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*Argentine International Trade under Inconvertible Paper Money, 1880-1900.* By JOHN H. WILLIAMS. Cambridge, Harvard University Press, 1920.—xiv, 282 pp.

This monograph is addressed to the economist, rather than to the political scientist or to the historian, but it is a useful book for all three. Its purpose is to "make an inductive examination of the theory of international trade and foreign exchange under a régime of depreciated paper money." It is of peculiar interest and importance, therefore, at this moment when most of Europe finds itself in a predicament somewhat similar to that of Argentina in 1891, only much intensified.

The year 1880 marked a turning point in the history of the Argentine republic. It ended sixty years' struggle between two political groups, the Unitaries of the capital and the Federalists of the provinces, a struggle which closed with the "confiscation" of the metropolis, Buenos Aires, as a federal district by the nation at large. Having put their house politically in order, the Argentine people found time and energy to develop the latent natural resources of their country. And they applied themselves to this new task with an ardor and a recklessness that resulted a decade later in one of the most spectacular economic crises of recent history. The price of land rose enormously, foreign capital flowed into the country, especially from England, and railways and public works were projected on a lavish scale. In an era of speculation, the banknote circulation was allowed to increase out of all proportion to the gold reserves in the country, and by January of 1885 the government was forced to decree the temporary suspension of specie payments. The situation differed from that of present-day Europe, however, in that foreign exchange was soon restored to a gold basis. During the incompetent administration of President Celman resumption of specie payments was indefinitely postponed, and the policy of wholesale borrowing from abroad continued unabated; while unscrupulous politicians exploited the occasion for their private benefit and the banks were prostituted to illicit ends. In the years 1886-90, Argentina, with a population of approximately three millions, borrowed 668,000,000 pesos gold. The crash came at the end of 1890, when Baring Brothers of London, financial agents of the Argentine government, were forced into bankruptcy. In 1891 the government defaulted on the service of the national debt, and virtually all of the national guaranteed banks collapsed. The his-

tory of Argentina from that time to 1899, when the present Conversion Law was enacted, is mostly the story of a slow and painful pilgrim's progress back to national solvency.

Professor Williams works out, in the light of fact and theory, the interrelations among the three most important features of this stage of Argentine development: depreciated paper money, foreign borrowings, and the course of foreign trade. His aim is to show that, under a régime of depreciated paper, the balance of international payments (in Argentina governed by the influx of foreign capital) exercised a dominant effect through the gold premium on the value of paper money, and through the rise or fall of the latter on the balance of international trade. Other factors being equal, a favorable balance by increasing the gold supply in the country lowered the premium, and a falling premium through its effect on prices and costs stimulated imports and discouraged exports. An unfavorable balance had the contrary effect. The relation between foreign exchange and international trade was therefore the same as in gold-using countries, but the mechanism was different.

The mechanism is here described as it operated in Argentina. The arguments and the facts are laboriously marshalled and reiterated, and the work is well done. But one is left with the impression that the author wrote in great haste, not leaving sufficient time for revision. The consequences are redundancy in exposition, occasional loss of clarity in the use of language, and sometimes a lack of proper articulation between footnotes and text. The index and the bibliography (about 200 titles) also leave something to be desired in the matter of form. A few slips have escaped either the author or the proofreader. On page 58 the note circulation on December 31, 1886 is given as 80,251,380 pesos, and on page 60 as 89,197,000 pesos. On page 182 the average figure for imports in 1866-70 should read 42,000,000 pesos gold, instead of 32,000,000, and for exports the reverse. The fourteen provinces of Argentina united to form a confederation in 1859, not in 1861 (p. 27); Argentina's war against Paraguay began in 1865, not in 1864 (*ibid.*); and Buenos Aires "was declared the federal capital" in 1880, not in 1881 (*ibid.*). These, however, are obviously but minor faults. Everyone interested in South American political and economic history is under obligation to Professor Williams for a very competent and useful piece of work.

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