

CONTENTS

xxi

PAGES

speculation and the underlying forces, 375. Effects differ according as changes in underlying situation are sudden or gradual. Speculation does not affect the final outcome, 377. Pegging, its use and its influence, 378. Gold exchange standard virtually a pegging process, 380. Advantages of pegging. Difficulties arise when established rate of exchange ceases to correspond with relative prices and incomes, 381. Do changes in interest rates permanently modify fundamental factors? Do the advocates of gold exchange standards and of managed currencies neglect the long-run problems? 383.

CHAPTER 29

INFLUENCE OF CHANGES IN THE VOLUME OF PAPER MONEY 385-392

Importance of distinction between progressive depreciation and stabilized depreciation, 385. Mere expansion of volume of paper money does not necessarily lead to a bounty on exports, 385. Situation under silver exchange, 386. Export bounty occurs in countries of paper money only when exchange rises more than prices, 387. But exchange may rise less than prices and thereby place a bounty on imports, 387. Duration of any bounty on exports dependent on conditions of supply for exported goods, 389. Very great issues of paper introduce a situation to which the reasoning proper for moderate expansions does not apply, 390. Depreciation of paper may bring about a flight of capital, and lead in itself to a bounty on exports, 391.

CHAPTER 30

SOME EXPERIENCES UNDER PAPER MONEY 393-408

Scarcity of pertinent inductive studies, 393. The United States for the period 1866-1879 presents a case adapted for verification, 393. Graham's analysis of price movements and international trade; the results in accord with theoretical prevision, 397. Danger of oversimplification in the interpretation of complicated phenomena, 399. No conclusions possible concerning ultimate effects, 400. Williams' analysis of Argentine trade in 1880-1900. Heavy borrowing was accompanied by movements of merchandise such as are in accord with theory, 401. Correspondence between quantity of paper and price of gold, 402. Low premium on gold a check to exports. Qualifications in interpreting the Argentine experience, 405.

APPENDIX 409-419

INDEX 421-425