

SAE./No.116/July 2018

Studies in Applied Economics

**EVALUATING THE FIJIAN
BOARD OF COMMISSIONERS
OF CURRENCY**

David Tamaro

Johns Hopkins Institute for Applied Economics,
Global Health, and the Study of Business
Enterprise



Evaluating the Fijian Board of Commissioners of Currency

By David Tammaro

Copyright 2018 by David Tammaro. This work may be reproduced or adapted provided that no fee is charged and the original source is properly credited.

About the Series

The Studies in Applied Economics series is under the general direction of Professor Steve H. Hanke, Co-Director of the Institute for Applied Economics, Global Health and the Study of Business Enterprise (hanke@jhu.edu).

This working paper is one in a series on currency boards for the Currency Board Project. The currency board working papers will fill gaps in the history, statistics, and scholarship of the subject. The authors are mainly students at the Johns Hopkins University in Baltimore who have conducted their work at the Institute as undergraduate researchers.

About the Author

David Tammaro is a rising third year student at The Johns Hopkins University in Baltimore pursuing a double major in Applied Mathematics & Statistics and Economics. He wrote this paper while serving as an undergraduate researcher at the Institute for Applied Economics, Global Health, and the Study of Business Enterprise in Spring 2018. He will graduate in May 2020.

Abstract

This paper describes the history of Fiji's currency board, which existed from 1914 to 1973, and analyzes the extent of its orthodoxy through statistical analysis of its annual financial statements. An accompanying spreadsheet workbook contains all related data and analysis.

Acknowledgements

I thank Dr. Kurt Schuler and Dr. Steve H. Hanke for their guidance, assistance, and expertise. Furthermore, I thank Nicholas Krus for allowing me access to data he previously compiled and Julia Costet for obtaining additional primary sources.

Keywords: Fiji, currency board, devaluation, orthodoxy

JEL codes: E59, N17

History and Background of Fiji

The sovereign nation of Fiji is located in Oceania, an island group in the South Pacific Ocean 2100 kilometers north of New Zealand and 3000 kilometers northeast of Sydney, Australia. Fiji in its entirety is comprised of 332 islands, 110 of which are inhabited. Evidence suggests that Fiji has been inhabited for close to 3500 years, initially by the Melanesian people. First encounters with the Europeans came in 1643, when Dutch explorer Abel Tasman explored the Fijian islands of Vanua Levu and Taveuni. During the early 19th century, Europeans were the first to bring money to Fiji via bartering goods for sandalwood and bêche-de-mer (sea cucumber). The 19th century expansion of European colonialism to encompass most of the world outside of the Americas included Fiji. The United Kingdom passed by a first opportunity to annex Fiji in 1852, but did so in 1874 in connection with a financial settlement of the king's debts to the Australian-based Polynesia Company.

The banking industry in Fiji dates back to May 1868, when the Polynesia Company was granted a monopoly on banking rights within Fiji by King Cakobau in return for paying off debts to a U.S. citizen in Fiji. Fiji did not have an active local banking scene, however, until the establishment of the Fiji Banking and Commercial Company five years later. Fiji Banking was only local in an operational sense at this time, because the bank was headquartered in Auckland, New Zealand. The bank received its Fijian charter on August 19, 1873, and opened the first physical bank office in Fiji's history on December 3, 1873, in the then capital Levuka. Local merchants grew dissatisfied with the local bank, so in July 1876, Fiji Banking's directors accepted a takeover offer and the Bank of New Zealand opened in Fiji. By 1901, the Bank of New South Wales had become the bankers for the Sydney-based Colonial Sugar Refining Company. The company had extensive business in Fiji, where sugar had become the main export. The Bank of New South Wales was offered banking business in Fiji in 1901, which they accepted. These two banks both issued notes. They were joined in 1908 by the non-note-issuing Government Savings Bank (which has since been renamed to the National Bank of Fiji). The table below shows the other banks that commenced operations during the period we are examining. Fiji's currency was patterned on the British nondecimal model, with one pound equal to 20 shillings or 240 pence.

Table 1 - Commercial banks in Fiji, by country of incorporation and establishment date

Bank (present name, if different)	Head Office	Local Establishment
Fiji Banking and Commercial Company (now Bank of New Zealand)	New Zealand	July 17, 1876
Bank of New South Wales (now Westpac Banking Corporation)	Australia	August 12, 1901
National Bank of Fiji	Fiji	1908
Australia and New Zealand Banking Group	Australia	April 12, 1951
Bank of Baroda	India	July 5, 1961
Barclays Bank International (now Barclays Bank)	UK	1972

Establishment of the Fiji Currency Board

The Board of Commissioners of Currency was established on November 18, 1913 with the establishment of the Government Currency Notes Ordinance, although it did not commence operations until approximately a year later. The board consisted of three persons, who initially were the Colonial Secretary and Receiver General of the Colony plus one other person appointed by the Governor. (The financial statements of the Commissioners simply list their names, not their positions; I assume but am not certain that the third appointee was a Fiji Treasury official.) The Commissioners had the legal power to issue notes in exchange for gold coin or notes previously issued. The coin received in exchange for currency notes formed the Note Guarantee Fund. A fund was to be held in the colony by the Commissioners of the board for meeting the payment of the notes. Initially at least two-thirds of its assets had to be held in gold, although the British Secretary of State for the Colonies could reduce the share to as little as one-half if the Governor of Fiji convinced him that such a reduction was safe. The remainder, the so-called "investment portion," could be invested in securities of any part of the British Empire except Fiji or in such securities as approved by the Secretary of State for the Colonies. Apparently the latter clause was the provision that decades later did allow investment in local securities, on the grounds that the Secretary of State now approved them. There was also to be a Depreciation Fund equal to 10 percent of the value of the investment portion, accumulated at a rate of 1 percent a year.

The colonial annual report and the other published sources I consulted do not state the rationale for passing the law and establishing the Board of Commissioners of Currency, but it seems likely that Fiji was exemplifying a common trend in monetary thinking at the time. The belief had developed that note issuance should be carried out by the government, rather than by privately owned banks, for two main reasons. The first was that a government monopoly could generate revenue for the government. The second was that government note issue was considered safer, because banks often fail eventually, while governments do not cease to exist even if they go bankrupt.

