

# UNITED NATIONS ECONOMIC AND SOCIAL COUNCIL



CENTRAL

E/CN.12/167/Add.3

1 May 1950

ENGLISH

ORIGINAL: SPANISH

ECONOMIC COMMISSION FOR LATIN AMERICA  
Third Session  
Montevideo, Uruguay  
5 June 1950  
Item 7 of the Provisional Agenda

## AGRICULTURAL CREDIT IN GUATEMALA\*

### TABLE OF CONTENTS

	Page
Introduction.....	1
CHAPTER I. THE PRESENT CREDIT SYSTEM.....	5
A. Banking Legislation.....	5
B. Operations.....	6
C. The most Usual Types of Credit.....	8
1) Avío Loans.....	9
2) Short-term production credit.....	9
3) Long-term production loans.....	9
4) Long-term real estate credit.....	9
5) Crop loans.....	10
6) Fiduciary loans for agricultural purposes....	10
7) Loans in kind.....	10
D. Rates of Interest and Re-discount.....	11
E. System of Valuation.....	13
F. Branches and Agencies.....	13
G. Portfolio of the Banks in the System.....	14
H. Trends of Long and Short-term Credit.....	15
I. Direction and Control of the Banking System.....	20
Chapter II. THE SOURCES OF CREDIT.....	29
A. The Bank of Guatemala.....	29
B. The Semi-governmental Institutions.....	36
1) The National Mortgage Credit Bank.....	41
2) The Department for Cooperative Development..	47
3) The Instituto de Fomento de la Producción...	47
C. Private Banks.....	58
D. Other Sources.....	58
APPENDIX A. PRINCIPAL CROPS OF GUATEMALAN AGRICULTURE.....	59

\* This document has been reproduced in New York from the original issued at Montevideo.

## AGRICULTURAL CREDIT - GUATEMALA

Introduction

The economy of Guatemala, like that of the rest of the countries of Central America, depends principally upon its agricultural income. Agriculture is the source of the Nation's wealth. It furnishes Guatemala not only with a great part of its consumer goods, but also its export products. Foreign commerce is based on the exportation of two fundamental products: coffee and bananas.

Gross national product was recently estimated at 357.0 million dollars for the fiscal year 1947-48<sup>1/</sup>. Of this total, 209.0 million dollars correspond to agriculture and stock raising, and represent 58.2 per cent of the gross national income, while 48.4 million dollars correspond to industry - representing 13.5 per cent of the total.

Banking, as an instrument of credit, never assumed a role of much importance in the economic development of the country. As an illustration it is of interest to comment briefly upon a few aspects of the evolution of banking in Guatemala, the main characteristic of which is that the credit policy was never incorporated within a controlled economy until after the last banking reform of 1946.

Until the end of the nineteenth century the financial unit was the "peso" (law of September 15, 1881). In those days there were six private banks which had the privilege of issue. The banknotes were convertible into national metallic specie, the minting of which was reserved by the government.

The abuses and speculation to which this situation gave rise were innumerable, and security was non-existent. The banks made use of their right of issue as they pleased, and the government called too much on public credit, and constantly increased its demand. Under such circumstances arbitrary issues of banknotes were made, merely with the object of paying interests. It was in this way that in December of 1892 the convertibility of banknotes was suspended.

---

1/ In Guatemala the fiscal year is from 12 July to 30 June. These data have still to be confirmed by economists of the Federal Reserve Bank of New York who made this estimate jointly with functionaries and technicians of the Bank of Guatemala.

Money continued to be inconvertible for many years, and the process of inflation caused the exchange value of the peso to rise from two pesos per dollar to seventy-two per dollar between 1897 and 1921.

In 1923 the Caja Reguladora (Regulating Fund) was formed, the principal purpose of which was the accumulation of gold and foreign exchange in order to prepare a favourable situation for a reform which would conform to the principals of modern monetary, exchange and credit techniques.

In 1924 the "Monetary and Conversion Law" was enacted, by establishing as the national currency the "quetzal" whose value was on par with that of the dollar.

The notes were convertible into gold until 1933, when inconvertibility was decreed.

The founding of the Caja Reguladora and later the creation of the "Banco Central de Guatemala" (Central Bank of Guatemala) in 1924 caused the disappearance of ten banking institutions, five of which had the privilege of issue. The failure or liquidation of these institutions was principally due to the depression, to the weakness of their economic structure, to the lack of guidance and technical administration of the banking functions, and finally to the lack of help from the Banco Central.

Before the first reform, the most usual type of agricultural credit was that of short-term credit with a mortgage guarantee. The normal rate of interest generally accepted was 12 per cent per annum. The credits could generally be extended by means of new contracts.

Another customary type of credit was a non-banking one known as "habilitación", as well as other types of fiduciary credit which will be described in Chapter II, as they are still in general use in the country.

As in El Salvador, credit was only available to the producers of coffee on a large scale, or to landowners.

In 1929 the Crédito Hipotecario Nacional (the National Mortgage Credit Bank) was organized to grant long-term loans, principally for agriculture. The Bank followed a very conservative policy as regards credit, and also engaged in a series of operations foreign to agricultural credit, which weakened it.

It is in these circumstances that the Monetary Banking Reform of 1945/46 was made, by which the Monetary Law and the Bank Law were promulgated. The Bank of Guatemala was formed, and assumed the functions of the old Central Bank. A control organization, the Bank Superintendency, was founded, replacing the Monetary and Banking Department.

These are, in brief, the events which mark the evolution of banking in Guatemala.

As already stated, credit policy was never directed from above until the second reform of 1946. Since then an effort has been made to widen agricultural and industrial credit.

The accomplishments of the Banco Central proved to be deficient. Notwithstanding having concerned itself with accumulating reserves of gold and foreign exchange, it did not become an institution capable of meeting the economic needs with which the country was faced. The lack of technique in the management, political influence and the profits of its shareholders altered its functions, causing it to neglect many of the activities with which it had been entrusted. Thus the Banco Central did not trouble itself with the development of a monetary and banking policy with which to face the economic cycles, and in the years of depression enormously encouraged the contraction of credit. Its Mortgage Department never functioned, nor did the Bank ever look after rediscount services.

The Junta Monetaria (Financial Council) and the Bank of Guatemala have tried to channel the credits granted to the farmer towards productive ends, and have tried to expand facilities and sources.

In 1945, the Department of Cooperative Development was organized, attached to the Crédito Hipotecario Nacional, with the aim of decentralizing the sources of credit by opening agencies and credit cooperatives in the towns of the interior of the country, and in order to provide loans with satisfactory conditions to the small producers.

In 1948 the Institute for Developing Production (INFOR) was founded, whose departments of Development and of Agricultural and Industrial Credit make loans to the farmers, covering in certain cases, and when the national economy needs it, extraordinary risks which would not be acceptable to the ordinary commercial, private, or semi-governmental banking institutions.

## CHAPTER I

### THE PRESENT CREDIT SYSTEM

#### 1. Banking Legislation.

Guatemala has, at the present time, one of the most complete and modern banking legislations in Central America.

1) The Monetary Law (Legislative Decree 263 of 29 November 1945) which establishes the monetary unit, the use of the national currency, the power to issue legal tender, gold parity and convertibility, and provides for an emergency system for international transfers, to be used only in cases provided for by law.

2) The Organic Law of the Bank of Guatemala (Legislative Decree 215 of 1 December 1945) establishes the Junta Monetaria (Monetary Council), the Superintendencia de Bancos (Superintendency of Banks) and the Bank of Guatemala; it regulates currency, exchange and credit.

3) The Bank Law (Legislative Decree 315 of 30 November 1946) regulates the activities of the banks whether national, private or jointly-owned, and binds them to the monetary credit, and control entities established by the two former decrees. This law defines what should be legally considered as a banking institution in Guatemala, establishes rules for the constitutions of any new organization which might be established, determines the way in which banks should be organized, the minimum proportions of capital and reserves, the application of profits and losses, and the operations which the banks can make, according to whether they are Commercial, Mortgage or Capitalization Banks. This law also defines the type of credit, the guarantees and procedures of foreclosure and intervention, as well as of liquidation.

Before these laws, legislation had been passed to create the Crédito Nacional Hipotecario of Guatemala as an institution of agricultural credit (Governmental Decree 1040 of 4 December 1929). During the depression, a general moratorium had been decreed, called the Law of Relation between Debtors and Creditors (Governmental Decree 1755 of 9 November 1935), and a law had been passed to create the Departamento de Fomento Cooperativo (Cooperative Development Department) (Legislative Decree 146 of 1 August 1945) establishing it as a dependent of the Crédito Hipotecario Nacional.

Since then a law has been enacted to create the Instituto de Fomento de la Producción (Institute of Development of Production) (Legislative Decree 533 of

/29 July

29 July 1948), one of the principal objects of which is to give credit for agricultural production.

1. Operations.

In addition to the Bank of Guatemala, the Crédito Hipotecario Nacional, the Departamento de Fomento Cooperativo and the Instituto de Fomento de la Producción, which constitute the semi-governmental banking system of Guatemala, there are the private banks which are the Bank of London and South America, the Banco de Occidente (Western Bank), and the Banco Agrícola Mercantil (Mercantile Agricultural Bank).

Also, although they are not controlled by the Bank Law, an important role in the distribution of agricultural credit, especially in short-term transactions, is played by the processors of coffee and exporters of coffee, banana companies, wheat millers, and a few big property owners and merchants from the towns of the interior of the country.

The Bank of Guatemala is the centre of the financial and credit system; it works only with the other banks of the system, attempting by means of its moral influence, its legal powers in the regulation of currency, exchange, and credit, and with the wide and decided help and support of the state, to promote and maintain the financial, exchange and credit conditions most favourable to the orderly development of the national economy.

Contrary to what happens in El Salvador, where there is complete freedom of exchange, the contraction of loans in United States banks to be invested in the country by the commercial banks or the exporters or processors of coffee, can only be carried out with the authorization of the Junta Monetaria and through the Bank of Guatemala, even when they are short-term transactions which will be reimbursed within a year. On the other hand, the emergency legislation concerning international transfers which may be used at any time with the approval of the President of the Republic in a Cabinet Meeting, has caused the Banks of the United States not to give credits similar to those used in El Salvador without ascertaining beforehand the acquiescence of the Junta Monetaria and making certain that, in the case of the emergency system being introduced, the quotas of amortization of their loans will be considered as essential payments.

The banks which have been qualified by the Junta Monetaria both as commercial and as mortgage banks, are obliged by law to have two separate and independent departments, through which they carry out, respectively, the operations of commercial and mortgage banking.

/The Crédito Hipotecario

The Crédito Hipotecario Nacional, the Instituto de Fomento de la Producción, and the Banco de Occidente, are authorized to function as general purpose, commercial and mortgage banks. The Bank of London and the Banco Agrícola Mercantil function only as commercial banks<sup>1/</sup>.

The commercial banks and the commercial departments of the general purpose banks finance their operations with their own capital and reserves, and also with resources obtained by:

- 1) accepting sight and short-term deposits;
- 2) obtaining funds from the Bank of Guatemala in the form of loans, advances or rediscounts;
- 3) obtaining domestic or foreign loans with the previous authorization of the Junta Monetaria.

The mortgage banks and the mortgage departments of the general purpose banks work using their own capital and reserves, and also with resources obtained by means of:

- 1) accepting savings and long-term deposits;
- 2) issuing mortgage and lien bonds;
- 3) obtaining domestic or foreign loans with previous authorization of the Junta Monetaria.

In Guatemala:

Demand deposits are payable at the mere request of the depositor or creditor, on the presentation of a cheque;

Short-term deposits are those paid within not more than thirty days or subject to previous notice not exceeding that time;

Long-term deposits are those paid within more than thirty days or subject to previous notice which exceeds that time; and

Savings deposits are those constituted by the obligations laid down in the special conditions agreed upon with the saver or established by the laws regulating savings (Legislative Decree 415 of 10 August 1948).

The commercial banks and the commercial departments of general purpose banks are authorized to grant:

---

<sup>1/</sup> The Banco Agrícola Mercantil (successor to the former Central Bank) has provision in its statutes to convert itself into a general purpose bank by means of the authorization of the Junta Monetaria and the recognition of the Executive Organization.

- 1) Credits for a term not exceeding one year to finance operations which normally do not exceed the same period; and,
- 2) Credits for a term of not more than three years to finance the acquisition of raw materials, beasts of burden, tools, machinery and other movable productive goods.

According to the law, these banks can accept only personal or lien guarantees. Mortgage guarantees can only be accepted as subsidiary or additional guarantees.

