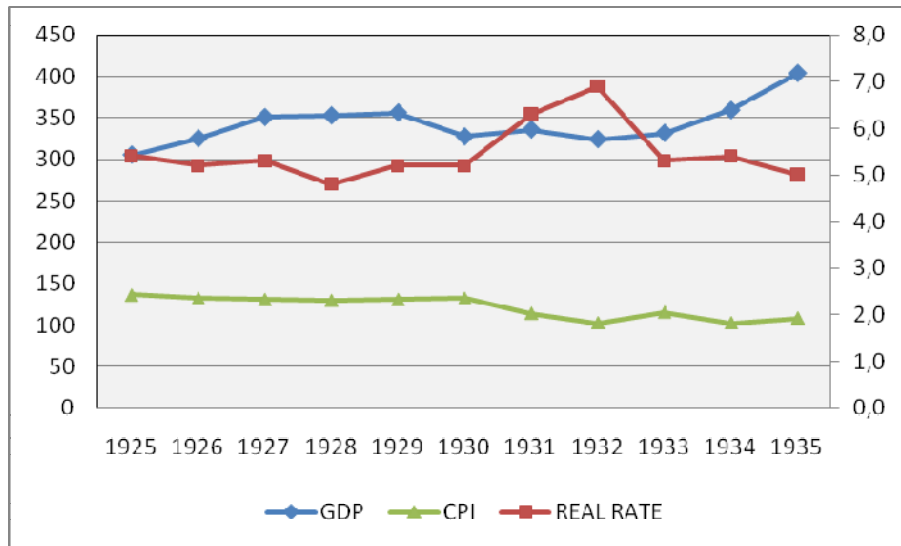
Finally, through these operations, after many years at the edge of collapse, the problems of the financial sector were solved.

*Prices, Rate of Interest and GDP*

The following graph show the effect of those measures on prices, real interest rates and GDP.

**GRAPH 11. Interest Rate (right axis), Consumer Price Index and GDP (left axis), 1925-1935.**

(CPI: 1913=100, GDP: 1900=100)



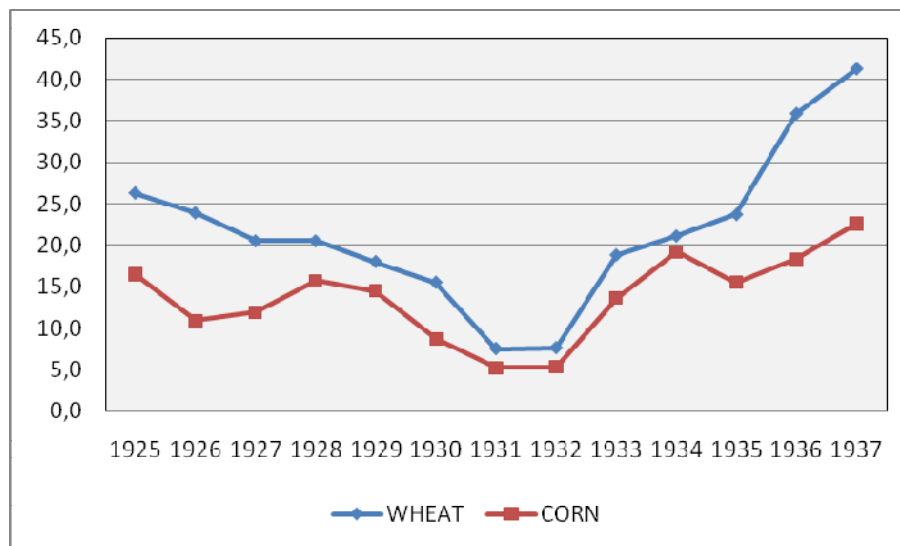
Sources: Comité Nacional de Geografía (1941) y Cortés Conde (2009).

### III. Conclusions

It seems that the main goal of the government was more modest than to promote domestic demand and the general expansion of the economy. They basically did not believe that it was possible to embark in a decisive expansionist monetary and fiscal policy. Instead, they afforded the problems with the idea of avoiding a collapse of the banks and the government.

However, the suspension of convertibility in 1929 was perhaps the most important step to avert a deep recession. Besides, the rediscounts at the Currency Board –although limited to the years 1931 and 1932– were another step to avoid the deepening of the recession. Not less relevant was the exchange control that froze the pesos for remittance of profits, and the foreign credit obtained in Britain in 1933 to solve that problem. Maybe the most important factor to sustain recovery was the increase in the international prices of cereals, to some extent due to the devaluation of the dollar in the United States and the drought affecting the said country.

**GRAPH 12. Wheat and Corn Prices, 1925-1937.**  
(US\$ per tn)



*Sources:* Ferreres (2005).

The revaluation of gold in 1935, which stabilized the banks and the government finances, also contributed to the recovery.

## IV. Appendix

**TABLE A.1. British Company Holdings of Blocked Pesos in Argentina**  
(27 February 1933)

COMPANY	PESOS	EQUIVALENT IN STERLING
BUENOS AIRES GREAT SOUTHERN RAILWAY	20,000,000	1,503,000
CENTRAL ARGENTINE RAILWAY	20,000,000	1,503,000
PACIFIC RAILWAY	3,333,000	250,000
BUENOS AIRES SOUTHERN DOCK CO.	1,850,000	139,000
BAHÍA BLANCA WATERWORKS	250,000	19,000
BUENOS AIRES WESTERN RAILWAY	3,105,000	236,000
SHELL MEX	9,045,000	680,000
GATH Y CHAVES AND HARRODS	13,330,000	1,000,000
BRITISH AMERICAN TOBACCO CO.	1,000,000	75,000
PRIMITIVA GAS CO. AN BUENOS AIRES WATERWORKS	6,000,000	450,000
ANGLO-ARGENTINE TRAMWAYS	1,700,000	127,500
RIVER PLATE TRUST LOAN AND AGENCY CO.	1,500,000	112,000
CONSOLIDATED WATERWORKS OF ROSARIO	1,150,000	86,000
DRAINAGE WORKS OF ROSARIO	450,000	34,000
TRUST AGENCY CO. OF AUSTRALASIA	333,000	25,000
ANGLO-PERSIAN OIL CO.	700,000	52,000
ARGENTINE NORTHERNLAND CO.	250,000	19,000
ARGENTINE LAND AND INVESTMENT CO.	4,073,000	306,200
ARGENTINE SOUTHERAN LAND CO.	220,000	16,500
RÍO NEGRO (ARGENTINA) LAND CO.	142,000	10,700
TECKA (ARGENTINA) LAND CO.	92,000	6,900
CÓRDOBA LAND CO.	66,000	5,000
PORT MADRYN (ARGENTINA) CO.	56,000	4,200
SUMMERS	8,450,000	650,000
<b>TOTAL</b>	<b>\$ 97,095,000</b>	<b>£7,310,000</b>

*Source:* Gravil (1985).

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