British coins were the only coins in circulation in Fiji at the time the currency board began. It was fairly common for smaller British colonies to use British coins if their local unit of account was equal to the pound sterling. Fiji's first local coinage of pennies and shillings was introduced in 1934 by the Commissioners of Currency, and the coins remained in circulation until 1969. The denominations of currency used at this time were pennies, halfpennies, sixpences, shillings, and two shillings. In 1936, a one penny coin was minted, and in 1947 Fiji began minting 2-sided nickels and three-penny "bits." These coins were minted until 1967. In 1969, Fiji changed to a decimal currency in which Fijian \$2 = Fijian £1. The currency consisted of 1¢, 2¢, 5¢, 10¢, and 20¢ coins, and \$0.50, \$1, \$2, \$5, \$10, and \$20 notes. The \$0.50 and \$1 notes were changed to coins shortly after. Later, \$50 and \$100 notes were introduced in 1995 and 2007, respectively. The issuance of 1¢ and 2¢ coins ceased in 2008, long after the currency board period. Currently Fiji's currency structure is comprised of 5¢, 10¢, 20¢, 50¢, \$1, and \$2 coins, and \$5, \$10, \$20, \$50, and \$100 notes.

Later sections describe certain changes in the operating procedures of the Commissioners of Currency.

The Exchange Rate Changes of the 1930s, 1960s, and 1970s

Fiji is among the few currency boards to have altered its exchange rate against its anchor currency. It did so more than once. A review of the circumstances involved helps explain why the changes occurred.

When the currency board period started in Fiji, the Fijian pound was fixed to the pound sterling at par (Fijian £1 = UK£1). This exchange rate was kept in place from December 4, 1914 to December 17, 1929. The Government Currency Notes Ordinance of November 18, 1913 established the currency board and provided the currency board's notes to be redeemable in gold coin. But before the board began operations, World War I broke out, causing the United Kingdom to suspend the gold standard in August 1914. Banks in Fiji maintained parity between the Fijian pound and sterling. It does not appear that the currency board exchanged any notes for gold while the UK was off the gold standard, which lasted until May 1925. The pound sterling remained on the gold standard until September 19, 1931, when the UK chose to abandon gold rather than continue with the deflation arising from the monetary pressures of the Great Depression.

Fiji's official exchange rate remained at par with sterling from December 18, 1929 to September 8, 1932, but in practice the exchange rate was a clean float parallel to the Australian pound until January 1931, and then parallel to the New Zealand pound. Both currencies were depreciating against the pound sterling. The two commercial banks, the Bank of New Zealand and the Bank of New South Wales, managed the exchange rate, and their actions were influenced by the currency depreciations in their home countries (Knapman 1987: 109-119).

From September 9, 1932 to November 15, 1932 the exchange rate returned to Fijian £1 = UK£1. The Currency Notes Ordinance of November 1, 1933, section 6(3), gives the impression that the exchange rate returned to parity with the pound sterling. From November 16, 1932 to December 13, 1932, the new exchange rate came to be Fijian £1 = £1 sterling. On October 21, 1932, the British Colonial Office instructed the Board of Currency Commissioners to cease the issuance of notes against drafts in pounds sterling, which was technically illegal under Fijian law. In response to pressure from the British government to end the depreciation of the Fijian pound, the Commissioners of Currency announced that henceforth they would only issue notes in exchange for 20 percent gold and 80 percent pounds sterling, and that from December 1, 1933 they would only issue notes in exchange for gold (Board of Currency Commissioners, announcement of 15 November 1932, cited in Knapman 1987: 112). It is unknown when the exchanging of notes only for gold in Fiji ceased. Certainly, the board would have stopped this exchange by 1939 when World War II began, because all British colonies adopted exchange control measures similar to those of the UK. Most likely, it happened in 1933 with the pure sterling exchange standard described below.

For the short period from December 14, 1932 to March 28, 1933, Fiji linked its currency to the New Zealand pound because the British colonial officials and Fiji's Legislative Council feared that the Commissioners of Currency were creating a shortage of notes that would hinder the record sugar harvest. These two groups overrode the currency board by temporarily linking to New Zealand's currency, and the exchange rate became Fijian £1 = New Zealand £1. The currency board was allowed to issue notes against drafts on New Zealand currency for a temporary period of six months (Knapman 1987: 113). On January 20, 1933, the New Zealand pound was devalued from New Zealand £1.11 = UK£1 to New Zealand £1.25 = £1 sterling, making the New Zealand pound again equal to the Australian pound. The Fijian pound followed.

Starting in March 29, 1933 and continuing until November 27, 1967, the exchange rate in Fiji was Fijian £1.11 = £1 sterling. On instructions from the British Colonial Office, Fiji adopted the pound sterling as the anchor currency, at the cross rate with the New Zealand pound in effect before January 20, 1933. The reason for adopting the pound sterling rather than the New Zealand pound was a desire by influential interests in Fiji to avoid the risk of further devaluations of the New Zealand pound against the pound sterling. The currency board was allowed to issue notes against drafts on pounds sterling.

In the second half of 1957 the Commissioners of Currency began to hold a modest amount of local securities in an account called the Fiji Development Loan. A number of other British colonial currency boards also began similar practices in the late 1950s owing to a relaxation by the British Treasury, which had the final say in colonial currency matters about local securities. Previously the Fijian commissioners had only held local assets in the form of temporary balances with the colonial Treasurer or Accountant-General when moving assets back and forth to London in response to demands for conversion. Another significant change occurred in late 1972, when the currency board began to accept deposits from commercial banks. The legal framework of the currency board was sufficiently elastic that apparently no new laws had to be passed to accommodate these changes.

Under the post-World War II Bretton Woods international monetary system, the pound sterling had pegged exchange rates with the U.S. dollar and gold. Through the link of the Fijian pound to the pound sterling, Fiji was also indirectly a part of the Bretton Woods system. For the 14-month span from November 28, 1967 to January 12, 1969, Fiji's currency was revalued against the pound sterling following the pound sterling's devaluation against gold and the U.S. dollar on November 18, 1967 (Fiji annual report 1967: 25). The new exchange rate was Fijian £1.045 = £1 sterling.