The mortgage banks or the mortgage departments of the general purpose banks are authorized to grant:

- 1) Advances on their savings deposits or their mortgage and lien bonds;
- 2) Credits for a term not exceeding a year to finance productive activities only on the properties mortgaged to them;
- 3) Credits for terms not exceeding three years to finance purchases and useful or productive medium-term transactions;
- 4) Credits for a term not exceeding twenty-five years to finance purchases and long-term useful or productive transactions, or to re-finance similar existing transactions.

These banks can accept the guarantee of their savings deposits or their mortgage or lien bonds, or fiduciary or lien guarantees (with or without seizure of fruit and goods) or mortgage guarantees, according to the purpose of the loan and the term asked.

C. The most usual types of credit.

The following are the most usual types of agricultural credit in Guatemala:

- 1) "Avío" credit;
- 2) Short-term production credit;
- 3) Long-term production credit;
- 4) Credit for the purchase of real estate or for the cancelling of long-term debts.

In addition to these types of loans, farmers frequently use credits from other private sources, not forming part of the system controlled by law, principally under the following forms:

- 5) Crop loans;
- 6) Fiduciary credits for agricultural purposes;
- 7) Loans in kind or movable goods.



1) "Avío" Loans: "Avío" loans in Guatemala are operations carried out to finance the work pertaining to agricultural or livestock production, the term of which is not longer than a year and which is guaranteed by a lien, without seizure of the product corresponding to the agricultural year of the contract. At least in theory the product of the financed harvest should serve for the cancellation of the loan.

This type of loan, in its purest form, is made only by the INFOP. The other banks grant it almost exclusively for the financing of the coffee harvest and on a smaller scale for the purchasing and fattening of cattle. In the case of other crops, they generally demand a mortgage as a subsidiary guarantee, thus limiting these credits to the landowners.

2) Short-term production credit: Short-term financing credits are loans on terms not exceeding three years to finance the purchase of seed, fertilizers, farm implements, machinery, beasts of burden, wire for fences, building materials and, generally speaking, purchases and useful or productive medium-term operations with mortgage or lien guarantees. Another characteristic of these credits is that, in theory at least, they should mean a permanent improvement in the property.

The commercial banks, as well as the mortgage banks, and the commercial and mortgage departments of the banks authorized as mixed, grant short-term financial credits. The commercial banks can demand the mortgage guarantee only as an additional guarantee, nevertheless they nearly always demand it, and it can be affirmed that in practice all the short-term financial credits are based on a mortgage as the principal guarantee, which makes these loans accessible only to landowners. The Instituto de Fomento de la Producción is the only credit institution in the country which takes the risk of accepting only a lien guarantee on these loans to agricultural production.

3) Long-term production loans: Long-term financing credits are granted by the mortgage banks or the mortgage departments of banks authorized as mixed, to make material improvements, which cannot be refunded in less than three years. These loans are guaranteed for a term up to twenty-five years and are always guaranteed by a mortgage.

4) Long-term real estate credits: Long-term loans for the purchase of property, the financing of long-term productive agricultural operations or the re-financing of similar obligations already in existence are granted in Guatemala by the mortgage banks or by the mortgage departments of the mixed banks with a

/mortgage

mortgage guarantee, and for terms of not more than twenty-five years.

As already stated, apart from the customary banking credits, private money lenders grant other types of loans to farmers.

These loans, although the conditions are generally more burdensome, in certain cases present facilities of access, of promptness and simplicity in the handling of the application, etc., which the banks of the Guatemalan system cannot offer. The principal forms are described below:

5) Crop lien: This form of credit is granted principally by the exporters and processors of coffee and by the millers and grain merchants of the interior. "Habilitation" consists of the previous sale of part or all of the harvest, in exchange for a money loan which always draws high interests. Naturally the prices which the farmer obtains for his products are much lower than those which he would get in a free market. To secure the lender, in order to protect himself from a fall in prices, or with a preventive motive, always pays very low prices at the time of granting the credit. Sometimes, as a protection against non-fulfilment, either through malice or otherwise, these lenders include in their contracts clauses imposing heavy fines to be paid in the case of non-fulfilment, with the products of the following .

6) Fiducial loans for agricultural purposes: Some coffee merchants, shop-owners in the interior of the country, or big landowners, often make loans with personal guarantee with or without the endorsement of a jointly liable firm to people of acknowledged integrity who generally represent risks known through years of association in transactions of this kind.

7) Loans in kind: In the Indian communities or in the great feudal exploitations where the owner gives land every year to the inhabitants of hamlets situated within his land for the sowing of cereals and beans, there are often loans in kind or in moveable goods. The most usual loan is that of seed which is paid with interest (which is generally a quantity equal to that received) at the end of the agricultural year. In the wheat zone of the West some millers exploit the Indians with a form of credit which is disappearing and which is known as "grain credit" - the miller gives the seed for the sowing of the wheat, and at the end of the agricultural year receives half the harvest. Another frequent type is the loan of farm implements (principally hoes) or of ploughs and oxen, which are paid for with a specified quantity in kind when the harvest is brought in. Other frequent credits are those of the merchants of the cities and towns of the interior of the /country who

country who give the small farmer all the implements he needs during the course of the production cycle, and charge in money when he brings in his harvest, charging as well as his profits, a quantity as interest.

All these types of loans with sources outside the banking system have also as an essential condition that the debtor promises to sell his harvest to the merchant or lender. The sales are always made at a disadvantage to the farmer, as the prices are fixed when they are lowest, at the time of the gathering of the harvest and saturation of the market.

D. Rates of interest and re-discount.

Since the founding of the Junta Monetaria, the rates of interest and re-discount have not varied in Guatemala. The following are the usual rates:

Rates of interest and re-discount of the  
Bank of Guatemala

Ordinary rate 4 per cent per annum

Preferential rates:

- a) Transactions up to 270 days term with documents pertaining to the importation of machinery equipment and implements for agricultural or industrial purposes, fertilizers, seeds, seminals, etc. 3 1/2 per cent per annum
- b) Transactions up to 120 days term with documents the original terms of which do not exceed 180 days, arising from bona fide buying, selling or exportation of national products as well as importation of raw materials or of articles necessary for national production and consumption. 3 per cent per annum
- c) Transactions up to 360 days term with documents of gradual amortization of an original term of not more than

/three years,

three years, arising from financial loans destined to finance the purchase of beasts of burden, machinery, and productive goods for the farmers, stock breeders or industrialists and to finance other productive activities.

3 per cent per annum

- d) Transactions up to 270 days with documents deriving from "avío" operations or crop loans for agricultural, livestock or industrial production and of an original term of not more than a year.

2 per cent per annum

- e) Transactions up to 360 days with documents deriving from transactions of agencies of rural credit or of cooperatives affiliated to the national cooperative system or with the latter.

1 per cent per annum

Maximum rates of interest  
chargeable by the banks

Maximum rate on loans and discounts in general

6 per cent per annum

Special rates and additional taxes:

For financial loans (agricultural, livestock or industrial loans of a term not exceeding a year)

4 per cent per annum

For loans on a current account

6 per cent per annum

plus 1 per cent  
commission a year  
on the total credit.

For long-term mortgage loans of more than three years financed by bonds.

6 per cent per annum  
plus 1 per cent commission  
a year on the balance.

/These rates

These rates are net and the banks cannot raise the cost of the loans by means of commissions or additional rates. When the banks need to pay the cost of "sur place" inspections, they cannot charge the applicant or the borrower more than the net cost of such inspections or visits.

The private lenders, merchants, exporters and processors of coffee, banana companies, etc., charge much higher rates of interest - from 8 per cent to 12 per cent per annum and even more, according to the state of the credit market in their locality - and can raise the cost of the loans charging extra rates and commissions.

E. System of valuation.

The banks in Guatemala which make long-term credit transactions have no defined system of valuation based on considerations of a technical character.

When there is an application for a loan, the bank sends a valuer to examine the guarantee. The cost of the inspection is paid to the bank by the applicant, whether or not he receives the credit. The valuer is generally a person of little general education but who has had experience in matters of rural administration. The valuer goes over the property offered in guarantee, appraising the size, the quality of the soil, the state of the crops, the presence of water, the state of the fences and buildings, the machinery, etc., and after having formed a general idea, assigns an average value per hectare of land and values the buildings, the farm implements and the machinery.

The valuations thus made are arbitrary and are based on the experience of the appraiser, supported by great conservatism, so that the value assigned to the guarantees is far below its normal value, and is, especially in times of high prices, such as today, several times less than the commercial value of the moment.

Under these conditions, although the banks are authorized to lend up to 50 per cent of the normal value of the mortgage guarantees, in reality the credits obtained are of a much smaller percentage, generally not over 20 per cent.

The lien guarantees, in the case of "avío" and production loans are examined by the same valuers to verify their existence, and are valued taking into consideration the average price of the products offered as guarantee over a long period (generally ten years), taking into consideration the trends of the prices at the moment the loan is granted.

F. Branches and agencies.

The banking system of Guatemala is just beginning to become decentralized.

/The Bank of

The Bank of London has no agencies outside the capital. The Banco Agrícola Mercantil and the Crédito Hipotecario Nacional have agents in most of the important cities of the Republic, but their only purpose is to collect money and make payments for the banks. They are therefore merely extensions of the head office counters; they do not even help the farmers to fill in application forms, so that they are of no significance to the credit system. The Banco Occidental, with its head office in Quezaltenango, has an agency in Guatemala City, in the same conditions as those of the other banks which have already been described.

The Instituto de Fomento de la Producción, with twenty-one agencies distributed in the territory of the Republic, and the head office in Guatemala City, is the organization covering the greatest area. Actually INFOP has a programme of amalgamation of various of its agencies which are situated near to each other, with the object of giving each one enough territory to provide a satisfactory volume of work; and at the same time is trying to open new agencies in the parts of the country which are not already covered.

The Crédito Hipotecario Nacional, for its part, when it felt the competition of INFOP, opened a branch in Mazatenango which has its own Directive Board and is authorized to do all the loan operations carried out by the Crédito in its central offices.

Under these centralized conditions, it is easy to understand that the banks do not cover all the Republic's territory, and that there are zones where the banking system hardly intervenes in credit operations. Nearly all the banking credit is carried out in a small area around the Capital. In many regions the intermediaries, industrialists or the big producers profit by these circumstances to grant credit, under usury conditions, to the small farmer.

#### G. Credit section of the banks of the system.

Table I-1 gives the number and original amount of the standing loans in Guatemala up to 31 October 1949. Credits directly related to agricultural production are classified as Agricultural Avío loans, Livestock Avío loans, Agricultural Production loans and Livestock Production loans, all short and middle-term loans. The loans classified as "long-term production loans" are also exclusively agricultural loans. The credits for completing the value of the purchase of immovable property, for cancelling bank mortgages and non-bank mortgages, are long-term credits with mortgage guarantees, whose object is rural and urban; it has not been possible to obtain a sufficiently detailed classification /so as to be

so as to be able to appreciate which of these loans is agricultural.

Table I-2 gives the banking loans up to 31 October 1949. The table shows various characteristics of agricultural credit in Guatemala. It is evident that the banks prefer to finance the coffee crop, which is the most important from the point of obtaining foreign exchange, presents few risks, and does not need the supervision of the investments. The production of food for domestic consumption, on the other hand, is not very well catered for. The small part played by private commercial banking in the granting of loans for agricultural production is well known.

It has not been possible to obtain complete data on the costs of production, so that no estimate can be made of the part of the cost which is financed with credit and the part financed without credit. Nevertheless, it is evident that the credit action of the banks reaches only a very small section of the producers who use medium and large-size credits, who own land and who can travel to Guatemala City to get their loans; but it is not available to the producers of food for internal consumption, such as maize, wheat, rice, beans and potatoes. This state of affairs gives the financing by the processors and exporters of coffee, the banana companies, the wheat mills and the cereal merchants of the interior of the Republic, great importance, to the detriment of the producers who receive loans with much harder conditions than those which the banking institutions of Guatemala offer.

#### H. Trends of long and short-term credit.

In general, credit was very restricted in Guatemala until the Bank of Guatemala started operations in 1946.

Table I-3 gives the resources for short-term operations. It can be seen that since the prosperity brought by the war, the figures have not changed much - merely a small increase in financial deposits can be noted.

Tables I-4 and I-5 show the resources for long-term operations. The savings deposits have risen greatly since 1939, being nine times what they were; on the other hand, the long-term deposits have diminished considerably. The mortgage bonds in circulation have risen since the creation of the Bank of Guatemala, which has tried by every method to open market for stock, without much success.

