

The great depression in Argentina, Brazil and Uruguay: revisiting vulnerabilities and policies

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Annex I Timelines

Figure 30 Chronology of an announced crisis in Argentina

1929 - 1930

- Lord D'Abernon heads a British commercial mission for Argentina in his visit to several South American countries (included Uruguay and Brazil) (August 1929).
- 'Great Crash' in NY Wall Street (October 1929).
- Depreciation of the peso relative to gold (November 1929).
- Suspension of the gold standard (December 1929).
 Inconvertible paper currency. Floating exchange rate of paper to gold pesos. Gold flows at the Conversion Office limited to fiscal uses (payment of government foreign debt). Conversion Office continues to exchange gold pesos for paper pesos at new par (2.27) for these transactions.
- US imposes the Smoot-Hawley tariff (June 1930).
- Uriburu's coup -Revolution of 1930- on September 6th, 1930.
 Hipólito Yrigoyen is deposed and the General José Félix
 Uriburu assumes the position of provisional President.

1931 - 1932

- Uriburu annuls the elections of the Province of Buenos Aires because of the overwhelming victory of the radicals. It was the first clear evidence of electoral fraud (April 1931).
- Conversion Office starts to rediscount commercial papers.
 Enrique Uriburu with the advice of Prebisch puts in practice the Law of 1914 (April 1931).
- Discharge of government employees and cut of 10% public wages and increase of taxes (1931).
- Increase of 10% on import tariffs, among other trade restrictions (April 1931).
- UK suspends gold standard and its currency depreciates (September 1931).
- Imposition of the 'tax on transactions' (October, 1931).
- Imposition of exchange control (October 1931).
- Tripartite Economic Conference Argentina-Brazil-Uruguay (1931).
- Preparations of the project for the creation of the Central Bank are started. Then, this project has the support of the British expert Otto Niemeyer (1931).
- Agustín P. Justo assumes the position of President and Julio A. Roca the position of vice-President (February 1932).
- Imposition of the 'income tax' (April 1932).
- 'Empréstito patriótico' (Patriotic Loan, May 1932).
- Ottawa Agreements between UK and its Empire (September 1932).

1933 - 1934

- US suspends gold standard, devalues its currency and imposes exchange control (March-April 1933).
- Roca-Runciman Treaty: bilateral negotiations UK-Argentina (May 1933).
- World Monetary and Economic Conference in London (June 1933)
- World Wheat Conference (August 1933).
- Argentina and Brazil sign a trade agreement, among other agreements (October 1933)
- In August 1933, Federico Pinedo is chosen Minister of Finance and immediately he starts to work with Raúl Prebisch as adviser (the known formula: 'brain trust') designing a 'National Economic Action Plan' of November, 1933.
- Conversion of the domestic public debt (1933).
- Reform of the exchange control system introduced in 1931 (November 1933).
- Creation of JRG, JNC, commissions, among others (1933-1934)
- Creation of the National Commission to fight against the locusts (1933).
- 'Brain trust': presentation of six projects, among which were the creation of the Central Bank, the creation of the Institute for Mobilizing bank Investments (IMIB) and the Banking Law (1934).