Fiji introduced a decimalized currency on January 13, 1969 at Fiji \$2 = Fijian £1 (Fiji annual report 1970: 28). Fiji was one of several British colonies or former colonies to switch its unit of account from a local pound to a local decimalized dollar in the 1960s and early 1970s. Australia had done so in 1966 and New Zealand in 1967. An exchange rate of Fiji \$1 = US\$1.4832 was agreed between the United Kingdom and the IMF, because the U.S. dollar was the currency in terms of which IMF member countries denominated their exchange rates, but after becoming independent on October 10, 1970 and joining the IMF on its own on May 28, 1971, Fiji had not registered a par value with the IMF before the Bretton Woods system began to break apart. Gold

convertibility for all countries ended in practice when the United States abandoned the gold standard on August 15, 1971. Foreign-exchange transactions were suspended in Fiji on June 23, 1972, when the United Kingdom floated the pound sterling, and resumed on June 26, 1972 (IMF 1973: 168). On October 25, 1972, Fiji revalued against the pound sterling to offset the decline of the pound sterling against the U.S. dollar at the time, and the exchange rate was Fijian \$1.98 = £1 sterling until June 30, 1973 (IMF 1973: 169). The old exchange rate had been Fijian \$2.22 = £1 sterling.

Was the Fijian Board of Commissioners of Currency Orthodox?

To determine whether the Board of Commissioners of Currency acted as an orthodox currency board, we must first determine what an orthodox currency board is. There are three major characteristics that make a currency board orthodox. First, there must be a fixed exchange rate with an anchor currency. Second, there must be full convertibility into and out of the anchor currency. Third, and finally, net foreign reserves should be 100 percent or slightly more of the monetary base, at least at the margin. The three characteristics taken together imply that the currency board does not partake in discretionary monetary policy (Hanke 2008: 56).

We have already seen that the Fijian pound switched anchor currencies in the 1930s and had periods when it required payment for notes in gold rather than only in pounds sterling. During those times the currency board was not fully orthodox.

To see whether Fiji's Board of Commissioners of Currency was an orthodox currency board at other times, we perform six tests. The first test is that net foreign reserves should be between 100-110 percent of the monetary base. The second test is that domestic assets should be 0 percent (or close to 0 percent) of total assets. The third test is that reserve pass-through (change in monetary base divided by change in net foreign assets) should typically be between 80-120 percent, and the closer to 100 percent this number is the more orthodox the currency board is. The remaining tests attempt to adjust for possible noise in the third test. The fourth test calculates absolute changes in monetary base and net foreign assets. The fifth test examines the change in monetary base and net foreign assets as a percentage of the previous year's monetary base. The sixth and last test looks into the level of monetary base and net foreign assets (Hanke 2008: 56, Schuler 2005: 234).

Test 1: Foreign Assets as a Percentage of Monetary Base

Our first test to determine orthodoxy was to see if net foreign assets were between 100 and 110 percent of the monetary base in Fiji, the range characteristic of an orthodox currency board. Net foreign assets are gross foreign assets minus foreign liabilities. A corollary is that an orthodox currency board will also hold few or no domestic assets, even on a gross basis. A small amount of local financial assets may be held for making local payments such as staff salaries, and the currency board may own its building, but that is all. The more domestic assets are held as backing for the monetary base, the greater the chance that the assets will lose value if the domestic economy falters, because of the low liquidity of markets for domestic assets in a small economy

such as Fiji. Also, foreign assets are not as highly correlated as domestic assets with downturns in the domestic economy, providing further insurance against the loss of confidence that could create a currency run when the domestic economy falters.

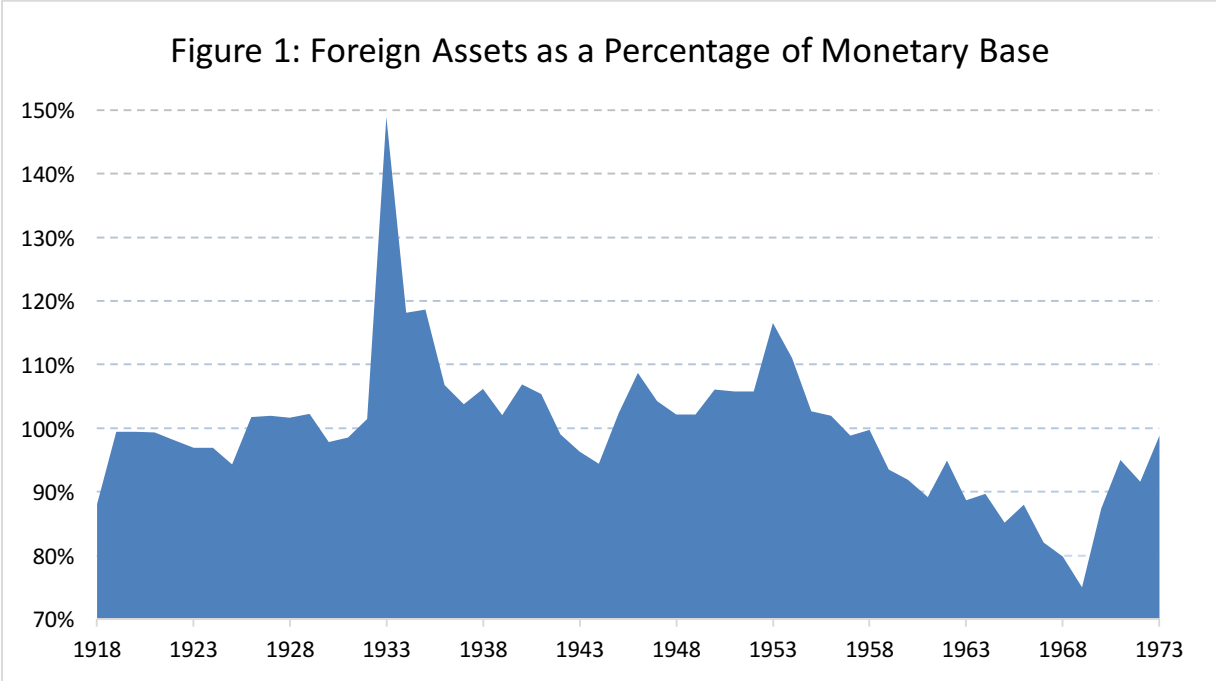
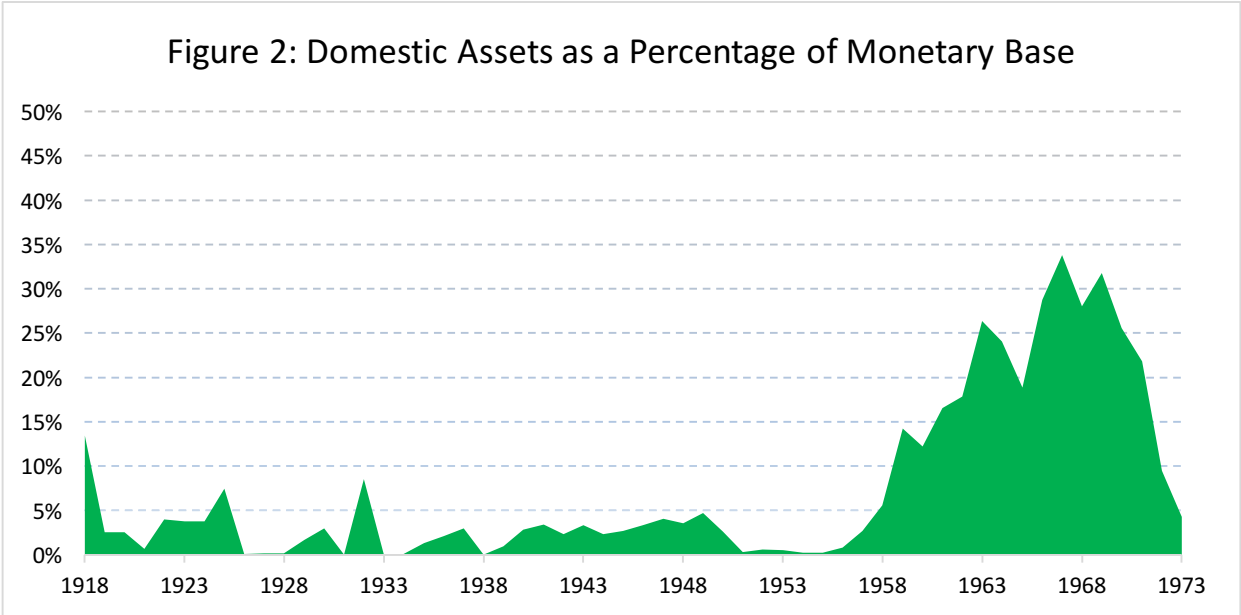