Table I-2 gives the bank loans since 1946. It is noteworthy that the mortgage credits have scarcely changed, but that there has been a big increase in short-term loans for production (both lien and production).

Table I-1 Guatemala: Classified Loans of the Banks of Guatemala Up to  
31 October 1940  
(According to Balance)

O b j e c t	Consolidated		Banco Agrícola Mercantil		Bank of London	
	Number	Amount	Number	Amount	Number	Amount
"Avio" loans for agriculture	785	7,358,078.57	194	2,305,263.25	10	102,500.00
"Avio" loans for livestock	194	1,090,445.00	10	195,700.00	7	125,500.00
"Avio" loans for industry	355	2,592,045.34	85	1,067,917.00	37	619,300.00
"Avio" loans for transport	83	184,860.00	37	90,000.00	2	7,000.00
"Avio" loans for mining	1	3,400.00	1	8,400.00	--	--
Commercial loans	1,420	6,967,682.24	529	3,251,119.60	123	2,090,654.91
Discount of documents	40	142,082.17	5	30,400.00	15	72,776.17
Loans to the state	4	790,500.00	1	10,000.00	--	--
Personal loans	4,290	1,892,079.30	228	266,513.02	29	122,525.00
Miscellaneous loans	253	1,139,051.90	68	221,655.00	16	88,825.00
Agricultural production loans	296	1,528,076.69	81	637,518.36	2	6,000.00
Livestock production loans	88	432,965.00	33	197,660.00	--	--
Industrial production loans	112	1,102,317.19	46	538,323.89	3	95,000.00
Transport production loans	11	26,350.00	--	--	--	--
Long-term production loans	1,560	4,142,270.96	317	1,367,506.51	12	50,940.00
Supplementary Real Estate loans	411	1,938,364.61	69	500,675.00	7	45,500.00
Cancel non-banking mortgages	318	1,225,311.91	18	133,245.65	--	--
Cancel banking mortgages	526	2,713,705.45	81	730,340.54	--	--
Unknown	1,316	2,843,113.58	87	496,131.86	3	17,500.00
Totals	12,963	38,207,704.61	1,599	12,068,379.68	266	2,444,021.08

Note: The figures do not include loans made by the Departamento de Fomento Cooperativo.

Source: Banco de Guatemala.

"Avio"



Continuation:

O b j e c t	Crédito Hipotecario Nacional		I N F O P		Banco de Occidente	
	Number	Amount	Number	Amount	Number	Amount
"Avio" loans for agriculture	278	4,741,404.10	285	197,811.22	18	51,100.00
"Avio" loans for livestock	136	661,000.00	27	91,845.00	5	16,400.00
"Avio" loans for industry	100	445,730.00	116	408,798.04	17	50,300.00
"Avio" loans for transport	36	77,360.00	3	4,800.00	5	5,700.00
"Avio" loans for mining	--	--	--	--	--	--
Commercial loans	650	1,321,835.88	14	70,670.00	104	233,401.85
Discount of documents	2	14,000.00	1	575.00	17	24,331.00
Loans to the state	3	780,500.00	--	--	--	--
Personal loans	3,954	1,441,618.30	64	37,015.03	15	4,407.95
Miscellaneous loans	133	667,425.50	19	130,169.74	17	30,966.66
Agricultural production loans	153	694,283.78	36	110,512.00	24	79,762.55
Livestock production loans	1	4,000.00	52	225,305.00	2	6,000.00
Industrial production loans	5	25,600.00	53	433,893.30	5	9,500.00
Transport production loans	2	4,600.00	--	--	9	21,750.00
Long-term production loans	1,085	2,100,156.50	7	15,400.00	139	608,267.95
Supplementary Real Estate loans	300	1,362,089.61	9	20,400.00	26	59,700.00
Cancel non-banking mortgages	292	1,065,266.26	1	1,500.00	7	25,300.00
Cancel banking mortgages	319	1,516,044.24	9	343,320.67	117	124,000.00
Unknown	1,206	2,141,285.45	5	2,590.00	15	185,611.27
Totals	8,655	19,064,199.62	701	2,094,605.00	542	1,536,499.23

Note: The figures do not include loans made by the Departamento de Fomento Cooperativo.

Source: Banco de Guatemala.

Table I-2. Guatemala: Production Credit for Agriculture Classified  
According to Purpose

Guatemala, October 1949  
(In thousands of quetzales)

Description of	Consolidated		Banco Agrícola Mercantil		Bank of London		Crédito Hipotecario Nacional		IMROP		Banco Occidental	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<b>Agricultural</b>	785	7,328.10	194	2,305.27	10	122.50	278	4,741.41	1285	157.82	18	51.10
Coffee	392	5,953.67	158	1,963.58	4	50.00	199	3,366.72	16	8.93	15	49.35
Wheat	15	36.09	-	-	-	-	-	-	15	36.09	-	-
Rice	8	82.14	-	-	-	-	2	51.00	6	31.14	-	-
Tobacco	4	12.80	-	-	-	-	-	-	4	12.80	-	-
Potatoes	2	0.70	-	-	-	-	-	-	2	0.70	-	-
Cotton	4	34.17	-	-	-	-	-	-	4	34.17	-	-
Sugar-Cane	16	44.54	1	7.58	-	-	9	34.70	6	2.26	-	-
Unrefined Brown Sugar	18	82.94	3	14.04	-	-	14	68.60	1	0.30	-	-
Citronella	13	206.30	1	12.00	3	24.50	7	163.80	2	6.00	-	-
Cardamom	1	0.50	-	-	-	-	-	-	1	0.50	-	-
Maize	206	39.61	-	-	-	-	-	-	204	38.86	2	0.75
Beans	11	29.82	1	20.00	-	-	-	-	10	9.82	-	-
Sesame	3	35.80	-	-	-	-	2	35.00	1	0.80	-	-
Not specified	92	834.01	30	287.97	3	20.00	45	501.59	13	15.45	1	1.00
<b>Livestock</b>	194	1,090.44	19	195.70	7	125.50	136	661.00	27	91.84	5	16.40
Purchase of livestock	43	193.09	3	20.50	1	10.00	35	140.62	3	20.47	1	1.50
Breeding of livestock	34	154.20	3	10.00	-	-	29	124.70	-	-	2	11.50
Fattening of livestock	39	412.30	8	66.50	6	115.50	17	171.70	3	58.60	-	-
Production of milk	-	-	-	-	-	-	-	-	-	-	-	-
... & derivatives	17	83.27	2	55.60	-	-	5	15.50	8	8.77	2	3.40
Not specified	61	247.58	3	35.10	-	-	50	208.48	3	4.00	-	-

/Agricultural Production

**C o n t i n u a t i o n**

**Table I-2. Guatemala: Production Credit for Agriculture Classified According to Purpose**

Guatemala, October 1949  
(In thousands of quetzales)

Description of	Consolidated		Banco Agrícola Mercantil		Bank of London		Crédito Hipotecario Nacional		INTOP		Banco Occidente	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
<u>Agricultural Production</u>	296	1,528.06	81	637.52	2	6.00	153	694.27	36	110.51	24	79.76
Tillage equipment	49	299.96	15	64.30	1	1.00	15	174.61	17	59.52	1	0.53
Seeds and fertilizers	6	72.30	3	65.80	1	5.00	1	1.00	-	-	1	0.50
Permanent crops	51	97.08	8	21.00	-	-	36	63.27	5	6.65	2	6.16
Improvement in farms	48	251.66	5	50.00	-	-	18	112.19	8	18.40	17	71.07
Not specified	142	837.06	50	436.42	-	-	83	345.20	6	25.94	3	1.50
<u>Livestock Production</u>	88	432.96	33	197.66	-	-	1	4.00	52	225.30	2	6.00
Purchase of livestock	12	48.30	5	28.50	-	-	-	-	6	16.80	1	3.00
Breeding of livestock	23	152.41	19	138.61	-	-	-	-	4	13.80	-	-
Fattening of livestock	12	40.60	-	-	-	-	1	4.00	10	33.60	1	3.00
Production of milk & derivatives	23	128.45	-	-	-	-	-	-	23	128.45	-	-
Not specified	18	63.20	9	30.55	-	-	-	-	9	32.65	-	-
Totals	1,363	10,449.56	327	3,336.15	19	234.00	568	6,100.68	400	625.47	49	153.26

- Notes: 1) The amounts are the quantities originally loaned.  
2) The production credits in Guatemala are credits granted for a term of one to three years guaranteed with a lien or a mortgage.  
3) The figures which the Crédito Hipotecario Nacional does not include are the loans of the Departamento de Fomento Cooperativo.

Source: **Superintendencia de Bancos**

/I. Direction and

I. Direction and control of the banking system

The Statutory Law of the Bank of Guatemala created the Monetary Board and the Superintendency of Banks as the instruments of direction and control respectively, of the banking system of the Republic.

The Bank of Guatemala functions under the general direction of the Monetary Board which acts as a Board of Directors and has, moreover, the following attributes in respect to the direction of the rest of the banks of the system:

- 1) It fixes rates of re-discount and interest of the Bank of Guatemala;
- 2) Regulates the services of re-discount and credit of the Bank of Guatemala and establishes the general conditions of the various operations of the Bank;
- 3) Nominates a list of candidates for the Account Control Department (Tribunal y Contraloria de Cuentas), for the appointment of the Superintendent of Banks;
- 4) Fixes or modifies the clearings of the banks, the banking reserves, and the minimum requirements of capital and regulates the system of banking compensation. (See tables I-6, I-7, I-8);
- 5) Fixes the maximum rates of interest on active and passive operations of the banks and regulates bank credit; and
- 6) Directs the general policy of the banking institutions of a semi-fiscal or fiscal character, insofar as it is related to the monetary, credit, and exchange policy, by means of:
  - a) Instructing, recommending, and making suggestions concerning the general credit policy of such entities, and their power to issue bonds and shares, and other obligations.
  - b) Intervening in the composition of the directorates and in the administration of such institutions;
  - c) Determining the rates collected or paid in active or passive operations; and
  - d) Establishing limits on the credits which such institutions can grant and on the bonds they can issue, in accord with the situation of the monetary market.

The Monetary Board fulfills its functions with entire independence under its own responsibility and is composed of seven members named as follows:

- 1) Two titular members and two substitutes, named by the President of the Republic, who selects them from a list of six people nominated by the rest of the titular members of the Board. The titular members thus designated by the President of the Republic, perform, for six years, according to their terms of appointment, the duties of President and Vice-President of the Monetary Board and of the Bank of Guatemala;
- 2) The Secretary of the Treasury is, *ex officio*, a member of the Monetary Board, being able to delegate his functions, when he considers it convenient, to one of the high officials of his department;
- 3) The Minister of Economy is a member, *ex officio*, of the Monetary Board, being able in the same manner to delegate his duties to one of the high employees of the Ministry;
- 4) One titular member and one substitute, named for a period of six years by the superior council of the Autonomous University of San Carlos of Guatemala, selected from a list of three persons for the titular member and the same number for the substitute, proposed by the Directive Board of the Faculty of Economic Sciences; and
- 5) One titular member and one substitute named for a period of one year by the private banks which operate within the Republic.

The Statutory Law of the Bank of Guatemala establishes the manner in which substitutions, renewals and removals should be made, indicates how vacancies should be filled, gives the reasons for ineligibility and lack of capacity, indicates how sessions should be held and establishes remunerations and so forth, of the Monetary Board.

The Superintendency of Banks, also created by the Statutory Law of the Bank of Guatemala, is the controlling entity of the banking system. The Superintendent is nominated for a period of five years by the Account Control Department (Tribunal y Controlaría de Cuentas), being proposed in turn by the Monetary Board, and can be re-elected. The Superintendent is directly under the orders of the Monetary Board; this binds too closely the directive functions of the Board in monetary, exchange and credit matters, and its executive function in the Bank of Guatemala, with the control function of the Superintendency of Banks.

/The Superintendency of

The Superintendency of Banks supervises all operations and activities of the Bank of Guatemala, and regularly inspects, without previous notice, the other banking institutions of the system, making cash check-ups and other appropriate audits, examining balances and account statements, through its auditors. It also supervises the issuance of currency and particularly the operations of printing, minting, releasing, exchanging, withdrawing, cancelling, demonetizing, incinerating and custody of currency. It has laid down rules as to how to carry the accounting of the banks of the system in a uniform manner. It compiles banking, monetary, and credit statistics.