Marcelo Gerona _____ Silvana Sosa

Figure 31 Brazilian timeline of the Great Depression

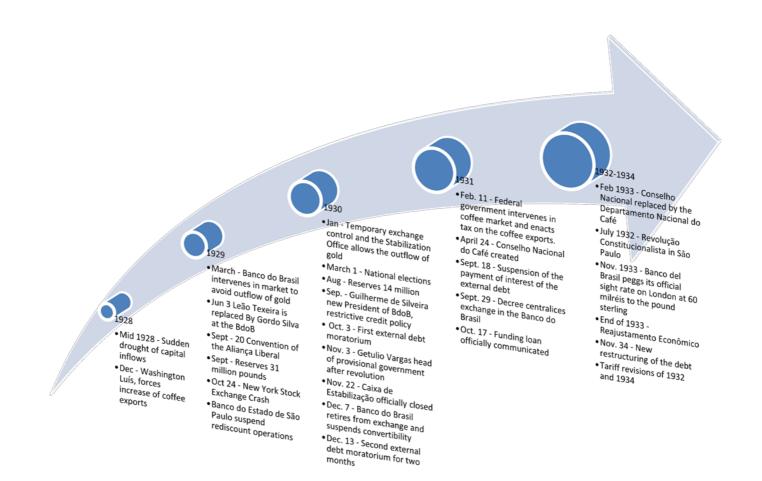


Figure 32 The timeline of the Great Depression in Uruguay

1929 - 1930 - 1929 - Creation of the Comité 1931 de Vigilancia Económica (CVE, Committee for Economic - Gabriel Terra assumes the Surveillance). 1932 presidency (3/1/1931). - 1930 - Enactment of a law of - Creation of the Contralor de 'industrial privileges' and of Cambios (Exchange Control) 'compulsory label' to identify 1933 by Law 5/29/1931, in charge of - Establishment of the *tipo de* the national products, among the BROU and creation of the cambio libre especial (special others. official exchange rate. free exchange rate) for original 1934 (innovative) goods. - Increase to 48% in tariffs for - Tipo de cambio compensado those goods competitive with - Creation of the Caia (compensated exchange rate): the national industry, Law of Autónoma de Amortización in premiums between 20% and August 1931. order to attend the payments 50% over the official exchange - Enactment of the 'Plande abroad from importers and - Tariff payment: 75% in pesos Reajuste Económico y Financiero' public companies. and 25% in gold or foreign ('Economic and Financial - Terra's coup (3/31/1933). currency, Law of August 1931. Readiustment Plan') by Law of - Implementation of import - Payment of the foreign debt in November 1934. quotas (enforced in 1934). - CNA allows to ban some Uruguayan pesos and at par imports (e.g. luxurious goods). - Creation of the *Comisión* - Suspension of the (7/3/1933).Honoraria de Importación v amortization service of the - Creation of the Contralor de - Interest bound at 3.5%, in Cambios (Honorary Import and foreign debt (1/20/1932). Exportaciones (Export control) foreign currency (12/13/1933). Exchange Committee) by Law of by Law 10/16/1931, in charge November 1934. of the *Dirección General de* Aduanas (General Customs - Contralor de Importaciones Department) and the Contralor fully active in charge of the de Importaciones (Import BROU and during the transition Control). in charge of the Comisión Honoraria de Importación v - Foreign firms banned from Cambios. sending freely benefits abroad. - Establishment of the *tipo de* - Paternalistic state: creation of cambio libre dirigido (controlled ANCAP, UTE, among others. free exchange rate).

Annex II Comparison of ABU's policies during the Great Depression

Table 86 Comparison of the reactions of the ABU governments to the Great Depression