Figure 1 shows the foreign assets as a percentage of monetary base in Fiji during the currency board period, using data from 1918 to 1973. (Earlier data was incomplete.) Our ideal percentage to show perfect orthodoxy would be 100 percent, or close to it, however anything over 100 percent should exemplify orthodoxy of some sort. The average percentage of foreign assets divided by monetary base over the 55-year period of the Fijian currency board was 99.69 percent, nearly perfect orthodoxy. The ratio substantially rose above 110 percent only at two points. In the early 1930s, the devaluation of the pound sterling against gold raised the value of the currency board’s gold reserves in terms of sterling-linked currencies, and then the devaluation of the Fijian pound raised the value of the board’s foreign reserves in Fijian pounds. In 1953 the ratio spiked but it is unclear why. From 1958 onward the board held significant amounts of domestic assets because of changes to policy discussed above. Only in 1968 and 1969 did the ratio of foreign assets to the monetary base fall below 80 percent. Overall, then, the currency board was orthodox before 1958 and only moderately unorthodox afterwards.

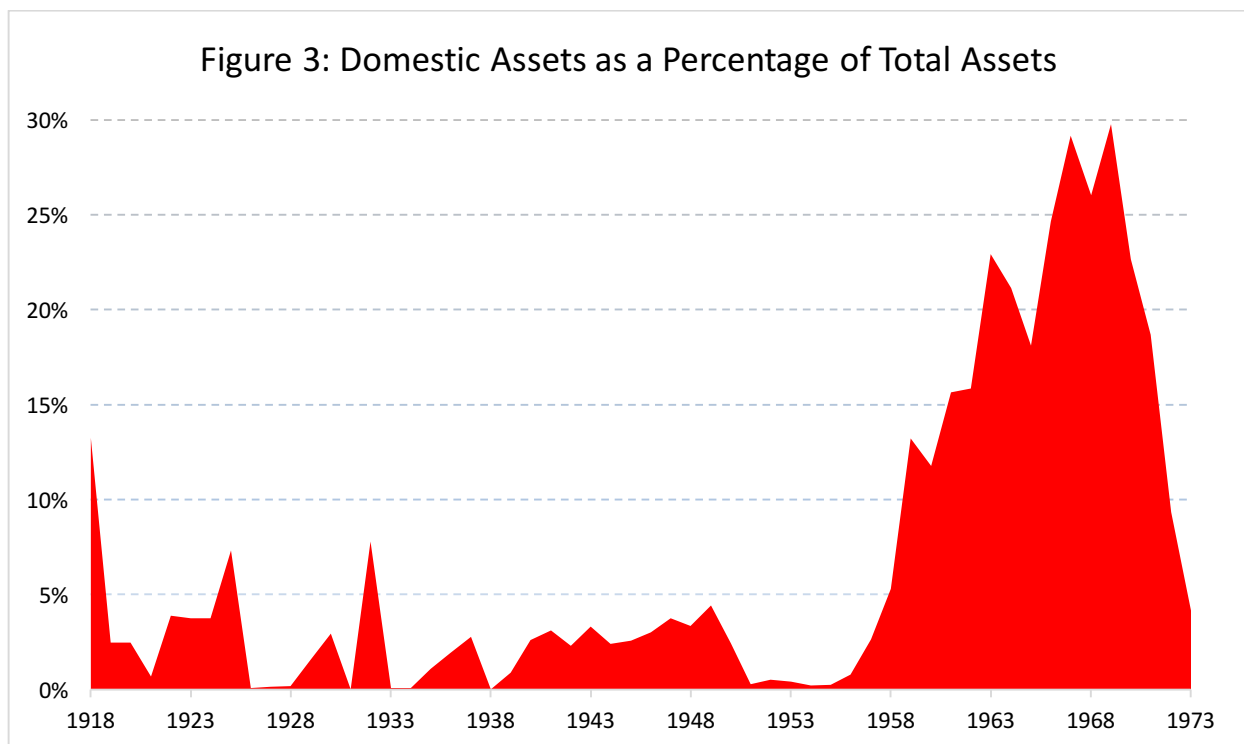
Figure 2 below shows the domestic assets as a percentage of the monetary base in Fiji during the Board of Commissioners of Currency period, again using data from 1918 to 1973. An orthodox currency board backs the monetary base entirely by foreign assets and holds nearly zero domestic assets. Since Fiji’s foreign assets were roughly 100 percent of the monetary base for most of the currency board period, we would assume domestic assets as a percentage of monetary base would be low. Figure 2 shows just this for most of the board’s life. The average percentage of domestic assets divided by monetary base over the 55-year period of the Fijian

currency board was just 7.5 percent. This again indicates orthodoxy. There is a blip in the 1960s. In the 1950s and 1960s the British government loosened the rules for many colonial currency boards and allowed them to hold some domestic assets. In Fiji’s case we see that after peaking above 33 percent of monetary base in 1967, and consistently being above 20 percent from 1963 to 1971 apart from one year, domestic assets dove back to low single-digit levels after this. Note that foreign assets plus domestic assets exceeded 100 percent of the monetary base rather than adding up to 100 percent, so that, for example, when domestic assets were equal to 33 percent of the monetary base in 1967, net foreign reserves were 82.0 percent of the monetary base rather than 67 percent.