The Superintendency confidentially informs the Monetary Board with regard to all its inspections and supervision. When the Superintendency encounters irregularities in any of the banks of the system, it may impose sanctions or recommend if these are not within its terms of reference to a higher authority, but all its executive resolutions may be appealed against before the Monetary Board.

Table I-3    Guatemala:    Demand Deposits

(in thousands of quetzales)

End of:	Government & Official Entities	Public	Total
1939	4905	5077	9982
1940	5737	5636	11373
1941	7081	5558	12639
1942	8639	9525	18163
1943	7898	13987	21886
1944	3239	14989	18228
1945	2418	18612	21030
1946	2040	20185	27014
1947	3739	19037	30577
1948	4818	18874	28160
1949 Jan	4157	20110	28437
Feb	3699	21466	29405
Mar	3745	21069	28941
Apr	3817	21350	29099
May	3910	21225	29115
June	3731	21591	29424
July	5858	20701	28969
Aug	5296	20718	29561
Sept	5854	18933	27920
Oct	4972	17817	25993

Source: Superintendencia de Bancos de Guatemala.

Table I-4 : Guatemala: Savings and Long-term Deposits  
(in thousands of quetzales)

End of:	At sight	Over 30 days	TOTAL	Long-term deposits
1939	92 5	31 9	124 4	510 0
1940	120 4	64 6	185 0	628 0
1941	145 0	85 9	230 9	570 0
1942	213 4	135 4	348 8	470 0
1943	315 7	242 4	558 1	511 0
1944	283 5	199 3	482 8	453 0
1945	429 6	339 1	768 7	591 0
1946	552 2	224 5	776 7	431 4
1947	579 1	190 2	769 3	365 6
1948	676 4	240 4	916 8	240 8
1949 Jan	661 9	260 8	922 7	261 3
Feb	694 0	261 2	955 2	261 6
Mar	713 8	263 2	976 9	263 6
Apr	733 4	296 8	1030 2	297 5
May	761 4	304 5	1065 9	311 6
Jun	784 7	313 5	1098 3	320 6
Jul	781 6	313 7	1095 3	320 3
Aug	799 4	323 0	1122 4	329 7
Sep	804 9	323 7	1128 6	330 4
Oct	832 2	319 5	1142 7	325 6

Source: Boletín del Banco de Guatemala, Number 17, October 1949.



Table I-5 Guatemala: Mortgage Bonds in Circulation  
(in thousands of quetzales)

End of:	Up to 5 years a/	Up to 15 years a/	More than 15 years a/	Total
1939			826 2	826 2
1940			814 0	814 0
1941			836 0	836 0
1942			795 6	795 6
1943			717 8	717 8
1944			400 6	400 6
1945			183 8	183 8
1946			284 7	284 7
1947	1040 0	459 0	640 3	2139 3
1948	1212 4	939 0	414 8	2566 2
1949 Jan	1199 9	973 2	414 8	2587 9
Feb	1199 9	1029 0	844 8	3073 7
Mar	1200 0	1082 2	803 1	3085 3
Apr	1200 0	1202 1	803 1	3205 2
May	1200 0	1198 7	923 1	3321 8
Jun	1009 0	1279 3	923 1	3211 4
Jul	1001 5	1308 0	923 1	3232 6
Aug	1001 5	1312 3	923 1	3236 9
Sep	1001 5	1318 2	987 4	3307 1
Oct	1001 5	1319 5	987 4	3308 4

a/ According to original terms.

Source: Boletín del Banco de Guatemala, Number 17, October 1949.

Table I-6    Legal reserves

(in force on 31 December 1949)

---

Deposits in national currency

Money Deposits	25%
Short-term Deposits	25%
Long-term Deposits	10%
Savings Deposits	10%

Deposits in foreign exchange

Short-term Deposits	10%
Long-term Deposits	25%

---

Source: Superintendencia de Bancos,  
Guatemala.

Table I-7    Bank reserves

(in thousands of quetzales)

End of:	Minimum required	Deposits in the Bank of Guatemala	Excess reserves	Notes and currency receipts	Total internal reserves
1946	6701	12971	6270	1544	14515
1947	6510	12860	6350	1376	14236
1948	6254	11613	5359	1346	12958
1949 Jan	6246	11065	4819	1432	12497
Feb	6618	11908	5291	1546	13454
Mar	6365	11849	5484	1532	13381
Apr	6510	11717	5208	1969	13686
May	6509	11440	4931	1920	13360
Jun	6489	9677	3188	1781	11458
Jul	6681	9930	3250	1717	11647
Aug	6747	9389	2643	1554	10944
Sep	6410	9229	2820	1509	10738
Oct	7291	8070	779	1419	9489

Source: Superintendencia de Bancos, Guatemala.

Table I-8      Capital accounts and minimum capital requirements  
of the Banks

(in thousands of quetzales)

End of:	Investments	Minimum requirements	Paid in capital	Capital reserves	Total	Excess
1947	23701	2696	4712	2652	7364	4668
1948	28233	3106	5712	3319	9032	5926
1949 Jan	27872	3124	7012	3394	10406	7282
Feb	27112	3050	7012	3394	10406	7357
Mar	31693	3276	11411	3394	14805	11529
Apr	32024	3319	11412	3394	14805	11486
May	32510	3373	11412	3389	14801	11428
Jun	33505	3465	11612	3389	15001	11536
Jul	34852	3669	11612	3389	15001	11332
Aug	35293	3744	11612	2881	14492	10748
Sep	36462	3872	11612	2881	14492	10620
Oct	28866	3085	9281	1775	11055	7970

Source: Superintendencia de Bancos, de Guatemala.

## CHAPTER II

### The sources of credit

#### A. The Bank of Guatemala

Charts II-A, II-B and II-C show the banking system of Guatemala and the organization of the Monetary Board and the Bank of Guatemala.

As has been mentioned repeatedly, the Bank of Guatemala is the centre of the monetary and credit system and operates exclusively as a bank's bank, fulfilling all the functions of a central bank and, together with the Monetary Board, directs and controls the other banking institutions of the country.

The Bank of Guatemala is an autonomous State Bank and is governed by the dispositions of Legislative Decrees Numbers 203 and 205 (Monetary Law and Statutory Law of the Bank of Guatemala, respectively). It also supervises the enforcement of the Bank Law (Legislative Decree Number 315).

The principal object of the Bank, in accordance with its Statutory Law is to promote the creation and maintenance of these monetary, exchange, and credit conditions which are most favourable to the systematic and harmonious growth of the national economy, and to this end endeavours, in the domestic field, to:

- a) Adapt methods of payment and credit policy to the legitimate needs of the country and to the expansion of productive activities, and to prevent tendencies towards inflation, speculation and deflation prejudicial to the common interest;
- b) Promote the liquidity, solvency, and good functioning of the national banking system and the distribution of credit which is adequate to the general interests of the economy of the country: and,
- c) Procure the necessary co-ordination between the different economic and financial activities of the State that affect the monetary and credit markets, and especially to obtain such co-ordination between fiscal and monetary policies.

Meanwhile, in the international aspect, the bank of Guatemala endeavours to:

- a) Maintain the external value and the convertibility of the national currency in accordance with regulations established by the Monetary Law;

/b) Administrate

- b, Administrate the international monetary reserves of the Nation and the rulings of international transfers, in order to protect the country from undue monetary pressures and to moderate through an adequate monetary, banking and credit policy, the prejudicial effects which are caused by seasonal, cyclical or accidental disequilibrium of the balance of payments upon the circulating medium, credit, prices and economic activities in general; and,
- c) Safeguard the international economic equilibrium of the country and the situation of competition of national products in internal and external markets.

In order to comply with its duties and objectives the Bank counts upon its moral influence and legal faculties in the regulation of currency, exchange and credit. The State, moreover, has given it, besides, the most ample co-operation and aid and has guaranteed it complete independence and autonomy so that it may function in an efficient manner.

The Bank was formed with a Guaranteed Initial Fund of five hundred thousand dollars (U.S. \$500,000) completely contributed by the State. In accordance with the Law, the annual net profits, once prudent amortizations of the assets is effected, pass to increase the Guarantee Fund until this amounts to a sum which is equivalent to 10 per cent of the total assets of the Bank, as long as this percentage exceeds five hundred thousand United States dollars. To calculate 10 per cent of the assets a deduction is made from this of that part of the Fund of Monetary Stabilization which is held in gold, in sight deposits abroad, and in other international reserves able to be liquidated immediately and at par value. On 31 October 1949, the Guarantee Fund amounted to 953,775.86 United States dollars.

Besides the reserves already mentioned, the Bank of Guatemala is obliged to maintain the following:

- 1) Fund of regulation securities used to stabilize the quotation of bonds issued or guaranteed by the State, to which is destined the balance of the net profits of the year, as long as the Guarantee Fund reaches the limit of 10 per cent on total assets; and,
- 2) Reserve for losses because of revaluations of exchange, which is formed from the accumulation of the profits which result from the eventual modifications of the legal parities of currencies. The Bank

Chart II-A

JUNTA MONETARIA

MONETARY BOARD

SUPERINTENDENCIA DE BANCOS

SUPERINTENDENCY OF BANKS

BANCO DE GUATEMALA

BANK OF GUATEMALA

Credito Hipotecario Nacional	Banco Agricola Mercantil	Banco de Occidente	Banco de Londres
National Mortgage Loan Institution	Agricultural Mercantile Bank	Western Bank	Bank of London

Chart II-B

MONETARY BOARD

Presidente  
Vice-President  
Honorary members ex officio

Finance and Public Credit Minister Representative of the University	Minister of Economy and Labour Representative of the Banks
--	---

SUBSTITUTES

Commission of Securities Regulating Fund for Values	Representative of the Government Representative of the University	Representative of the Government Representative of the Banks
--	--	---

Counsellor Director of Exchange, Credits and Securities	Counsellor Manager of the Bank of Guatemala	Counsellor Superintendent of Economic Research of Banks	Counsellor Director
--	--	---	---------------------

PRESIDENCY

of the Monetary Board and  
of the Bank of Guatemala

BANK OF GUATEMALA

Credit Committee

Management  
Secretariat

Securities,  
Exchange and  
Credit Department

Cashier

Issue Department

Other Banks

Accounting  
Department

Department  
of Economic  
Research

SUPERINTENDENCY OF BANKS

Auditors  
Banking Statistics and  
Library  
Secretariat and Confidential  
Files  
Legal Adviser



Chart II-C

SECURITIES COMMISSION

President of the Bank  
of Guatemala

Manager of the Bank of  
Guatemala

Minister of Finance and  
Public Credit

Minister of Economy and  
Labour

Director-Secretary of the  
Department of Exchange,  
Credits and Securities

Regulating Securities  
for Funds

MONETARY BOARD

Counsellor  
Director of  
Exchange,  
Credit and  
Securities

Counsellor  
Manager of  
Bank of  
Guatemala

Counsellor  
Superintendent  
of Banks

Counsellor  
Director  
Economic  
Research

PRESIDENCY

President

Vice-President

SUPERINTENDENCY OF BANKS

Superintendent

Auditors

Banking Statistics and  
Library

Secretariat and Confidential  
Files

BANK OF GUATEMALA

MANAGEMENT

Manager

Secretariat

Personnel Service Correspondence  
and  
Guards

LEGAL ADVISERS

CREDIT COMMITTEE

Manager

Director of the Credit  
and Security Department  
and Chief of Issues

Stock Department  
and Files

Exchange, Credit and  
Security Department

Cashier Department  
of Issues

Accounting  
Department

Department of  
Economic Research

DIRECTOR

HEAD

HEAD

HEAD

DIRECTOR

EXCHANGE

Funds of Monetary  
Stability; Foreign  
Exchange Operations

Receiving and  
paying tellers

Issues,  
Demoneti-  
zation and  
Exchange of  
currency

Accounting  
and operating  
control

Statistics

Customs  
Collection Department  
and Funds' Collector's  
Office

Purchases and  
Sales of Gold

Custody of  
Values

Economic  
Research

Credits, Rediscounts  
and Advances to Banks  
Central File of  
Information on Bank  
Debtors

Gold Reserves,  
Banknotes  
Bullion

Printing of  
Banknotes  
and Minting  
of Coins

Trusteeship  
Control

Balance of  
Payments

Securities and  
Operations of the  
Investment Regulation  
Fund

Classification  
of Banknotes

Custody of  
unissued and  
demonetized  
specie

Supervision  
of  
Cashier's Books

Legal  
Department

Issue of Official  
Securities

Incineration  
of Bills

Compensating  
Office for  
Bank cheques

Library  
and  
Publications

may not use these profits for any other purpose.

