



INTERNATIONAL MONETARY FUND

# STAFF PAPERS

## CONTENTS

RECENT DEVELOPMENTS IN MONETARY ANALYSIS.....	303
Method of Monetary Analysis Used by De Nederlandsche Bank M. W. Holtrop	303
Monetary Analysis in Italy.....	Paolo Baffi 316
Federal Reserve Flow-of-Funds Accounts.....	Ralph A. Young 323
Monetary Analyses Earl Hicks, Graeme S. Dorrance, and Gerard R. Aubanel	342
SPECIAL TAX MEASURES TO RESTRAIN INVESTMENT Richard Goode	434
AN EXPERIMENT WITH A FLEXIBLE EXCHANGE RATE SYSTEM: THE CASE OF PERU, 1950-54.....	S. C. Tsiang 449
THE COST OF A FOREIGN EXCHANGE STANDARD OR OF THE USE OF A FOREIGN CURRENCY AS THE CIRCULATING MEDIUM Eugene A. Birnbaum	477

# STAFF PAPERS

ALLAN G. B. FISHER, *Editor*  
DOROTHY WESCOTT, *Assistant Editor*

## Editorial Committee

Allan G. B. Fisher, *Chairman*  
Hans Aufricht  
Richard Goode  
M. M. Hassanein

Charles L. Merwin, Jr.  
Henry C. Murphy  
Brian Rose  
Ugo Sacchetti

### *From the Foreword to the first issue:*

"Among the responsibilities of the International Monetary Fund, as set forth in the Articles of Agreement, is the obligation to 'act as a center for the collection and exchange of information on monetary and financial problems,' and thereby to facilitate 'the preparation of studies designed to assist members in developing policies which further the purposes of the Fund.' The publications of the Fund are one way in which this responsibility is discharged.

"Through the publication of *Staff Papers*, the Fund is making available some of the work of members of its staff. The Fund believes that these papers will be found helpful by Government officials, by professional economists, and by others concerned with monetary and financial problems. Much of what is now presented is quite provisional. On some international monetary problems, final and definitive views are scarcely to be expected in the near future, and several alternative, or even conflicting, approaches may profitably be explored. The views presented in these papers are not, therefore, to be interpreted as necessarily indicating the position of the Executive Board or of the officials of the Fund."

The authors of the papers in this issue have received considerable assistance from their colleagues on the staff of the Fund. This general statement of indebtedness may be accepted in place of a detailed list of acknowledgments.

Subscription: US\$3.50 per volume or the approximate equivalent in currencies of most countries. Three numbers constitute a volume. The numbers, however, are not issued at regular dates; **moreover, all of the three numbers are not necessarily issued within one calendar year.** Single copies may be purchased at US\$1.50. Subscriptions and orders should be sent to:

THE SECRETARY  
International Monetary Fund  
1818 H Street, N.W.  
Washington 25, D.C.

**INTERNATIONAL  
MONETARY FUND**

**S T A F F  
P A P E R S**

**Vol. V**

**February 1957**

**No. 3**

*This page intentionally left blank*