	Argentina	Brazil	Uruguay
Trade	- Tariff increases (e.g. duty-free articles such	- Tariff increases (e.g. duties on cotton yarns	- Tariff increases (Law of August 6 th , 1931
policy	as fuel oil, printed books, machinery and	practically reached prohibitive levels,	allowed tariff increase from 31% to 48% for
	spare parts, certain heavy chemicals,	duties increase on jute and hemp and	goods competitive with the national
	special industrial sewing machines, eggs,	duties on other similar national products	industry). An increase of 25% on the official
	dried beans and pulses, and pleasure	such as paper goods reached 300% ad	customs import values in 1932 and 40% for
	boats, were to pay 5%-25% from April	valorem in 1932). Introduction of a system	store haberdasheries, upholsteries and
	1931), 'temporary' surtax of 10% ad	of import licensing and import prohibitions	electricity goods in 1933, imposition of new
	valorem on practically all classes of	(e.g. flour imports prohibited for 18	duties on automobiles (which later was
	dutiable goods in September 1931 and	months in connection with the large-scale	doubled), alcohol, cigarettes, spirits, fuels
	import prohibitions (e.g. yerba mate in	barter coffee – wheat with the US in 1931).	and bananas, consular fees increased to 2%
	December 1931).		ad valorem on tariffs, CNA allowed to apply
		- Tariff reductions on several foreign	import prohibitions (e.g. luxurious goods in
	- Tariff exemptions to some countries in	products not considered as directly	August 1931) and implementation of
	1931 (UK, Brazil, etc.) on foodstuffs, wood	competitive or regarded as necessary to	import quotas (law enacted in 1932 and
	(e.g. South American white pine lumber)	the economic life of the country (e.g. on	enforced in 1934).
	and machinery.	textiles -raw cotton and corded cotton	
		threads in January 1931 - and on	- Tariff exemptions: several commodities
	- Tariffs revision in 1931-1932.	equipment needed for the production of	demanded by industry and essential goods
		rubber products, alcohol, cellulose, among	used by the lower classes were waived
		others in 1934), tariff elimination on capital	from this regime (e.g. tariff exemptions on
		goods required for the production of	machinery, spare parts, raw materials and
		cement, canned foods, glass, tires, etc. in	industrial inputs).
		1932/1934, and application of tariffs which	
		included a drawback clause for total or	- Tariff reductions: reduction of 10% on the
		partial exemption of the taxes over raw	official customs import value for coal and
		materials incorporated in products for	

	export.
	- Modification of the tariff system readjusting old duties, providing abatements of 20% on general tariff, of 35% on minimum tariff and of 100% (doubled) on general tariff as punitive tariff (Decree of September 7 th , 1931).
 'Beggar thy neighbour' and competitive devaluation. 	- 'Beggar thy neighbour' and competitive devaluation.
 'Buy from those who buy from us'. Retaliations against some countries (e.g. against Brazil with the imposition of duties 	 Retaliations against some countries (e.g. against France the imposition of a special rate of 120 milréis per kilogramme on serum and vaccine and increase of 25% on consumption tax on wines and foreign beverages.
on rice and imposition of sanitary regulations on apples imported from the US in 1931). - Increase of bilateralism, e.g. Roca-	 Increase of bilateralism, e.g. trade agreements with Argentina, Uruguay and Sweden, among others.
Runciman Treaty between Argentina and the UK and other bilateral agreements with Brazil, Germany and Uruguay, among others. Barter or clearing agreements (e.g. Argentina-Germany).	Barter or clearing agreements (e.g. exchanging coffee for US wheat, Italian airplanes and with German coal).

62% for fuels.

- Beggar thy neighbour' and competitive devaluation.
- a special 'Buy from those who buy from us'; seeking negotiations with countries with which Uruguay had a favourable trade balance.
 - A 15% discount was granted if the goods imported originated in a country whose purchases favoured Uruguayan industry.
 - Increase of bilateralism, e.g. agreements with Argentina, Brazil and the UK (Cosio-Hoare Agreement in 1935), among others.
 - Barter agreements with Germany and Italy.