The Bank of Guatemala is authorized to realize, as regards credits, and only with the banking institutions of the country, the following operations:

- 1) Discounting of credit documents which mature in less than one year (calculated from the date that the Bank takes over the documents), provided that they are a result of operations related to:
  - a) Livestock raising, agriculture or industry;
  - b) The importation, exportation, buying or selling of products of easy disposal; and,
  - c) The warehousing of agricultural and industrial products, and livestock;
- 2) Advances in normal times, for periods not exceeding one year, guaranteed by gold in coins or in bars, credit documents mentioned under No.1 above, and the debit balances in current account, on condition that these are certified by the Manager and the Accountant of the institution forwarding the application;
- 3) Advances in times of emergency when monetary or banking stability is in danger, with the guarantee of any other assets which are acceptable to the Monetary Board;
- 4) Financing of operations of public credit, discounting, buying or selling credit documents maturing in less than one year originating in loans granted to the State or to public bodies, for an amount which shall not exceed 10 per cent of the average annual normal income of the National Treasury during the three preceding years; and,
- 5) Credits and advances maturing in less than one year to finance price stabilization operations, especially of basic food products.

The Bank of Guatemala has endeavoured to establish selective control of the expansion of bank credits within the country. It has attempted to learn the finalities of each one of the banks' operations, so as to be able to canalize credit towards production, principally agricultural production. The principal weapons used have been interest rates and preferential discounts and the strict qualification of the documents presented by the banks to obtain funds.

Up to now, the Bank of Guatemala has never realized any rediscounts. It has dedicated itself only to making advances, principally against documents which result from operations connected with farm products, and for the financing of

Table II-1 Advances to Banks and Investments of the Bank of Guatemala a/  
(in thousands of quetzales)

End of:	ADVANCES			INVESTMENTS			Total of advances and investments
	Up to 120 days	Over 120 days	TOTAL	Government Securities issued by and public bodies	Securities issued by banks	TOTAL	
1946	100	2212	2212				2212
1947	843	2798	2898	972	845	1816	4713
1948	463	3768	4611	1443	1015	2457	7068
1949 Jan	327	3730	4293	1444	1017	2462	6655
Feb	657	2424	2752	1597	1452	3049	5801
Mar	574	2504	3161	1801	1443	3244	6405
Apr	486	2481	3055	1889	1447	3336	6391
May	334	2325	2812	2092	1572	3664	6476
Jun	427	2203	2537	2746	1394	4141	6678
Jul	814	2966	3393	3154	1432	4586	7979
Aug	330	2619	3433	4876	1436	6312	9744
Sep	463	4332	4662	4914	1539	6454	11116
Oct		4991	5453	5812	1543	7355	12809

a/ The Bank has not effected rediscount operations.

Source: Boletín del Banco de Guatemala, Number 17, October 1949

public credit operations. Table II-1 shows advances and investments of the Bank of Guatemala up to 31 October 1949.

The abstention of the Bank from receiving documents for rediscount seems to be based on the fact that advance operations are easier. The Bank prefers to authorize advances against a certification of possession of documents by the soliciting banks, who may replace the ones that fall due by others which have the approval of the Credit Committee, thus maintaining the amount of the original guarantee.

Since the establishment of the actual system, the Bank of Guatemala has augmented the expansion of credit as may be seen in the global figures of table II-2. Nevertheless, this expansion has been selective, preference being given to credits destined to production. It is likely that the expansion that has taken place is due, not only to the actuation of the monetary authorities but also to impact of the cycle.

The tables II-3, II-4 and II-5, and the balance of the Bank of Guatemala as at 31 October 1949, complete the information necessary to form an idea of the general situation of banking and money in the country.

#### B. The semi-governmental institutions

State credit institutions operating in an autonomous manner, are the principal source of bank credit for farmers. The amount of standing loans of the Crédito Hipotecario Nacional (National Mortgage Loan Institution), the Departamento de Fomento Cooperativo (Department of Cooperative Development) and the Instituto de Fomento de la Producción (Institute of Production Development), for agricultural purposes, as of 31 October 1949, represented nearly 65 per cent of all active credits for agriculture at that time in Guatemala.

In reality, the part that these institutions play in the distribution of agricultural credit is more important than can be judged at first sight from this percentage, because the state autonomous banking system, besides competing with private banking institutions by giving better terms to the borrowers, is disposed to accept the inherent risks which are found in operations of a purely agricultural type, thus extending credit services to a larger number of producers, even including those that do not possess real estate.

At the same time, if we study the tendency of new credits we may observe that the total of credits for agricultural production, in the trimester

Table II-2 Bank loans and investments

(in thousands of quetzales)

LOANS									
End of:	Security loans	Mortgage loans	Finance credits	Credits in current account			Fiduciary loans	TOTAL	
				Available a/ non-available b/ total c/					
1946	430	11629	1958			4381 c/	2165	20563	
1947	612	12446	2350	3628 a/	1377 b/	5005 c/	2698	23110	
1948	2440	12303	2950	5440 a/	1996 b/	7436 c/	3940	29069	
1949									
Jan	2501	12272	2558	5428 a/	2149 b/	7577 c/	3930	28839	
Feb	2613	12221	2041	5334 a/	2596 b/	7929 c/	3776	28530	
Mar	2445	12210	1945	5393 a/	2906 b/	8304 c/	3598	28531	
Apr	2356	12401	2167	5071 a/	3295 b/	8366 c/	3691	28982	
May	2343	12385	2275	5377 a/	3547 b/	8924 c/	3528	29454	
Jun	2257	12429	3172	5611 a/	3729 b/	9341 c/	3475	30674	
Jul	2285	12877	4644	5644 a/	3499 b/	9143 c/	3505	32455	
Aug	2405	13012	5784	4805 a/	3336 b/	8141 c/	3506	32848	
Sep	2798	12985	6340	5601 a/	2634 b/	8235 c/	3575	33932	
Oct	2960	12957	6724	5703 a/	2196 b/	7898 c/	3784	34304	

INVESTMENTS				TOTAL OF LOANS & INVESTMENTS	
State securities	Mortgage bonds	Other shares	Other securities	TOTAL	
		95	200	296	20859
	833	51	201	1090	44200
1000	613	33	204	1849	30919
1000	600	33	204	1837	30676
850	613	33	204	1699	30279
5650	581	33	204	6468	35049
5805	571	3	204	6582	55564
5770	571	3	204	6547	36002
5470	546	3	205	6224	66897
5310	496	3	210	6019	38474
5010	496	3	319	5828	38676
4705	460	3	404	5572	39504
4275	460	3	428	5165	39470

Source: Boletín del Banco de Guatemala, Number 17, October 1949

Table II-3      Total money supply

(in thousands of quetzales)

End of:	In circulation	Cheque accounts a/	Total in circulation	Index of Growth Basis	
				31 Dec. 1939	30 Jun. 1946
1939	9333	9983	19315	100 0	
1940	9241	11373	20614	106 7	
1941	11956	12639	24594	127 3	
1942	15421	18163	33584	173 0	
1943	18503	21886	40388	209 1	
1944	23204	18228	41432	214 5	
1945	29133	21030	50168	249 4	
1946	30466	27014	57480	297 6	109 4
1947	31793	30577	62375	322 9	118 7
1948	35484	28160	63644	329 5	121 3
1949 Jan	35669	28437	64107	331 9	122 0
Feb	35401	29405	64806	335 5	123 3
Mar	35533	28941	64475	333 8	122 7
Apr	34654	29090	63753	330 1	121 3
May	34017	29115	63132	326 9	120 2
Jun	34201	29424	63624	329 4	121 2
Jul	34717	28569	63286	329 7	121 2
Aug	34804	29561	64364	333 2	122 5
Sep	35201	27920	63121	326 8	120 1
Oct	35826	29993	61310	320 1	117 7

a/ Includes monetary deposits made by the Government, official bodies and the public.

Source: Superintendencia de Bancos de Guatemala.

Table II-4      Means of payment

(in thousands of quetzales)

CURRENCY IN CIRCULATION					
End of:	Coin	Notes	Total	In banks	In circulation
1939	1423	8018	9441	108	9333
1940	1391	8072	9463	222	9241
1941	1473	10664	12138	182	11956
1942	1696	14521	16217	797	15421
1943	1938	17054	18992	489	18503
1944	2169	21559	23728	523	23204
1945	2492	25577	28068	930	27138
1946	2730	29280	32010	1544	30466
1947	2905	30269	33174	1376	31798
1948	3046	33783	36830	1346	35484
1949 Jan	3052	34049	37102	1432	35669
Feb	3061	33886	36947	1546	35401
Mar	3077	33988	37065	1532	35533
Apr	3086	33537	36623	1969	34654
May	3092	32844	35936	1920	34017
Jun	3083	32899	35981	1781	34201
Jul	3060	33373	36433	1717	34717
Aug	3064	33294	36358	1554	34804
Sept	3068	33641	36709	1509	35201
Oct	3108	34137	37245	1419	35826

DEPOSITS PAYABLE BY CHEQUE				
Between banks	Of the Government and official bodies	Of the public	TOTAL	Total means of payment
273	4905	5077	10256	19696
237	5737	5636	11610	21073
163	7081	5558	12802	24940
1210	8639	9524	19373	35591
3806	7898	13987	25692	44684
4469	3239	14989	22696	46424
5966	2418	18612	26996	55064
12991	6829	20815	40005	72015
12862	11541	19037	43439	76614
11613	9287	18874	39773	76602
11065	8328	20110	39502	76604
11908	7939	21466	41314	78260
11849	7872	21069	40790	77856
11717	7750	21350	40817	77439
11440	7890	21225	40556	76492
9677	7833	21591	39101	75082
9930	8269	20701	38900	75333
9389	8843	20748	38950	75308
9229	8987	18933	37150	73859
8070	8176	17817	34063	71308

Source: Superintendencia de Bancos, Guatemala.

Table II-5 Freely convertible international reserves

(in thousands of quetzales)

MONETARY STABILIZATION FUND OF THE BANK OF GUATEMALA								
End of:	GOLD		Sight	Realizable		Quota in	TOTAL of	
	Deposited Abroad	TOTAL	deposits in foreign countries	securities in currency and invested	TOTAL	gold due to Inter- national Monetary Fund	Monetary Stabili- zation Fund	
1946	4258	24219 28477	11230	6998	18228		46705	
1947	4258	22971 27229	10318	12041	22358	1250	50837	
1948	4259	22971 27230	5774	13047	18821	1250	47301	
1949								
Jan	4259	22971 27230	3921	14315	18236	1250	46715	
Feb	4259	22971 27230	4317	15127	19444	1250	47924	
Mar	4259	22971 27230	4077	15576	19653	1250	48132	
Apr	4259	22971 27230	3475	15457	18932	1250	47411	
May	4259	22971 27230	2353	15510	17863	1250	46342	
Jun	4259	22971 27229	2324	13896	16220	1250	44699	
Jul	4259	22971 27230	2148	12751	14899	1250	43379	
Aug	4259	22971 27230	1655	11426	13081	1250	41560	
Sep	4258	22971 27229	629	10311	10940	1250	39419	
Oct	4258	22971 27229	1380	7582	8962	1250	37442	

## FOREIGN EXCHANGE HELD BY THE BANKS

Sight deposits in foreign countries	Foreign coins and notes	TOTAL	TOTAL INTERNATIONAL RESERVES
2645	49	2694	49399
2131	35	2167	53004
1851	5	1855	49156
2258	7	2265	88960
2429	7	2436	50360
2010	5	2015	50147
1992	4	1996	49407
1756	3	1759	48102
2231	6	2237	46936
2096	7	2103	55482
1932	3	1934	43495
2173	4	2177	31596
2200	4	2204	39646



corresponding to July-August-September of 1949, supplied by the Autonomous State Banks, came to 86 per cent of the total of loans granted. In the month of October 1949 this tendency was emphasised as, out of one hundred and eighty-two credits for a value of 148,311.46 United States dollars, one hundred and seventy-nine (93 per cent) were authorized by the State Bank for a total value of 136,111.46 (92 per cent).

1) The National Mortgage Credit Bank  
(Crédito Hipotecario Nacional)

The National Mortgage Credit Bank of Guatemala is an autonomous State Institution which was originally created with the object of conceding long-term loans, principally for agricultural needs, but which later on was given additional powers which changed it into Surety Institution Insurance Company, General Warrant Warehouse, Department of Urban Development, Savings and Capitalizing Bank, and finally into a Department of Co-operative Development. This multiplicity of activities has undoubtedly lessened its efficiency in the field for which it was originally created.