Test 2: Domestic Assets and Total Assets

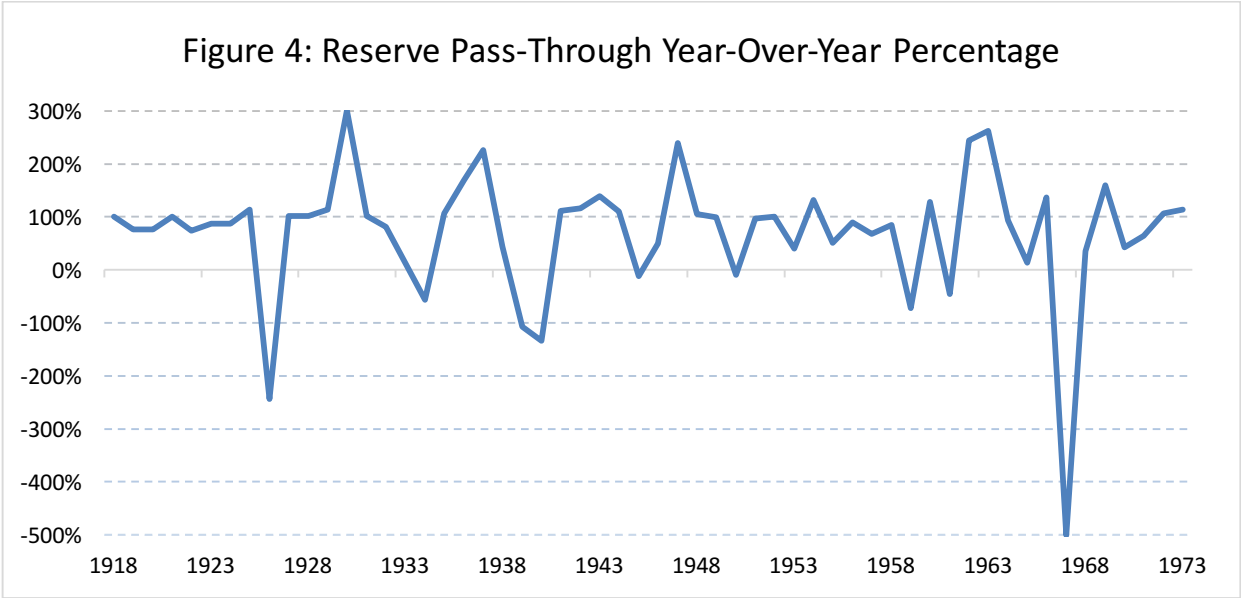
The second test (Figure 3, on the next page) examines what percentage domestic assets are of total assets. In an orthodox currency board, domestic assets will be 0 percent of total assets, or close. If a currency board holds domestic assets exceeding 10 percent of total assets, it is a sign of unorthodoxy. The rationale for avoiding domestic assets is that they are less liquid than top-quality foreign assets, and may only be saleable at a steep discount during a financial crisis. Figure 3 shows the domestic assets as a percentage of total assets. Until the 1960s, rarely are the domestic assets greater than 10 percent. The average percentage of domestic assets divided by total assets over the 55-year period of the Fijian currency board was 6.85 percent. The greatest value was in 1969 at 29.8 percent, but 13 of the 14 times the percentage was greater than 10 percent were during the 1950s and 1960s, again because of the policy change mentioned above. As with the first test, this test suggests that the currency board was orthodox for most of its life and unorthodox for a period near the end before veering back to orthodoxy shortly before the end of its existence.



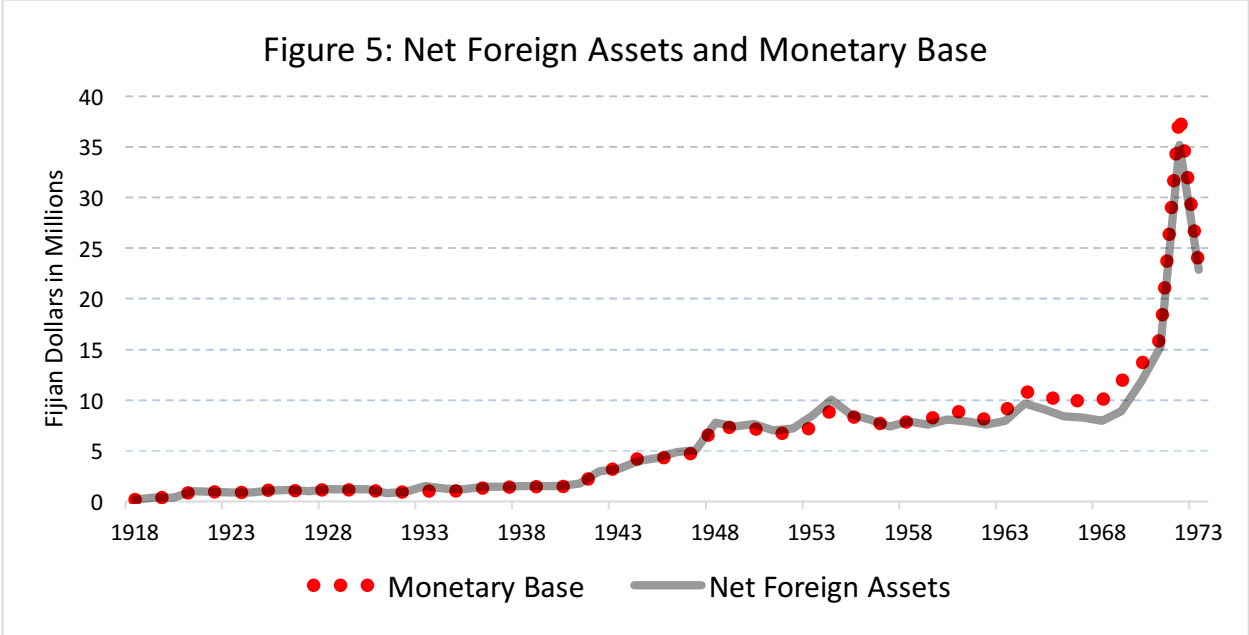
Test 3: Reserve Pass-Through

Another test of currency board orthodoxy concerns reserve pass-through. Reserve pass-through is the change in monetary base divided by the change in net foreign assets, and is calculated year-over-year. With a perfectly orthodox currency board, reserve pass-through would be 100 percent. Given that there is often difficulty in measuring reserve pass-through precisely, because of such factors as changes in the market value of assets and the timing or expenses, Prof. Steve Hanke and Dr. Kurt Schuler have suggested that in practice a range from 80-120 percent should be considered orthodox. The reason reserve pass-through should be near 100 percent is because changes in the monetary base should directly reflect the public's purchases and the sale of foreign currency for domestic currency.