Exchange rate policy	- Suspension of the gold standard (December 1929).	- Suspension of the gold standard (November 22 nd 1930).	- Suspension of the gold standard (December 1929?).
	- Imposition of exchange control (October 1931).	- Imposition of exchange control (January 1930).	 Creation of a commission to analyze the depreciation of the currency.
	- Currency devaluation.	- Currency devaluation.	- Imposition of exchange control (foreign firms banned from sending freely benefits abroad in May 1931).
			- Multiple exchange rates (1934).
			- Currency devaluation.
Monetary and	 Interest rates increase and then ex ante extremely high real interest rates were 	- Interest rates increase.	- Interest rates increase.
financial policy	- Closure of the Currency Board (December 1929)	- Closure of the Caixa de Estabilização (September 1 st , 1930).	 Second contract of loans with the Hallgarten House of New York in 1930 to stabilize and rectify the foreign exchange, among other purposes.
	- Application of the Rediscount Law (rediscount of commercial papers from BNA) in 1931.	- Government contracted debt with <i>Banco do Brasil</i> and prohibited the foreign banks from overdrawing from their headquarters in October 1929.	- Enactment of the 'Economic and Financial Readjustment Plan' (1934).
	- Creation of the BCRA in 1935.	- Monetary emission.	
Fiscal	- Contraction of public expenditure	- Coffee <i>defesa</i> scheme as an expansionary	- By Law of August 6 th , 1931, contraction of
policy	(discharges of government employees, cut of 10% on public wages) and taxes increase	policy.	public expenditure (15% reduction from the ministries' operating expenses, 50% cut
		- Suspension of sinking fund payments on all	

as the creation of new taxes (e.g. income tax, petrol tax, tax on transactions). But since the end of 1933 the government started to implement expansionary measures.

- Authorization of the Patriotic Loan in May 1932 to finance the floating debt.
- Conversion of the public debt in 1933
- Default avoided.

foreign loans except the funding loans handled by Rothschilds on September 1st, 1931.

 Suspension of the payment of interest on the external debt on September 18th, 1931. posts at the Ministry of War and Navy, 10% reduction on the remaining budgetary items), taxes increase (tax on fuels was increased but with a system of tax drawback for public transport and transport of goods, inheritance tax increased) and creation of taxes (wage tax on public servants, retired and pensioners with 6 progressive bands starting from 6% tax for wages ranging from 841 to 1,200 yearly earned pesos, to a maximum of 15% to wages over 7,201 pesos; new tax on land and on lubricating oil).

- Imposition of transferring some of the cash from BSE, BROU, ANP and UTE to the national budget. By the end of 1933 the government applied a less orthodox fiscal policy characterized by the expansion of the public investment financed with credit provided by the BROU. The so-called *Ley de Revalúo* of August 14th, 1935 (Revaluation Law) helped the BROU to pursue this objective.
- Suspension of amortization of the foreign debt on September 7th, 1931. Default.

Sectoral policy

- Creation on November 1933 of a strong Emphasis on the coffee and industrial Emphasis on industrial protection. production and price intervention scheme (support prices) for the agri-export sector (e.g. grain sector -wheat, maize, linseed-) through the regulatory boards (e.g. JRG) using the funds coming from the exchange differential in the official foreign exchange market.
- Minimum five-year contracts for farm tenants and reimbursement for improvements they had made on farmed lands (1932).
- Moratorium on farmer's debts (1933).
- National Economic Action Plan (1933).
- Argentina lacked an articulated plan of industrialization, but the National Commission for Industrial Promotion was created.
- The protection was focused on 'infant' industry.

- sectors.
- Contract of foreign loans to keep the coffee policy running.
- Coffee Realization Loans (November 1929 and April 1930).
- Relaxation of the coffee stock releases in December 1928, so that future prices fell. -After 1931 gradual liquidation of the coffee valorisation plan.
- Bail-out to the coffee industry using funds from the Treasury.
- Creation of the Conselho dos Estados Produtores on April 24th. 1931 to collect tax and administer the destruction of coffee.
- Programa do Reajustamento Econômico enacted by Decree Nr. 23533 on December 1st, 1933 with the main objective of reducing by 50% all debts from the coffee producers before mid-1933 and re-contract at 10 years term with a reduction on the amortization initially contracted.

- National Meat-packing plant (1928).
- Extension of the law of 'industrial privileges' in 1930, among others.
- Paternalistic state: creation of public monopolies such as ANCAP and UTE in 1931.
- Reorganization of the methods of production and preparation of meat, taking into account the special requirements of European markets (1932).
- By 1934-1935 the government started to implement generous policies towards the main supporters of the Terra's coup: the cattle farmers. Some of those measures were: the devaluation of 1935, reduction by 10% of the rural property tax, and the amortization of the loans contracted by cattle farmers was suspended, among others.

