

CONTENTS

Part I

INTRODUCTION

I. SOME GENERAL REFLECTIONS ABOUT THE CUBAN ECONOMY	3
1. Balance Sheet and Income Statement	3
2. The Role of Sugar in the Economy	10
3. Sugar and Foreign Trade	13
4. Development	18

Part II

THE DOLLAR YEARS, 1914-1931

II. THE MONETARY SYSTEM OF 1914 AND ITS IMPLICATIONS	31
1. The Creation of the Peso Currency	32
2. Significance of the Monetary Legislation	35
3. The Money Supply, 1914-1931	37
4. Economic Implications of the Monetary Sys- tem before 1932	40
III. THE BANKS, 1914-1931	50
1. Characteristics of the Banking System	50
2. Boom and Crisis, 1920-21	52
3. Consequences of the Moratorium	58
4. The Torriente Laws	62
5. Liquidation	65
6. The Federal Reserve Agencies	69

*Part III**THE DOUBLE STANDARD, 1932-1945*

IV. THE NEW MONETARY SYSTEM	75
1. The Silver Issues of 1932-1933	76
2. The Monetary Reform of 1934	85
3. Comments on the 1934 Exchange Control	90
4. Introduction of Silver Certificates	93
5. Analysis of Origin of Money Supply	94
V. THE ELEMENTS GOVERNING THE EX- CHANGE RATE OF THE PESO	99
1. Gresham's Law	99
2. Significance of the Balance of Payments	102
VI. THE THREE MORATORIA	106
VII. EXCHANGE FLUCTUATIONS, 1938-1940	114
1. Saturation of the Peso Circulation	115
2. The Peso Depreciates	118
3. Government Countermeasures	119
VIII. APPRAISAL OF THE SILVER POLICY	134
IX. THE RETURN OF THE DOLLAR	141
1. The Peso Goes to a Premium	141
2. Causes of the Peso Premium	144
3. Measures to Curb the Premium	147
X. EXCHANGE STABILITY AND INFLATION, 1942-1947	150
1. Monetary Expansion	151
2. Prices	157
3. Exchange Rate	162
XI. BANK POLICY	164
1. Credit Policy	167
2. Exchange Policy	178
3. Cash Reserves and Balances Abroad	186

*Part IV***THE SIGNIFICANCE OF CUBAN
MONETARY EXPERIENCE**

XII. STRATEGIC FORCES IN THE CUBAN ECONOMY	195
1. The Three Pairs of Variables	197
2. The Role of the Quantity of Money	206
3. The Troubles of an Export Economy	209
4. The Adjustment of the Balance of Payments	212
XIII. THE PROS AND CONS OF DEPRECIATION	217
1. Changes in the Price and Value of Exports and Imports	220
2. Demand and Supply Conditions in the Case of Cuba	225
3. The Impact of Depreciation	235
4. Would Depreciation Have Been Worth While?	244
5. Summary	251
XIV. A CASE FOR EXCHANGE CONTROL?	254
1. Monetary Policy	256
2. Trade Policy	260
3. Resource Development and Industrialization	264
4. Fiscal Aspects	267
5. Foreign Repercussions	268
6. Conclusions	272
XV. CENTRAL BANKING PRINCIPLES IN AN EXPORT ECONOMY	275
1. Reasons for Absence of a Central Bank	275
2. What Type of Institution?	277
3. Functions of the Bank	284
4. Exchange Regulation	284
5. Control of Money and Credit Supply	288
6. The Central Bank as a Developmental Agency	294
7. Anticyclical Policy	301

APPENDICES

A. Estimates of the Volume of Currency and Coin, 1912–1947	317
B. The Balance of Payments	326
1. Earlier Studies of the Cuban Balance of Payments	326
2. Comments on Individual Items	329
3. The Balance of Payments in 1946 and 1947	337
A SELECTED BIBLIOGRAPHY	341
INDEX	355