Figure 4 shows the reserve pass-through for Fiji during its currency board period. The ratio was highly volatile from start to finish. With two exceptions, the data stayed between -300 percent and +300 percent, but was volatile between these marks. Figure 4 suggests that the Fijian Board of Commissioners of Currency was not orthodox by this measure, even for the period before the board began to hold substantial foreign assets. The average annual reserve pass-through for the whole era of available data was 70.0 percent.

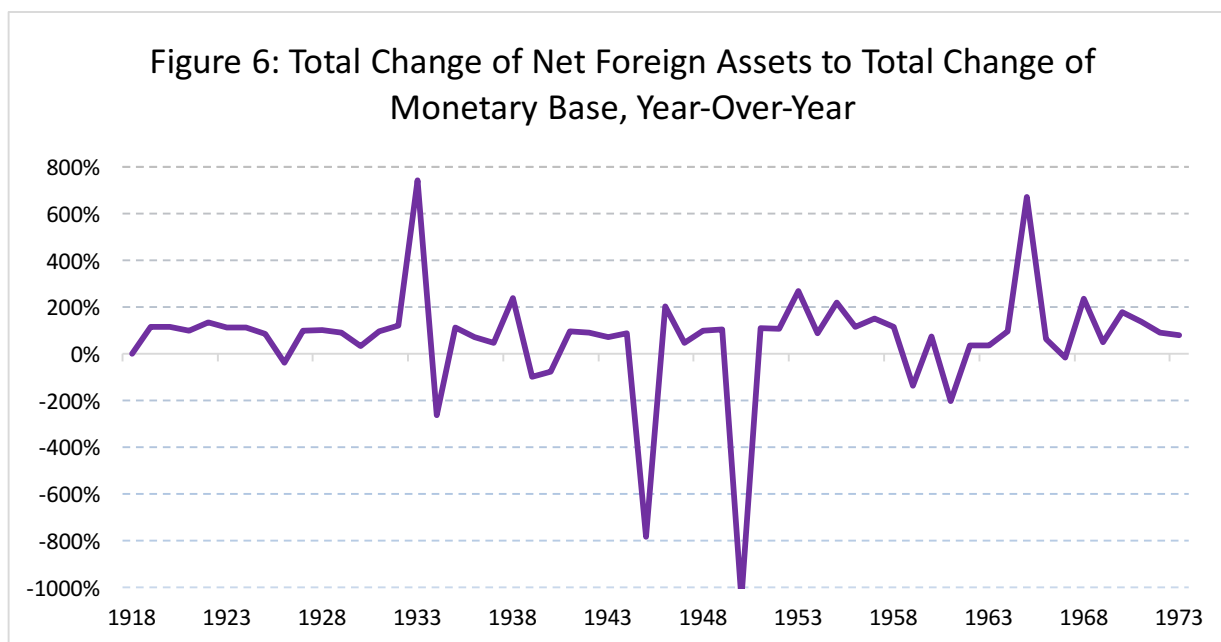


Reserve pass-through measures changes. It can also be illuminating to look at the underlying figures from which the changes are measured. Figure 5 shows net foreign assets and monetary base during the currency board period in Fiji. Although there were not many holes, years where data have not yet been found have been filled in with the previous year's numbers for the sake of continuity. The foreign assets and monetary base grew together at similar rates over the long run, which means the reserve pass-through figures are not as damaging to the case for orthodoxy as they might appear at first sight. Note that the amounts are expressed in Fijian dollars; Fijian pounds have been converted into Fijian dollars at £1 = \$2 for continuity and ease of reading.



Test 4: Absolute change in net foreign assets and monetary base

Test 4 compares absolute changes in net foreign assets and monetary base on a year-over-year basis. A perfectly orthodox currency board would have changes in monetary base and net foreign assets follow a 1:1 ratio, or 100 percent. Figure 6 shows the absolute change in foreign assets and monetary base year-over-year. As with figure 4, the data in figure 6 is volatile. There was no easily detectable pattern between change in foreign assets and monetary base. Therefore, strictly based on test 4, it would be assumed the Board of Commissioners of Currency acted in an unorthodox manner.