- Selective protection was awarded to developing national industries through customs facilities for raw materials or equipment needed from abroad and exchange control.	
- Suppression of the interstate taxes in 1931 in order to foster business activities within the country.	

Annex III Great Depression vs. the Financial Crisis of 2008

 $Table \ 87 \ Comparison \ of \ the \ reactions \ of \ the \ ABU \ governments \ to \ the \ international \ crises$

	Argentina			
Policies	Great Depression: 1928-1934	Financial Crisis: 2007-2010		
Trade policy	- Tariff increases (e.g. duty-free articles such as fuel oil, printed books, machinery and spare parts, heavy chemicals, among others, were to pay 5%-25%), tariff creation ('temporary' surtax of 10% ad valorem on practically all classes of dutiable goods) and import prohibitions (e.g. yerba mate). - Tariff exemptions to some countries (UK, Brazil, etc.) on foodstuffs, wood (e.g. South American white pine lumber) and machinery. - Tariffs revision in 1931-1932. - 'Beggar thy neighbour' and competitive devaluation. - Retaliations against some countries (e.g. against Brazil with the imposition of duties on rice and imposition of sanitary regulations on apples imported from the US). - 'Buy from those who buy from us'. - Increase of bilateralism, e.g. Roca-Runciman Treaty between Argentina and the UK and other bilateral agreements with Brazil, Germany and Uruguay, among others. - Barter or clearing agreements (e.g. Argentina-Germany).	- Import duties increase, tighter customs controls (via import licenses and import sworn declarations, among others) on import goods that are sensitive for national industry (e.g. textiles, footwear, metallurgical goods, white goods and motorcycles) and extensions of the deadlines for automatic advance import licenses. - Export financing and support: export duties (retenciones) reductions (e.g. on wheat from 28% to 23% and on maize from 25% to 20%). - According to Mercosur regulations member countries cannot negotiate independently with others but they can negotiate jointly. Main negotiation with the EU was resumed in 2010 and is still on going.		
Exchange rate policy	Suspension of the gold standard.Imposition of exchange control.Currency devaluation.	 - Managed floating exchange rate. Since October 2011 imposition of exchange control over foreign currency. - Liquidity injections in foreign currency: agreement with China and Brazil to do swap operations in local currencies. 		
Monetary and financial policy	 Interest rates increase and then ex ante extremely high real interest rates were lowered. Closure of the Currency Board. Application of the Rediscount Law (rediscount of commercial papers from BNA) in 1931. Creation of the BCRA in 1935. 	 Interest rates contraction. Reduction of the mandatory bank reserves in local currency. Liquidity injections in national currency. Measures introduced by AFIP, the BCRA and the National Securities Commission to discourage the flows of private and corporate capital to tax havens and offshore banks. Capital flow controls. 		
Fiscal policy	- Contraction of public expenditure (discharges of government employees, cut of 10% on public wages) and taxes increase (e.g. internal post charges, tariffs), as well as the creation of new taxes (e.g. income tax, petrol tax, tax on transactions). But since the end of 1933 the government started to implement expansionary measures Authorization of the Patriotic Loan to finance the floating debt Conversion of the public debt - Default avoided.	 Increase of public expenditure (improvement in the expenditure distribution focusing on housing projects, hospitals, sewerage systems and roads) and abolishment of the AFJPs (Retirement and Pension Fund Management Companies). Tax cuts or benefits and subsidy increases. Extension of the tax incentives under the law promoting investment in capital goods and infrastructure works. 		

- Creation of a strong production and price intervention scheme (support prices) for the agri-export sector (e.g. grain sector -wheat, maize, linseed-) through the regulatory boards (e.g. JRG) using the funds coming from the exchange differential in the official foreign exchange market.

