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*Banco Central de Chile, 1925-1964: Una Historia
Institucional* (review)

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Camilo Carrasco. *Banco Central de Chile, 1925–1964: Una Historia Institucional*. Santiago de Chile: Banco Central de Chile, 2009. 640 pp. ISBN 978-956-7421-33-6, \$40 (cloth).

It is difficult to review this book in an academic journal for many reasons. First, the author is neither an academic nor an economic/business historian. This is not necessarily a problem. However, since Carrasco's range of secondary sources is very limited, with many important general works neglected, the lack of formal training becomes an issue. There are, also, plenty of straw men in this book (e.g., "most historians say X," without references). Second, the book is written by a former general manager (*Gerente General*) of the Central Bank during the period 1994–2005, who started his career in the bank in 1965. Third, the book was commissioned by the Central Bank itself. Thus, the impartiality of both the author and the editorial board of the bank may be compromised. For example, the period covered stops in 1964, because it was considered that more recent years would present "some [political] difficulties" (8). More importantly, there was no clear judgment from Carrasco on the performance of the bank during the period under study.

These caveats aside, this is a very welcome contribution to the field since there is no extant history of the Chilean Central Bank (created in 1925) and very little has been written on the monetary history of Chile. Carrasco's main primary sources are the minutes of the Central Bank's directory meetings (*Actas de las Sesiones del Directorio*). These minutes are not available to the general public (not even to researchers) and provide a wealth of information. Although the Central Bank started a process of transparency in 1999, by for example, publishing the minutes of the *Sesiones del Consejo*, this admirable process has not been extended to the pre-1999 period. Carrasco's sources are still labelled as "confidential" (7), and it is as yet unclear how the new transparency law recently promulgated in Chile will affect access to these documents. It would be very beneficial to economic and business historians worldwide if the Central Bank of Chile would follow the path of many other Central Banks around the world by promoting free and open access to its private archives from 1925, as it has the resources for so doing. Overall, Carrasco is lucky to have been granted the exclusive privilege of accessing the whole of the Central Bank collections. Yet, this factor poses a fourth difficulty in judging this book since we do not know the full extent of Carrasco's sources nor can they be independently verified.

The book is divided into eleven chapters. Chapter 1 is on the preorigins of the Central Bank. The first section consists of a list of the

main political and economic events in the history of Chile c. 1860–1925, which at times lacks an analytical thread. It also contains some factual errors. For example, it is said that Chañarcillo silver deposit was discovered in 1848 (16), when it was actually discovered in 1832. This chapter, though, has a very useful review of the first banking legislation of Chile from 1860 and of the monetary history of Chile before 1925. It ends with a good description of the first attempts to create the Central Bank from c. 1912 and the interesting discussions, which took place in the Chilean Senate.

Chapter 2 deals with the proper establishment of the Central Bank in 1925, following the arrival in Chile of the so-called Kemmerer mission. Professor Kemmerer led a “private” U.S. mission sponsored by the Chilean government to assist the government in the creation of new financial institutions. This is a well-written and interesting chapter, which makes use not only of the Central Bank papers, but also of the Kemmerer papers, in the possession of Princeton University. This year (1925) also saw the promulgation of a new constitution in the country, which lasted until Pinochet’s 1980 constitution, and the creation of the Central Bank must be seen within this wider context. Chapters 3 and 4 deal with the first years of the institution, until 1930, and are in general extremely detailed and descriptive, paying a great deal of attention to the specific laws, functions, and structure of the bank, first meetings, and so on.

Chapter 5 focuses on the short period 1931–1932, which was marked by the abandonment of the gold standard, the temporary suspension of payments by Chile of its external debt, political instability, and the Great Depression. It also deals with the reaction of the Central Bank to these events. This is a fine chapter, where the general economic context in which the bank operated is well established. Yet, as in other chapters, some sections are far too descriptive and anecdotal. Chapter 6 is concerned with the comparatively quiet period of 1933–1938, paying attention to the political and economic context as well as to the role played by Guillermo Subercaseaux as president of the bank, and to the granting of credit to several institutions, among other topics. Chapter 7 covers the period 1939–1945, which was marked by the Second World War. Apart from the section on the political and economic context, the chapter covers other topics such as the more tolerant view by the bank on inflation and the monetary policies applied by the bank during this period.

Chapter 8 covers the period up to 1952, while the following chapter covers the period 1953–1958. In these two chapters the impact of inflation on the Chilean economy and the reaction of the bank are related, as well as the increasing influence of the International

Monetary Fund (IMF) in Chile's monetary and foreign exchange policies. Other topics covered include the tensions between the Treasury and the bank, the Klein and Saks mission, and the interesting and unusual role played by the bank in the copper market. Chapter 10 is concerned with the reforms undertaken by the bank during 1959–1964, a period influenced by Jorge Alessandri's views on the economy (including the appointment of two senior staff from the Central Bank as Secretaries of the Treasury), as well as by the impact of the 1960 earthquake. Finally, Chapter 11 provides a summary of: the objectives of the bank and its accomplishments; the institutional changes taking place within the bank in its first forty years of existence; the foreign exchange regimes operating in Chile during this period; and the monetary policy undertaken by the bank from 1925 to 1964.

Overall, this is a valuable contribution to our understanding of the monetary history of Chile and of Latin America as a whole, in a period of increasing inflation, and with a central bank lacking autonomy (in an era of marked state interventionism in economic matters). Yet, it is a very descriptive piece of work (a conscious decision taken by the author, 5) and at times anecdotal. Conclusions at the ends of individual chapters would have helped to pull together the principal ideas of the text (as well as a thematic index). Finally, this is not a definitive work on the monetary history of Chile for the period under question. The richness and potential of the sources used by Carrasco leaves room for other researchers to pursue additional study. I hope that in the near future the Central Bank of Chile will open its doors to independent researchers too.

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