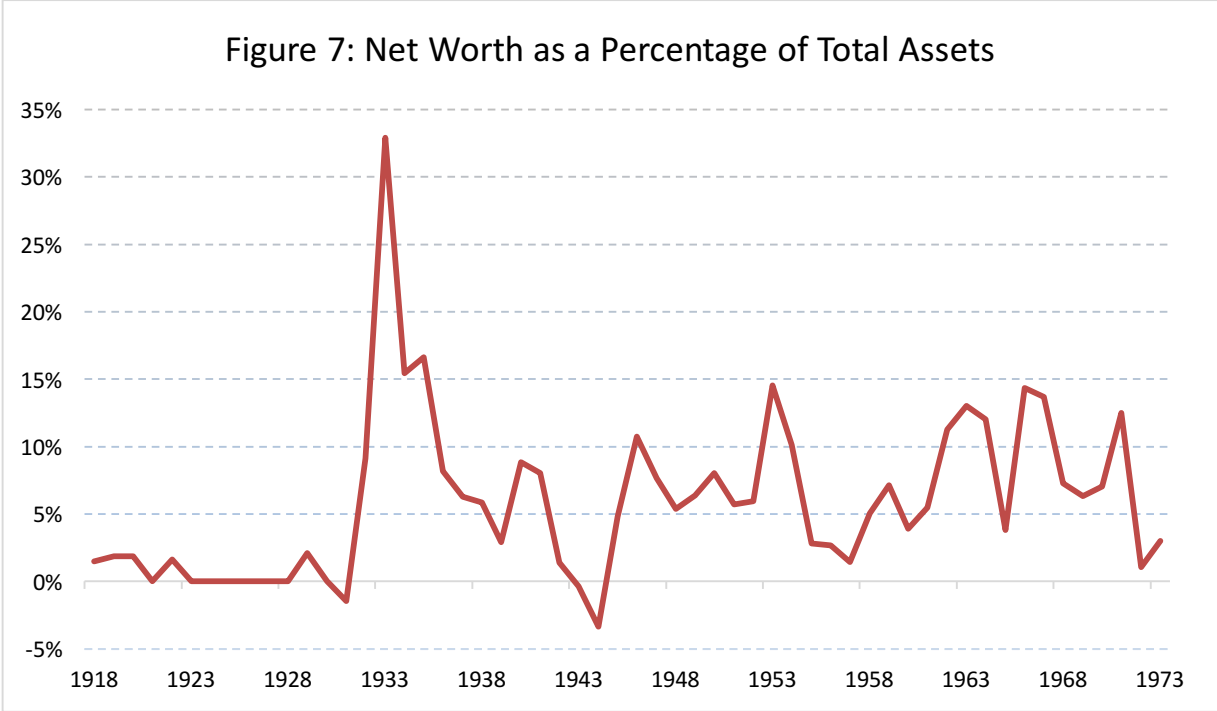


Test 5: Net worth residual as a percentage of total assets

A final test to determine orthodoxy examines the net worth residual as a percentage of total assets. Net worth is total assets minus total liabilities (excluding, of course, the net worth component that occurs on the liability side of a balance sheet). A currency board is considered orthodox if this percentage is between 0-15 percent. In principle, a currency board needs no net worth residual if its assets are perfectly safe, but in practice many currency boards have had net worth of around 10 percent of assets as a safeguard against the depreciation of the market value of their assets, particularly longer-term securities. British colonial currency boards rarely or never had paid-in capital, so their net worth consisted of earnings not passed along to the government.

Figure 7 shows that during Fiji's currency board period, net worth was in the 0-15 percent range with just a few exceptions. Net worth was below zero in 1931, when it fell to -1.5 percent on the devaluation of the pound sterling against gold. The only other years it was negative were 1943 (-0.4 percent) and 1944 (-3.4 percent), when foreign assets did not grow as fast as the board's liabilities; the reasons are not clear in the absence of a narrative account from the period. In 1933

the net worth of the currency board temporarily soared to 32.9 percent of total assets as a result of the devaluation of the Fijian pound, which raised the value in pounds of foreign assets. By the following year net worth was just about 15 percent. The overall impression from the net worth test is that in this respect, the currency board was orthodox.



Conclusion

Our statistical analysis suggests that the Fijian Board of Commissioners of Currency acted in more of an orthodox manner than an unorthodox manner. Test 1 indicates that with the exception of a few years in the 1960s, foreign assets as a percentage of monetary base were in the neighborhood of 100 percent. Test 2 shows domestic assets to be less than 7 percent of total assets on average throughout the whole period, although significantly higher in the 1960s. Test 3 shows a volatile and unorthodox reserve pass-through ratio. However, reserve pass-through can be a ratio of small changes in large underlying magnitudes, namely the foreign assets and the monetary base. The underlying magnitudes grew in parallel, which is a sign of orthodoxy. Test 4 is the only test performed that indicates true unorthodoxy by the Fijian currency board. The change in net foreign assets to change in monetary base was extremely volatile, and showed no tendency to home in on the 1:1 ratio of an orthodox currency board. Finally, test 5 indicated that the net worth residual was within the orthodox range of 0-15 percent for the whole period.

There were two periods of unorthodoxy. As has been discussed, in the 1930s the currency board switched anchor currencies and required payment for Fijian currency in gold even though it apparently did not pay gold when cashing Fijian currency. In the 1960s the board held significant domestic assets, but reversed this behavior before the end of its existence.

On April 5, 1973, the Governor-General of Fiji approved the Central Monetary Authority Act to establish the Central Monetary Authority in place of the currency board. This law provided for a Board of Members of six people including a chairman, a general manager, and several secretaries to be responsible for the Authority's policies and affairs. The government of Fiji replaced the currency board because it felt that the actions of the monetary authority should be self-starting and self-reversible. The board was simply a currency issuing and redeeming organization. The main function of the new Central Monetary Authority was to expand upon the powers of the currency board and ensure the convertibility of the Fiji dollar to the then current laws relating to the control of foreign exchange. In doing so, the Central Monetary Authority had much greater control over the creation of currency, coin, and bank deposits (Central Monetary Authority of Fiji 1974: 10-11). The Central Monetary Authority, which had more discretionary monetary powers than the currency board but less than a typical central bank, in turn gave way to the Reserve Bank of Fiji, a full-fledged central bank, in 1975.

A rough gauge of the long-term record of the Reserve Bank of Fiji is the exchange rate between the Fijian dollar and the pound sterling, which was Fijian \$1.98 = £1 sterling at the end of the currency board period. Today the exchange rate is approximately Fijian \$2.86 = £1 sterling, a modest rate of depreciation over a 45-year span. Many countries that have replaced their currency boards with national central banks have performed orders of magnitude worse.

Note: Accompanying Data

An accompanying spreadsheet workbook gives the data underlying this paper. The main source of the data was the *Fiji Royal Gazette*, with some supplementation by the colonial annual report and the Blue Book (a standardized annual statistical summary issued by British colonies up to around the time of World War II). The currency board issued abbreviated financial statements as of the tenth day of the month from 1914 or 1915 to 1934. It also issued fuller annual statements as of the end of December. From 1935 onward the currency board only released data semiannually. The workbook also includes some other data that may be useful to researchers, namely the annual balance sheet of the government and data on bank assets. Some data are missing because of difficulty locating issues of the *Fiji Royal Gazette*. The graphs and most of analysis in the paper are based on annual data, but the available higher-frequency data seem to support the conclusions arising from the annual data.

Appendix: Relevant Fijian Legislation during the Currency Board Period

A chronological summary of relevant legislation passed from 1913-1973 affecting currency in Fiji and the Fijian currency board.