From the point of view of agricultural credit we are only interested in the Commercial and Mortgage Departments of the Institution, and in the Department of Co-operative Development, which we will study separately. The General Warrant Warehouses do not particularly interest us since they are used, almost exclusively, for the storage of imported merchandise in the capital.

The Crédito Hipotecario Nacional was organized on 4 December 1929 as an autonomous State institution, and for an indefinite period, with an initial capital of 3,000,000 United States dollars and with an initial reserve fund of 2,000,000 United States dollars, entirely contributed by the Republic of Guatemala.

The principal object of the Institution was to issue its own securities in the form of mortgage bonds and to make long-term loans with a real estate guarantee. Nevertheless, the Bank has always also engaged in agricultural and livestock financing and aid, and is authorized by the Monetary Board to operate as a general purpose bank.

The Institution is governed by a Board of Directors composed of six members selected in the following manner:

- 1) Five Directors chosen by the President of the Republic, in the following manner:

/a) One of his

- a) One of his own election;
  - b) Two chosen from a list of ten, proposed by the General Association of Farmers; and,
  - c) Two chosen from a list of twelve proposed by the Chamber of Commerce; and,
- 2) One Director named by the bondholders.

The Directors nominated by the President of the Republic cannot be removed. The Director named by the bondholders is renewed each year.

The Directive elects from amongst its members a President and a Vice-President who maintain their positions for three years, and may be re-elected.

The Annual Estimate of Expenses of the Institution is approved in its entirety by the Minister of Economy, who also receives each year a statement of the operations realized by the Institution and of the status of its movement.

In spite of the many difficulties that the Crédito Hipotecario Nacional has encountered, and more especially the diversity of functions which has dispersed its efforts as far as credits are concerned, the Crédito is today not only the bank that has used its resources in the best manner, but also the one which makes the most loans to agricultural production. Table II-6 tries to measure the degree of utilization of the resources of the banks of the Republic of Guatemala, by comparing the total amount of loans pending on 31 September 1949 with capital, reserves and net deposits on the same date.

The important part which the Crédito Hipotecario Nacional plays in the distribution of credit for agriculture, is amply demonstrated in table II-7, which compares the new loans conceded by the Guatemalan banks, during the trimester July-August-September 1949. The table shows clearly that 88.66 per cent of total new loans granted for farm expenses, 52.46 per cent of those authorized for stock raising, 42.75 per cent of long-term financing loans, and high percentages of new long-term mortgage loans given to help finance the purchase of farm real estate and to cancel previous mortgages were granted by the Crédito Hipotecario Nacional.

Although, as we have specified, the principal object of the Bank originally consisted in granting long-term credits with mortgage guarantees, its participation in agricultural loans for production is now more important than its participation in long-term rural loans. In fact, if we examine the position on 31 October 1949, we can observe that 6,100,000 United States dollars were invested in short-term agricultural loans for productive purposes, guaranteed principally by chattel

Table II-6 Degree of utilization of Guatemala Bank  
Resources

30 September 1949  
(in thousands of dollars)

Banks	Resources a/	Existing loans	Percentage b/
<u>State:</u>			
Crédito Hipotecario	11 032 4	16 203 0	146.9
Institución de Fomento de Producción	6 985 4	1 747 9	25.0
<u>Private:</u>			
Banco Agrícola Mercantil	9 152 2	8 711 8	95.2
Banco de Londres	7 151 9	2 276 3	31.8
Banco de Occidente	1 611 7	1 339 3	83.1

a/ Capital, reserves and net deposits.

b/ Loans in force for each hundred dollars in resources.

Source: Superintendencia de Bancos de Guatemala

Table II-7      Comparison of new loans conceded by the banks of  
Guatemala during the quarter July to September 1949

	Agricultural Mercantile Bank	Bank of London & South America	National Mortgage Credit Bank	Western Bank	Institu- tion of Production Development
Working capital for:					
Agriculture,	258 850 00	32 500 00	2 859 279 50	28 350 00	28 600 00
Stock raising,	72 600 00	40 500 00	185 125 00	10 000 00	44 680 00
Industry,	19 000 00	293 220 00	19 100 00	7 700 00	191 338 00
Transport,	4 400 00	--	--	3 900 00	--
Mining. a/	--	--	--	--	--
Commercial loans	124 300 00	262 322 77	476 149 01	22 000 00	23 020 00
Documents discounted	--	1 000 00	27 729 00	10 941 00	--
Loans to the Govt. b/	--	--	--	--	--
Private loans	18 040 00	25 800 00	392 654 00	700 00	13 097 13
Miscellaneous loans	84 650 00	28 525 00	111 525 13	2 200 00	32 250 00
Agricultural production credit	7 500 00	1 000 00	5 095 00	23 250 00	40 770 00
Livestock production credit	--	--	--	--	115 055 00
Industrial production credit	3 000 00	--	--	--	49 592 00
Transport financing	--	--	--	4 000 00	--
Long-term financing	104 950 00	11 000 00	104 735 00	20 700 00	3 600 00
Part real estate loans	32 000 00	10 500 00	67 488 28	22 500 00	5 400 00
Cancellation of mortgages not held by bank	33 000 00	--	17 160 00	4 000 00	1 500 00
Cancellation of bank- held mortgages	4 500 00	--	139 000 00	28 300 00	29 970 67
Information lacking	2 200 00	--	15 101 00	--	900 00

Table II-7

Continued from preceding  
Page

General Consolidation of new loans	% Repr. by Agricultural Merc. Bank	% Repr. by Bank of London	% Repr. by N.L.C.B.	% Repr. by Western Bank	% Repr. by Institution of Production Development
3 217 579 50	8.04	1.01	88.86	0.88	1.20
352 905 00	20.57	11.48	52.46	2.83	12.66
530 388 00	3.58	55.28	3.60	1.45	36.08
8 300 00	53.01	--	--	46.99	--
--	--	--	--	--	--
907 791 78	13.69	28.90	52.45	2.42	2.54
39 670 01	--	2.52	69.90	27.58	--
--	--	--	--	--	--
450 291 13	4.00	5.73	87.20	0.16	2.91
262 150 13	32.29	10.88	42.54	0.84	13.45
87 615 00	19.97	1.14	5.82	26.54	46.53
115 055 00	--	--	--	--	100.00
52 592 00	5.70	--	--	--	94.30
4 000 00	--	--	--	100.00	--
244 985 00	42.84	4.49	42.75	8.45	1.47
137 888 28	23.21	7.61	48.94	16.32	3.92
55 660 00	59.29	--	30.83	7.19	2.69
201 770 67	2.23	--	68.89	14.03	14.85
18 201 00	12.09	--	82.97	--	4.94
GRAND TOTAL:					100 %
excepting a/					b/
which are --					

Source: Superintendencia de Bancos de Guatemala

guarantees, and approximately the same amount in long-term real estate mortgage loans. Nevertheless, a large part of these mortgage loans were urban and although we cannot exactly specify what amount was guaranteed by real estate of a rural nature, we may affirm that evidently the preference is shown for short-term agricultural loans for production purposes. In comparison with other banks (including the INFOP) the Mortgage Credit Bank carried on 31 October 1949, 59 per cent of short-term agricultural loans for productive purposes, and 60 per cent of the total was composed of long-term real estate, although we cannot determine what percentage of these had agricultural objectives.

The Mortgage Credit Bank is the only one with a mortgage department that issues bonds. These bonds are bearer bonds payable in a period of not less than one year and not more than twenty-five years, transferable without formalities. The bonds of the Institution carry as a guarantee the subsidiary responsibility of the State, besides the group of loans to whose financing the bonds are destined, as well as the rest of the investments and assets of the Bank. Although considerable publicity has been given by the Bank of Guatemala to the bonds of the Institution, the issues are small and the Institution has not been able to obtain all the funds necessary in order to satisfy the demand for long-term credits. Until 1946, when the Bank of Guatemala was organized, the Mortgage Loan Bonds were for a term of fifteen years and the number of bonds in circulation had been gradually reduced so that in 1945 a minimum of 138,800 United States dollars was reached. In 1947 issues of shorter terms were put on the market, and at the end of 1948 the bonds in circulation had increased up to 2,566,200 United States dollars. At the end of 1949, this sum had increased by approximately 1,000,000 United States dollars more (see table I-5).

Deposits requiring a reserve have been steadily increasing in the Crédito Hipotecario Nacional and amounted in October 1949 to 7,750,000 United States dollars. Although we are not able to give separate figures for the Crédito, the all-over tendency of deposits to increase may be observed in table II-4. The increases come principally from saving deposits, which seem to indicate tendencies that will bring benefit to long-term investments.

Attached may be found a balance of the Crédito Hipotecario Nacional as of 31 October 1949.

2) The Department of Co-operative Development (Departamento de Fomento Cooperativo).

The Departamento de Fomento Cooperativo was organized (Legislative Decree 146 of 10 August 1945) as a department attached to the Crédito Hipotecario Nacional, with the object of promoting in Guatemala the establishment of co-operative and collective organizations, grouped especially in the field of production, credit and consumption.

The Department was established with a capital of 200,000 United States dollars assigned to it by the Crédito Hipotecario Nacional from the profits accumulated in favour of the State. In the case of this capital becoming reduced the law provided its being replaced in the same manner in which it was originated.

The Department is entirely autonomous and functions under its own Board of Directors known as the "Junta de Administración" which is composed of three members, one nominated by the Ministry of Economy, one by the Board of Directors of the Crédito Hipotecario Nacional and third by the representatives of the enterprises affiliated to the Department system.

From August 1945 to 1948, the Department made a test with one collective farm and several co-operatives of production and consumption credit, also establishing several credit agencies. The collective experiment has been given up and the co-operative and credit agencies have been taken over by the Instituto de Fomento de la Producción. The other co-operatives are operating with a lack of impulse.

It can be said that, in general, the experiments made by the Departamento de Fomento Cooperativo have failed. With regard to agricultural credit, IHFOP has taken over the co-operatives and agencies in order to give them a new impulse, and we will go into this further when we study this institution.

The attached balance shows the financial situation of the institution as of 31 October 1949.

3) The Instituto de Fomento de la Producción.

The Instituto de Fomento de la Producción<sup>1/</sup> is the newest organism of the Bank of Guatemala and was created by the State as a complement to the banking reform of 1945.

The Institute consists of three departments, each having its own capital, which are called, the Departamento de Crédito Agropecuario e Industrial (Department of Agricultural, Stock-raising and Industrial Credit), the

<sup>1/</sup> Legislative Decree No.533, of July 1948.

Departamento de Fomento (Development Department), and the Departamento de la Vivienda Popular (Department of Public Housing).

The initial capital of the Institute amounts to 6,500,000 United States dollars, contributed in two parts, the first 1,500,000 supplied by the Bank of Guatemala, and the second of 5,000,000 United States dollars contributed by the State by means of one-year Treasury drafts, five-year Treasury notes, and ten-year Treasury bonds.

This original amount of capital was divided in the following manner amongst the different departments:

- a) Department of Agricultural, Stock-raising and Industrial Credit  
1,500,000 United States dollars.
- b) Department of Development, 3,000,000 United States dollars, and
- c) Department of Public Housing, 2,000,000 United States dollars.

For the purpose of our report we are only interested in the Department of Agricultural, Stock-raising and Industrial Credit and the Department of Development.

The Institute has as governing bodies the Board of Directors and the Executive Council.

The Board of Directors is the supreme authority of the Institute and consequently directs and plans its activities. It is made up in the following manner:

- a) The Minister of Economy
- b) The Minister of Agriculture
- c) The Minister of Treasury and Public Credit
- d) The Minister of Communications and Public Works
- e) The President of the Bank of Guatemala
- f) The President of the National Mortgage Credit Bank
- g) One farmer and one industrialist appointed by the President of the Republic from lists submitted by the General Association of Agriculturists and the Industrial Association of Guatemala; and,
- h) Two workmen named by the President of the Republic from lists submitted by the Central Unions.

The Board of Directors meets usually twice a year under the chairmanship of the Minister of Economy. Only when exceptional matters are to be considered are extraordinary sessions called by the Executive Board or by the Minister of Economy.

/The direct



The direct management of the Institute is handled by the Executive Council, which is composed of five members nominated as follows:

- a) Two designated by the President of the Republic;
- b) One designated by the Monetary Board and selected from high officials of the Bank of Guatemala; and,
- c) Two designated by the Board of the Institute.

The Department of Agriculture, Livestock Raising, and Industrial Credit has as its principal object the granting of short and medium-term loans for production, especially for producers of small and moderate scale. It is authorized to receive money and short-term deposits and to discount its documents or obtain advances from the Bank of Guatemala.