Sectoral policy

- Minimum five-year contracts for farm tenants and reimbursement for improvements they had made on farmed lands.
- Moratorium on farmer's debts.
- National Economic Action Plan.
- Argentina lacked an articulated plan of industrialization, but the National Commission for Industrial Promotion was created.
- The protection was focused on 'infant' industry.

- Emphasis on industrial protection.
- Loans for financing sales of motor vehicles and consumer durables.
- Prefunding of exports and working capital.
- Credit lines targeting competitive industry.
- Creation of the Ministry of Production with departments of industry, commerce and SMEs, agriculture, livestock, fisheries and food, tourism and mining.
- YPF expropriation (May, 2012).

Brazil

- Tariff increases (e.g. duties on cotton yarns practically reached prohibitive levels, duties increase on jute and hemp and duties on other similar national products such as paper goods reached 300% ad valorem), introduction of a system of import licensing and import prohibitions (e.g. flour imports prohibited for 18 months in connection with the large-scale barter with the US).

- Tariff reductions on several foreign products not considered as directly competitive or regarded as necessary to the economic life of the country (e.g. on textiles -raw cotton and corded cotton threads- and on equipment needed for the production of rubber products, alcohol, cellulose, among others.), tariff elimination on capital goods required for the production of cement, canned foods, glass, tires, etc., and application of tariffs which included a drawback clause for total or partial exemption of the taxes over raw materials incorporated in products for export.
- Modification of the tariff system readjusting old duties, providing abatements of 20% on general tariff, of 35% on minimum tariff and of 100% (doubled) on general tariff as penal tariff (in 1932 and 1934).
- 'Beggar thy neighbour' and competitive devaluation.
- Retaliations against some countries (e.g. against France the imposition of a special rate of 120 milréis per kilogramme on serum and vaccine and increase of 25% on consumption tax on wines and foreign beverages.
- Increase of bilateralism, e.g. trade agreements with Argentina, Uruguay and Sweden, among others.
- Barter or clearing agreements (e.g. exchanging coffee for US wheat, Italian

- Import duties increase, import restrictions via import license requirements and controls over certificates of origin. The main affected sectors were: wheat, plastics, copper, aluminium, iron, capital goods, electrical and electronic material, and automobiles, among others. Controls against 'dumping practices'.
- Tariff reductions (temporary measure): reductions on tariffs of 306 products included in the 'ex-tariff' list (not competitive with local production) in order to make it cheaper to import capital goods and products in the electrical, paper and pulp, graphics, medical and hospital, automobile and electronics sectors, among others.
- Export financing and support: use of foreign exchange reserves to finance exports, by reverse auction of bank securities to backstop foreign trade. Central Bank allowed the granting of foreign currency loans directly to private banks to finance foreign trade transactions, creation of a special line of credit for the BNDES to provide guarantees to exporters, among other measures.
- According to Mercosur regulations member countries cannot negotiate independently with others but they can negotiate jointly. Main negotiation with the EU was resumed in 2010 and is still on going.