- Fiji, Government Currency Notes Ordinance, No. 30, 18 November 1913: Established the Board of Commissioners of Currency.
- Fiji, Government Currency Notes Amendment Ordinance, No. 2, 14 February 1917: Allowed the currency board to invest in a wartime loan to the government of Fiji (apparently securities).
- Fiji, Government Currency Notes Amendment Ordinance, No. 19, 20 December 1918: Allowed the British Secretary of State for the Colonies to approve reducing the coin reserve to as low as one-half of the notes in circulation, as opposed to one-half before (the rest of the reserve being held as securities).
- Fiji, Government Currency Notes Amendment Ordinance, No. 23, 19 November 1920: Allowed the Commissioners of Currency to pay notes in silver coins permitted by the British Secretary of State for the Colonies.
- Fiji, Ordinance No. 9 of 1921: Allowed the British Secretary of State for the Colonies to approve reducing the coin reserve to as low as one-fifth of the notes in circulation, as opposed to one-quarter before (the rest of the reserve being held as securities).
- Fiji, Government Currency Notes Amendment Ordinance, No. 1, 1 June 1922: Allowed the government to suspend the convertibility of currency board notes into gold from time to time or to pay the notes in silver (such as British silver coins).
- Fiji, Currency Notes (Amendment) Ordinance, No. 42, 13 December 1932: The currency board was allowed to issue notes against drafts on New Zealand currency for a temporary period of six months.
- Fiji, Currency Notes Ordinance, No. 6, assented 25 July 1933, in force 1 November 1933: Put the currency on sterling exchange basis at Fijian £111 = UK£100 and ceased reference in the law to gold or silver coins. Increased the depreciation reserve from 10 percent to 20 percent, high for a currency board.
- Fiji, Coinage Ordinance, No. 1, 29 March 1934: Made the coinage the responsibility of the Commissioners of Currency and provided for establishing a Coinage Security Fund.
- Fiji, Central Monetary Authority Act, No. 1 of 1973: Replaced the currency board with a quasi central bank.

References

Boger, Tal. (2017). "British Imperialism and Portfolio Choice in the Currency Boards of Palestine, East Africa, and West Africa." *Studies in Applied Economics* No. 86, September, Institute for Applied Economics, Global Health, and the Study of Business Enterprise, Johns Hopkins University.

http://sites.krieger.jhu.edu/iae/files/2017/09/Tal_Boger_British_Imperialism.pdf

Central Monetary Authority of Fiji. (1974). *Report and Financial Statements*. Parliament of Fiji, Parliamentary Paper No. 8 of 1975, December. Suva, Fiji.

Digital Archive on Currency Boards. Institute for Applied Economics, Global Health, and the Study of Business Enterprise, Johns Hopkins University. <http://sites.krieger.jhu.edu/iae/research-programs/digital-archive-on-currency-boards/>

Fiji. Annual report. (1913-1970). Great Britain (United Kingdom). Colonial Office, *Report for ...* (1913-1930); Colonial Office, *Annual Report on the Social and Economic Progress of the People of Fiji* (1931-1938); not published 1939-1946 because of World War II; Colonial Office, *Annual Report on Fiji for the Year ...* (1947-1950), Colonial Office, *Report on Fiji for the Year ...* (1951-1958); Colonial Office, *Fiji: Report for the Year ...* (1959-1965); Commonwealth Office, *Annual Report on Fiji for the Year ...* (1966-1967); Foreign and Commonwealth Office, *Annual Report on Fiji for the Year ...* (1968-1970). London: His / Her Majesty's Stationery Office.

Fiji. Blue Books. Suva. (These were annual statistical summaries that British colonies issued until around the time of World War II.)

Fiji. (1875-1987). *Fiji Royal Gazette*. Suva. (Contains the annual and higher-frequency financial statements of the Commissioners of Currency.)

Fiji. Laws.

Fiji. Parliamentary Papers.

Hanke, Steve H. (2002). "Currency Boards." *Annals*, American Academy of Political and Social Science, no. 579.

<http://ieagh.org/wp-content/uploads/2014/11/steve-hankeannals.pdf>.

Hanke, Steve. (2008). "Why Argentina Did Not Have a Currency Board." *Central Banking*, vol. 18, no. 3, Feb., pp. 55-58.

https://object.cato.org/sites/cato.org/files/articles/hanke_feb2008_argentina_currencyboard.pdf

Hanke, Steve H., and Schuler, Kurt. (2015). *Currency Boards for Developing Countries: A Handbook*. Original edition San Francisco: ICS Press, 1994.
http://sites.krieger.jhu.edu/iae/files/2017/06/Currency_Boards_for_Developing_Countries.pdf.

Johnston, Douglas M., and Reisman, W. Michael. (2008). *The Historical Foundations of World Order: the Tower and the Arena*. Boston: Martinus Nijhoff Publishers.

Knapman, Bruce. (1987). *Fiji's Economic History, 1874-1939: Studies of Capitalist Colonial Development*. Canberra: Australian National University Press.

Krus, Nicholas and Schuler, Kurt. (2014). "Currency Board Financial Statements." Studies in Applied Economics No. 22, December, Institute for Applied Economics, Global Health, and the Study of Business Enterprise, Johns Hopkins University.
http://sites.krieger.jhu.edu/iae/files/2017/04/Krus-Schuler_Currency_Board_Financial_Statements_2014.12.21.pdf

Narsey, Wadan. (1986). "Fiji's Colonial Monetary System, Export of Colonial Capital and Colonial Underdevelopment." *Journal of Pacific Studies*, Vol. 12, pp. 87–161.

Narsey, Wadan. (2016). *British Imperialism and the Making of Colonial Currency Systems*. Basingstoke, UK: Palgrave Macmillan.

Reserve Bank of Fiji. (1995a). "Reserve Bank of Fiji" (historical summary).
<http://www.rbf.gov.fj/docs/Reserve%20Bank%20of%20Fiji.pdf>

Reserve Bank of Fiji. (1995b). "History of Our Currency." Reserve Bank of Fiji,
www.rbf.gov.fj/getattachment/Left-Menu/Currency-Collections/History-of-our-Currency.pdf.aspx.

Schuler, Kurt. (2005). "Ignorance and Influence: U.S. Economists on Argentina's Depression of 1998–2002." *Econ Journal Watch*, vol. 2, no. 2, Aug., pp. 234–278.
<https://econjwatch.org/articles/ignorance-and-influence-us-economists-on-argentina-s-depression-of-1998-2002>

Skully, Michael T. (1987). *Financial Institutions and Markets in the Southwest Pacific: a Study of Australia, Fiji, New Zealand, and Papua New Guinea*. New York: St. Martin's Press.

Wilson, Matt. "Reserve Bank of Fiji." *Rbf.gov*, Reserve Bank of Fiji.
[www.rbf.gov.fj/docs/Reserve percent20Bank percent20of percent20Fiji.pdf](http://www.rbf.gov.fj/docs/Reserve%20Bank%20of%20Fiji.pdf)