The Department of Development realizes a series of operations of different kinds, all tending to increase the growth of national economy. One of the most important of these is the granting of loans. Although this Department has not as yet engaged in long-term credit operations its terms of reference allow for each operation. In this way it commands a larger field of action as it is authorized to grant almost all the type of loans which are usual in Guatemala. Furthermore, the Department can form companies with entrepreneurs who have complete technical knowledge of the production of those articles which the Institute is interested in developing, the Department supplying in some cases all the elements of production, capital, land, machinery, and so forth, and accepting all the risks of the operation. This system has been used principally in the case of cotton. Owing to its character of Mortgage and Commercial Bank, the Departamento de Fomento is authorized to accept saving and long-term deposits, to issue its own securities in the form of mortgage and lien bonds, and to discount its documents or receive advances in the Bank of Guatemala.

The "Instituto de Fomento de la Producción" may also, as an entity, receive credits from foreign or national banks, in accordance with the precepts established in its Statutory Law, in the Monetary Law, and in the Bank Law.

As has been previously noted, the Instituto de Fomento is of recent creation, and therefore its participation in agricultural credits is still small. In tables II-6 and II-7, one may observe to what degree the Institute has used its resources and its participation in the granting of new credits for agriculture during the first trimester of 1949.

Most important in the case of the INFOP is the influence on the whole banking /system in

system in Guatemala by way of its credit policy which tends to accept wider risks and to extend credit throughout all the territory of the Republic by the opening of branches. In fact, INFOP received twenty agencies from the Departamento de Fomento Cooperativo with 1,540 credits totalling 224,593 United States dollars, and has also opened a new agency in Amatitlan. Table II-8 gives a summary by agencies of the loans pending when the agencies of the Departamento de Fomento Cooperativo were transferred to INFOP.

Table II-9 shows the Credit Portfolio of the Institute with regard to agricultural matters up to 31 December 1949. The table shows the consolidated portfolios of the Departamento de Fomento and the Departamento de Crédito Agropecuario e Industrial and demonstrates the importance conceded to the development of agriculture. All the loans are short and medium terms, none of which exceeds three years.

Up to 31 October 1949 short-term farm expense loans were allowed, to be cancelled within a period of 12 months maximum, and to be used in the preparation of land, cultivation expenses, crop maintenance expenses, and harvesting, for the following crops which supply basic food products:

	<u>Number of Loans</u>	<u>Value</u>
Maize	205	US\$ 39,389.00
Beans	10	9,823.00
Rice	6	31,137.02
Potatoes	2	700.00
Wheat	15	36,085.20
Combined Cereals	3	375.00
Vegetables	1	2,500.00
Maintenance of agricultural machinery	1	50.00
Total	<u>243</u>	<u>US\$120,059.22</u>

Table II-8 Summary by agencies of existing loans as of 31 August 1949 in accordance with contracts to the Institute for Development of Production by the Department of Co-operative Development

Agency	Fiduciary Loans		Collateral Loans		
	Number	Capital balances	Number	Guarantee	Capital balances
1 Aguacatán			164	Q.42.018,50	Q.16.529,75
2 Chamelco	12	Q.2.362,50			
3 Chichicaste-nango	45	5.259,00			
4 Chimaltenango	89	9.212,00			
5 Chuarrancho	9	1.000,00	18	6.660,00	1.915,00
6 Cubulco	10	1.020,00			
7 Guazacapán	52	10.727,00	43	23.408,75	7.271,00
8 Huehuetenango	88	16.017,00			
9 Mamastenango	43	9.103,50			
10 Nebaj	22	3.427,75	1	172,00	80,00
11 Quiché	72	8.909,00	66	15.081,80	4.250,75
12 Rabinal	56	7.398,00	32	14.200,00	3.330,00
13 Salamá	45	7.107,00	58	25.122,00	9.150,00
14 San José del Golfo			189	54.344,00	20.970,00
15 San Jerónimo	29	5.224,00	9	1.271,00	605,00
16 Tactic	43	7.867,34	24	12.918,00	4.391,00
17 Taxisco	38	7.944,00	14	9.367,50	3.021,00
18 Tecpán	96	15.486,50	9	6.010,00	930,00
19 Totonicapán	15	2.770,00			
20 Zacualpa	3	280,00	146	73.907,00	30.515,00
	<u>767</u>	<u>Q.121.114,52</u>	<u>773</u>	<u>Q.284.480,55</u>	<u>Q.103.478,50</u>

Source: Instituto de Fomento de la Producción, Sección de Sucursales y Agencias.

Table II-9 Credit operations of the Instituto de la Producción  
Guatemala 1949

Type of loan	Number	Original amount in U.S.\$	Percentage
Production of staple foodstuffs	285	396.850.22	19.04
Development of stock raising	97	352.250.00	16.88
Development of fisheries	1	20.000.00	0.96
Production of coffee	18	13.080.00	0.66
Miscellaneous farm products	95	529.256.41	25.39
Total of agricultural loans		1.311.436.63	62.93
Total of non-agricultural loans	123	772.622.60	37.07
TOTAL CREDITS.	619	2,084,059.27	100.00

Source: Instituto de Fomento de la Producción, Consejo Técnico.

As the policy of development of basic food products also implies the financing necessary for the acquisition of implements, tools, machinery and general equipment, which lower costs and prepare the land for mechanization, the following medium-term financing credits were granted, to be cancelled within a period of not more than 36 months:

	<u>Number of Loans</u>	<u>Value</u>
Tilling equipment	21	US\$ 68.888.00

The following loans, for industrial purposes and complementary to the preparation of food products, were also granted:

	<u>Number of Loans</u>	<u>Value</u>
Milling industry	8	US\$ 100.600.00
Macaroni, etc. industry	12	104.753.00
Yeast industry	<u>1</u>	<u>2.550.00</u>
Total:	<u>21</u>	US\$ <u>207.903.00</u>

During the first months of 1949 the wheat-growers of the country found themselves in a difficult situation, owing to the inability of the flour mills to purchase additional quantities of wheat due to the reduction of their sales on account of strong competition from imported flour. As a means of solving this situation which affected the wheat producers very seriously, the Institute opened a revolving credit in favour of the mills for the sum of 150,000 United States dollars. In this manner it was possible to buy all the wheat on hand, therefore solving the problem.

The storms which swept the country during the months of October and November 1949 caused important losses in stored grain and grain under cultivation. The INFOP issued a loan to the Government for 200,000 United States dollars, to be used in the purchase of food products, and arranged for the acquisition of corn and beans in the Republic of El Salvador, to avert the situation which might arise.

As a means of improving national production, the Institute acquired during 1949 maize and cotton seed, which it distributed amongst the farmers, who expressed a desire to plant these crops. Maize of the variety known as "Tiquisate dorado" was purchased amounting to 335 quintales and 380 quintales of cotton seed of the "Cocker Wilt" variety were imported for distribution. About 12,000 United States dollars were invested in this transaction. As regards maize some sales were made, the exchange system was used and a small number of quintals were given to /State organisms.

State organisms. The cotton seeds were distributed amongst farmers throughout the Republic.

In 1949 the Institute participated in a private agricultural enterprise for the production of cotton and maize. Its participation which consisted in supplying machinery and working capital amounted to 30,000 United States dollars. It is hoped production will reach 10,000 quintales of maize and 7,000 quintales of ginned cotton. The most interesting aspects of the case are the possibility of determining costs of these articles on the basis of a mechanized exploitation, and the experience gained in granting loans to private individuals or enterprises requesting them in the future.

For the multiplication of seed for maize, beans and other food products, the first seed multiplication plot has been established on the "Cuyuta" farm, belonging to the Institute, with the co-operation of Iowa State Centre. The complete plan represents an expenditure of 200,000 United States dollars and will be finished in a period of three years. With a view to also raising seeds for the highlands an additional seed growing plantation will be established in Barcnas, near the capital. The Instituto Agropecuario Nacional (National Agricultural and Livestock Raising Institute) carries out for the INIOP investigations related to the feeding of poultry and livestock, and is also making studies for the classification of the country's soil. Studies have been made, either directly by the Institute or in association with local and foreign institutions, of the following products which are related to basic foodstuffs: maize, wheat, salt, bananas, oil bearing seeds, fodder, meat, milk and livestock.

In order to expand the programme to develop stock raising, the Institute created farm-operating expense loans for the maintenance of pastures, grazing and baling hay, repairs and other exploitation costs; finance loans, for the purchase of equipment, permanent or transitory land improvements for building and payment of debts contracted for the same purposes; commercial loans, to finance operations of purchases, sale, distribution and the formation of normal stocks proceeding from the stock raising production, and for the establishing of a private veterinary clinic. The number and value of these loans are shown below:

/Loans

	<u>Loans</u>	<u>Amount</u>
Feeding of beef cattle; fences and pastures.	11	US\$ 60.070.00
Feeding of hogs.	1	500.00
Purchase of pedigree livestock.	8	36.800.00
Purchase of cattle for fattening.	13	59.360.00
Livestock breeding.	5	15.360.00
Establishing Veterinary Clinic	1	3.000.00
Total	<u>32</u>	US\$ <u>175.300.00</u>

Loans were also made for the production of milk and its derivatives, since besides representing an increase in the expansion of national livestock, this also signified basic food products for the population. The loans indicated were as follows:

	<u>Number of Loans</u>	<u>Amount</u>
Expenses for dairy farming and derivative products.	8	US\$ 8.775.00
Purchase of dairy cattle and building and equipment required	<u>24</u>	<u>131.450.00</u>
Total	<u>32</u>	US\$ <u>140.225.00</u>

The following loans were granted for industries employing livestock products as raw material:

	<u>Number of Loans</u>	<u>Amount</u>
Skins and hide industries.	17	US\$ 31.850.04

Applications were approved for loans to be used for the improvement of breeds of poultry, installations of poultry farms and exploitation expenses, as follows:

	<u>Number of Loans</u>	<u>Amount</u>
Poultry farms and poultry	9	US\$ 4.875.00

In connection with the increase in the cultivation of cotton, sesame, citronella and other plants which produce essential oils, cocoa, medicinal plants and other agricultural products, the Institute granted the following credits:

/Number of Loans

	<u>Number of Loans</u>	<u>Amount</u>
<b>For farm operating expenses:</b>		
Cotton	4	US\$ 34.172.00
Citronella	2	6.000.00
Cardamon	1	500.00
Sesame	1	800.00
Tobacco	4	12.800.00
Sugar Cane and brown sugar	7	2.555.00
Bananas	<u>1</u>	<u>200.00</u>
Finance loans: Total:	20	US\$ 57.027.00
Citronella	1	US\$ 14.000.00
Fruit Trees	2	3.500.00
Bananas and fumigation equipment	<u>1</u>	<u>5.294.00</u>
Total:	4	US\$ 22.794.00
<b>Commercial and industrial loans:</b>		
Essential oils industry	1	US\$ 5.570.00
Sugar industry	4	9.550.00
Fibre and textiles industry	6	86.900.00
Tobacco industry	1	1.000.00
Textile industry	10	43.905.00
Citronella manufacturing industry	1	2.500.00
Exportation of essential oils	<u>1</u>	<u>20.000.00</u>
Total:	24	US\$ 169.425.00
<u>Different loans to be granted to various steps of complete programme:</u>	<u>Number of Loans</u>	<u>Amount</u>
Purchases of real estate and payment of pending balances on same	2	US\$ 2.500.00
Buildings and improvements on farms	11	28.200.00
Payment of debts covering undeveloped farms	5	35.320.67
Purchase of draft animals and freighting of same	2	1.175.00
Permanent crops	5	6.650.00
Freight	2	3.500.00
Commercial loans for agricultural, stock raising and industrial purposes	<u>20</u>	<u>72.495.00</u>
Total:	47	US\$ 149.840.67



The INFOP has an ample programme to be carried out during 1950.

The general budget of the Institution provides the following amounts for the authorization of credits:

- a) For the development of production of basic food products; maize, beans, rice, wheat, potatoes, etc.
- b) For the development of national stock raising, breeding and fattening of cattle, production of milk and allied products, improvement of breeds, etc.
- c) For the development of other crops; coffee, cotton, sesame, citronella, cardamom, cocoa, medicinal plants, etc.