Trade policy

	aeroplanes and with German coal).	
Exchange rate policy	 Suspension of the gold standard. Imposition of exchange control. Currency devaluation. 	 Managed floating exchange rate. Liquidity injections in foreign currency: exchange swap auctions in order to provide liquidity to importers. Agreement with the US Federal Reserve to establish a currency swap line for up to 30 billion dollars.
Monetary and financial policy	 Interest rates increase. Closure of the <i>Caixa de Estabilização</i>. Government contracted debt with <i>Banco do Brasil</i> and prohibited the foreign banks from overdrawing from their headquarters. Monetary emission. 	 Interest rates contraction but keeping them comparatively high. Inflation target (4.5%). Reduction of the mandatory bank reserves. Liquidity injections in national currency. Broader powers for the Central Bank to intervene in failing financial institutions. Creation of an investment bank within the Federal Economic Fund to buy the stock of the real estate firms, as well as other sectors. Agreement with Argentina to do swap operations in local currencies.
Fiscal policy	 Coffee <i>defesa</i> scheme as an expansionary policy. Suspension of sinking fund payments on all foreign loans except the funding loans handled by Rothschilds. Suspension of the payment of interest on the external debt. 	 Increase of public expenditure (campaign to stimulate consumption and attempts at improving expenditure distribution focusing on infrastructure investments such as roads, railways, housing and so on). In March 2009 public spending cuts of 11.11 billion dollars were announced affecting ministries. Renegotiation of debts owned by majors' offices to the social security system, for periods of up to 20 years. Tax cuts or benefits and subsidy increases. After 2010, the fiscal policy has been more contractive.
Sectoral policy	- Emphasis on the coffee and industrial sectors Contract of foreign loans to keep the coffee policy running Coffee Realization Loan Relaxation of the coffee stock releases in December 1928, so that future prices fell After 1931 gradual liquidation of the coffee valorisation plan Bail-out to the coffee industry using funds from the Treasury Creation of the Conselho dos Estados Produtores to collect tax and administer the destruction of coffee Programa do Reajustamento Econômico with the main objective of reducing by 50% all debts from the coffee producers before mid-1933 and re-contract at 10 years term with a reduction on the amortization initially contracted Selective protection was awarded to developing national industries through customs facilities for raw materials or equipment needed from abroad and exchange	- Emphasis on boosting agricultural sector and industrial protection Creation of a guarantee fund for SMEs, for up to 1.75 billion dollars, among the creation of other funds with the same purpose Direct support of 6.47 billion dollars for the agricultural sector Improvement of the taxation system (e.g. income tax was eliminated on measures to promote exports and the government announced an integrated drawback scheme), public purchases and expansion of credit for the local industry. In particular expansion of borrowing capacity of PETROBRAS and BNDES to keep up planned investment levels Creation of a 440 million dollars guarantee fund for the maritime industry.

	control		
	control Suppression of the interstate taxes in 1931 in		
	order to foster business activities within the		
	country.		
	Uruguay		
Trade policy	- Tariff increases (from 31% to 48% for goods competitive with the national industry, an increase of 25% on the official customs import values in 1932 and 40% for store haberdasheries, upholsteries and electricity goods in 1933), imposition of new duties on automobiles (which later was doubled), alcohol, cigarettes, spirits, fuels and bananas, consular fees increased to 2% ad valorem on tariffs, CNA allowed to apply import prohibitions (e.g. luxurious goods) and implementation of import quotas (1932 and enforced in 1934). - Tariff exemptions: several commodities demanded by industry and essential goods used by the lower classes were waived from this regime (e.g. tariff exemptions on machinery, spare parts, raw materials and industrial inputs). - Tariff reductions: reduction of 10% on the official customs import value for coal and 62% for fuels. - A 15% discount was granted if the goods imported originated in a country whose purchases favoured Uruguayan industry. - 'Beggar thy neighbour' and competitive devaluation. - 'Buy from those who buy from us'; seeking negotiations with countries with which Uruguay had a favourable trade balance. - Increase of bilateralism, e.g. trade agreements with Argentina, Brazil and the UK (Cosio-Hoare Agreement in 1935), among others. - Barter agreements with Germany and Italy.	- Import duties increase (tariff protection on specific segments of vehicle manufacture to be reviewed), import license authorization delays. Increase of the corporate income tax (IRAE) on imports of certain consumer goods, such as clothing and footwear. - Tariff reductions: IRAE reductions on imports of consumer goods and extension of tax-free imports of inputs for re-export (temporary admission). - Export financing and support: exporters could swap tax rebate certificates for cash through the BROU. Increase in rate for 180-day credits (from 1.78% to 2.78%, 2009) to pre-finance exports. Preferential rates for pre-financing of textile exports (regime extended to leather and automobile sectors). Additional 125 million dollars to help the banking system to fund investment projects and pre-finance exports. BROU's creation of a guarantee fund of 20 million dollars for exports to countries that classified as representing a non-payment risk. - According to Mercosur regulations member countries cannot negotiate independently with others but they can negotiate jointly. Main negotiation with the EU was resumed in 2010 and is still on going.	
Exchange rate policy	- Suspension of the gold standard, creation of a commission to analyse the depreciation of the currency and imposition of exchange control (foreign firms banned from sending freely benefits abroad) Multiple exchange rates Currency devaluation.	- Managed floating exchange rate Liquidity injections in foreign currency: early redemption in two stages of securities issued by the Central Bank, which offers the possibility of obtaining liquidity in local currency or dollars.	
Monetary and financial policy	 Interest rates increase. Contract of loans with the Hallgarten House of New York to stabilize and rectify the foreign exchange, among other purposes. Enactment of the 'Economic and Financial Readjustment Plan' (1934). 	 Interest rates contraction. Inflation target (4%-6%). Liquidity injections in national currency (e.g. measures by which tax rebate certificates can be swapped for cash through the Central Bank). 	

- Contraction of public expenditure (15% - Increase in public expenditure and tax cuts or benefits and subsidy increases (bonus of 120% reduction from the ministries' operating expenses, 50% cut of public vacancies, exemption from IRAE for investments made in suppression of several posts at the Ministry of 2009, manufacture of energy equipment 100% War and Navy, 10% reduction on the exempted from IRAE -then the rebate will be remaining budgetary items), taxes increase gradually lowered to 50% in 2018-, increase of (tax on fuels was increased but with a system VAT exemption from 75% to 100% for of tax drawback for public transport and agricultural machinery, among others. transport of goods, inheritance tax increased) - Cut of at least 5% in spending and investment by the government and public enterprises to and creation of taxes (wage tax on public servants, retired and pensioners with 6 balance the budget, as well as increase in specific domestic tax (IMESI) on cigarettes. progressive bands starting from 6% tax for wages ranging from 841 to 1,200 yearly **Fiscal** earned pesos, to a maximum of 15% to wages policy over 7,201 pesos; new tax on land and on lubricating oil). - Suspension of amortization of the foreign debt on September 7th, 1931. Default. - Imposition of transferring some of the cash from BSE, BROU, ANP and UTE to the national budget. By the end of 1933 the government applied a less orthodox fiscal policy characterized by the expansion of the public investment financed with credit provided by the BROU. The socalled Ley de Revalúo of August 14th, 1935 helped the BROU to pursue this objective. - Emphasis on industrial protection. - Emphasis on industrial protection. - Enactment of a law of 'industrial privileges', - Creation of a national guarantee system to among others. facilitate access to credit for SMEs. - Paternalistic state: creation of public - Increase in guarantee fund for SMEs' loans monopolies such as ANCAP and UTE. administered by the National Development - Reorganization of the methods of production Corporation and greater benefits for SMEs and preparation of meat, taking into account under the investment promotion law. the special requirements of European markets. - Measures to provide loans and support to the - By 1934-1935 the government started to dairy sector and VAT exemption for implement generous policies towards the main acquisition of agricultural machinery Sectoral supporters of the Terra's coup: the cattle (government evaluates to support metallurgical policy farmers. Some of those measures were: the and wood sectors, among others, October devaluation of 1935, reduction by 10% of the 2011). rural property tax, and the amortization of the - VAT and IRAE reductions on purchases of loans contracted by cattle farmers was diesel and manufacturing inputs for the suspended, among others. manufacturing sector, promotion of renewable energy equipment, authorization of swaps of tax rebates certificates and increase of the BROU's fund investment in industry, commerce and service provision with favourable rates and maturities.