The Institute also plans to develop industries allied with agriculture, such as wool and cotton textiles, leather industries, milk and meat, oil industries, fats, fruit canning, etc.; the extraction of chicle. More than 1,200,000 United States dollars of the 1950 budget have been allocated for these purposes. It proposes to install a grain elevator in Guatemala City in which 500,000 United States dollars will be invested in 1950. It has set aside 260,000 United States dollars for the purchase of agricultural machinery; for the research and multiplication of improved seeds 80,000 United States dollars has been set aside; for investments in agricultural enterprises of the type previously described 820,000 United States dollars has been budgeted; and the Institute provides the means and assumes all the risks, in exchange for the technical knowledge and work of the other party. Moreover, for the exclusive exploitation of State farms "Cuyuta" and "La Blanca" the budget provides 270,000 United States dollars; also, 15,000 United States dollars for fighting grasshoppers or any other agricultural pest. In this manner the programme to be realized by INFOP during 1950 envisages a total investment in agriculture of 4,595,000 United States dollars, which represents more than 50 per cent of the total credits of the Institution.

The programme for 1950 includes the expansion of the facilities of the Institute's agencies, which will endeavour to distribute credit in the most convenient manner throughout the territory of the Republic, instead of concentrating it in Guatemala City.

Attached will be found a consolidated balance of the Institution as of 31 October 1949.

C. Private banks

Three private banks operate in Guatemala. The Banco Agrícola Mercantil is completely in the hands of private shareholders.

The Bank of London and South America is the only foreign bank operating in Guatemala.

The Banco del Occidente is the bank with the least resources. It is located in the city of Quezaltenango, and is therefore a provincial bank.

In table II-6 is shown how private banks are using their resources. Undoubtedly, they all pursue a very conservative policy, this being particularly noticeable in the case of the Bank of London, which has only 32 dollars in loans pending for each 100 dollars in resources.

As of 31 October 1949, the private banks of Guatemala held 35 per cent of the total outstanding credits for agricultural production. The Banco Agrícola Mercantil contributes most of this percentage (see tables II-1, II-6 and II-7). Moreover, the evident tendency of private banks is to exercise a less important part in the financing of agricultural activities, leaving this field to the autonomous State institutions. Private banks prefer large transactions with known risks and very solid guarantees.

Attached will be found recent balances for each one of the three institutions.

D. Other sources

In addition to banks, there are other sources in Guatemala which grant agricultural loans. The principal ones are:

- a) Exporters and dealers in coffee.
- b) Banana companies.
- c) Flour mills; and
- d) Wholesale grain dealers from within the Republic.

These persons handle almost exclusively short-term loan operations which in general have more burdensome conditions than loans obtained through banks.

It is not possible to estimate the amount and number of loans effected by these sources yearly, but owing to the lack of decentralization of the Guatemalan banking system, the farmer's lack of information concerning the most adequate sources for his requirements, and the lack and high cost of transportation, it may be understood that these represent a very important part in financing the agricultural production of the country.

## Appendix A

### PRINCIPAL CROPS OF GUATEMALAN AGRICULTURE

The conditions under which the agricultural production is developed are very varied. Different stages of technical progress can be found in the different zones of the country and in the different crops, ranging from the primitive sowing of maize and wheat by the Indians, who use only the "machete" and the hoe, to the modern installations of the commercial exploitations of coffee, citronella, sugar-cane, bananas and cotton. It can be said on the whole, however, that the techniques of agricultural production in Guatemala are backward.

It has not been possible to obtain complete statistical data concerning land tenure in the different crops. However, it can be affirmed that in Guatemala there are "latifundios", large-scale farms, and also very small plots, especially in the zones with the largest concentrations of Indian population.

As an illustration it can be pointed out that there exist three main forms of land ownership: state property, private property and communal property.

As a result of the state of war between Guatemala and the Axis powers during the Second World War, enemy property passed, in virtue of the Decrees Nos. 3134 and 3135 of 14 August 1944, into the hands of the State. This caused the State to become the largest agricultural entrepreneur of the country, and the owner of a great number of plantations, including some of the best and most developed of Guatemala. The number of farms exploited by the State is 121, with an approximate area of 260,000 hectares.

In various zones of Guatemala there exist numerous native communities with a type of communal property inherited from Colonial times. In these communities the Municipality is the owner of a particular piece of land which it awards, with no formal title-deed, to the heads of families. The holder of a plot can, at death, leave it to his children so that they can continue to exploit it. If he has no children the Municipality takes back the land and allocates it to the most needy person. The products of these plots of land thus distributed are enjoyed by whoever cultivates them, with no limitation or rate whatever. In some communities there are also communal woods (called "tierras de astilleros") which may be exploited by all the members of the community; others have lime or salt mines which are also exploited communally. There are no general rules applicable to all the communities. The habits and customs and the forms of

/collaboration of

collaboration of each member with the rest of the community vary greatly. In some the work is done collectively, in others individually, and in still others labourers from outside the community are hired to cultivate the municipal lands.

The principal form of ownership, however, is private ownership. The greatest number of farms and those which produce the most are private property. Nevertheless the forms of exploitation are varied. The coffee plantations are cultivated under the system known in the South of the United States as the "plantation system" which is generally characterized by the fact that the owner does not live on the farm, which is run by an administrator and salaried labourers. As regards size, the coffee plantations which produce the greater part of the annual harvest are big. Table I-1 classifies farms by size but it was not possible to obtain data relating to the area included in each group.

Bananas for export are cultivated principally in large plantations belonging to foreign companies, or in relatively large plantations belonging to Guatemalans who depend upon the United Fruit Company for their credit, transport and markets. Cane for the production of centrifuged sugar, is cultivated in large plots of land, while unrefined brown sugar is produced in smaller exploitations, though not as small as those of El Salvador. The crops forming the basic diet, such as maize, beans, wheat and rice are produced in small plots of land, generally worked by the Indian under various systems of partnership, of which there are three principal ones: 1) if the Indian or peasant is a permanent resident of the fief, he has the right to use a certain amount of the land free, but is obliged to work for the farm a certain number of days in the year, for which he receives payment; 2) if the Indian is not a settler, he has to pay in kind per unit of area; or else, 3) sow an area for the owner equal to that harvested by him.

There are not enough data on costs of production to be able to make an estimate of the costs each year of reaping the harvests of the country. However, table A-2 gives estimates of costs made by the Department of Development of the INFOP.

Table A-3 gives the wholesale prices in the Guatemalan market for some of the products of highest consumption during the last ten years. Table A-4, A-5 and A-6 give the export prices F.O.B. national ports, of coffee and bananas.

With the exception of bananas, wheat, cardamom (spices) and citronella, the agricultural products of El Salvador and Guatemala are of the same nature. The

/systems of

Table A-1 Guatemala: Classification of the Coffee Farms by Area

Area ("Manzanas")	Number of Farms
0 - 1	3,722
1 - 25	5,572
26 - 50	428
50 - 100	335
100	1,147
Total number of farms:	<u>11,204</u>

One "manzana" equals 0.693 hectares.

Source: Oficina Central del Café.

Note: Until now the extensions of the present classification have not been included in the census. It is estimated that the total extension of all the farms is 1,301,359.0 "manzanas"; that the extension actually cultivated with coffee is 196,506.7 "manzanas", and that the area available for new sowing is 143,818.4 "manzanas".

Table A-2   Guatemala: Cost of production of selected important  
commodities

(U.S. dollars per quintal of 45 kilogrammes)

Products	Cost of Production
Coffee	12.00
Maize	2.45
Beans	3.20
Rice	1.25
Wheat	2.50

Source: Instituto de Fomento de la Producción  
de Guatemala.

Table A-3   Guatemala: Annual Average Prices of Six Articles of  
Prime Necessity in Guatemala City

(U.S. dollars per quintal of 46 kilos)

Articles	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Coffee	4.12	3.15	5.00	9.22	10.84	12.43	15.23	18.55	18.44	21.17
Wheat	2.47	2.59	3.11	4.02	4.65	4.43	5.57	6.24	7.73	7.96
Rice	2.89	3.13	4.70	4.84	4.53	7.93	8.54	7.14	8.84	9.51
White sugar	3.70	3.71	3.70	3.70	3.85	4.39	5.10	5.77	6.50	6.50
Black beans	2.77	1.81	2.21	3.71	4.12	6.17	5.79	3.83	7.07	9.75
Yellow maize	1.21	1.03	1.08	1.99	2.24	2.55	2.69	2.58	3.69	4.53
Bananas (per hundred)	-	-	-	-	-		0.58	0.44	0.52	0.51

Source: Dirección General de Estadística.

Table A-4 Guatemala: Coffee Exports, 1938-1949

Year	Exports in quintals of 40 kilograms	Total value (U.S. dollars)	FOB Prices (U.S. dollars)
1937-38	940,831.8	8,935,051.6	\$ 9.50
1938-39	1,030,566.7	10,315,848.4	10.00
1939-40	975,149.2	8,975,840.5	9.20
1940-41	920,852.5	5,854,522.3	6.36
1941-42	939,840.7	11,541,625.5	12.38
1942-43	1,224,362.0	15,805,442.2	12.91
1943-44	1,083,973.8	15,923,376.8	14.69
1944-45	1,115,244.3	16,820,937.1	15.08
1945-46	1,072,337.6	19,253,324.0	17.95
1946-47	1,141,185.2	29,231,651.2	25.62
1947-48	1,023,095.8	29,253,194.0	28.59
1948-49	1,196,732.5	36,145,559.6	30.20

Source: Oficina Central del Café.



Table A-5      Guatemala:      Average Prices of Bananas Exported by the  
UNITED FRUIT COMPANY and the Guatemalan Agricultural Company in 1948

Months	Bunches	Quintals	Value U.S. dollars	Unitary Price	
				Bunch	Quintal (U.S.dollars)
January	647,996	323,998.00	412,941.10	0.6373	1.2745
February	687,980	343,990.00	440,457.55	0.6402	1.2805
March	832,069	416,034.50	533,201.15	0.6408	1.2818
April	965,411	482,705.50	533,201.15	0.6435	1.2871
May	749,936	374,968.00	482,936.85	0.6440	1.2879
June	851,647	425,823.50	553,571.55	0.6500	1.3000
July	585,431	292,715.50	378,998.35	0.6474	1.2828
August	571,888	285,944.00	365,726.00	0.6395	1.2789
September	574,613	287,306.50	365,695.00	0.6364	1.2817
October	608,321	304,160.50	381,137.65	0.6265	1.2538
November	733,429	366,714.50	522,453.30	0.7123	1.4416
December	682,799	341,399.75	430,689.30	0.6308	1.1074
Total:	8,491,520	4,229,459.35	5,489,081.95	0.6464	1.2797

Source: Dirección General de Aduanas.

Table A-6   Guatemala: Average Prices of Bananas Exported by  
Guatemalans and Private Individuals during 1948

Months	Bunches	Quintals	Value U.S. dollars	Unitary Price	
				Bunch	Quintal (U.S. dollars)
January	447,977	194,577.41	505,538.60	1.3071	3.0093
February	283,861	129,935.18	391,011.30	1.3775	3.0081
March	297,469	139,907.09	412,286.20	1.3860	2.9469
April	340,925	160,783.56	481,475.50	1.4123	2.9946
May	465,256	196,278.38	588,087.55	1.2640	2.9962
June	510,396	200,431.21	612,451.46	1.2000	3.0557
July	285,823	117,225.89	303,010.90	1.0601	2.5848
August	290,410	119,314.59	356,851.00	1.2288	2.9908
September	299,769	122,538.73	363,903.00	1.2139	2.9820
October	233,933	99,887.26	297,450.00	1.2715	2.9779
November	137,705	61,251.00	181,406.00	1.3174	2.9617
December	178,960	85,337.60	255,928.00	1.4301	3.0000
Total:	3,772,484	2,627,011.90	4,829,399.51	1.2802	2.9683

Source: Dirección General de Aduanas.

Table A-7      Guatemala:      Coffee Production, 1938-1948

(Quintales of 46 kilogrammes)

Year	Production in	Equivalent in
	quintals (Pergamino)	quintals (Gold)
1938-39	1,461,794.0	1,169,427.0
1939-40	1,424,690.0	1,139,752.0
1940-41	1,355,850.0	1,084,680.0
1941-42	1,352,820.0	1,082,096.0
1942-43	1,406,935.0	1,125,548.0
1943-44	1,606,321.0	1,285,057.0
1944-45	1,628,865.0	1,303,092.0
1945-46	1,452,835.0	1,162,276.0
1946-47	1,514,475.0	1,211,580.0
1947-48	1,372,149.0	1,102,519.0

Source:      Dirección General de Estadística.

Table A-8    Guatemala: Panama Exports, 1938-1948

Year	Quantity in quintals of 46 kilograms	Value in U.S.dollars
1938	4,749,825.0	4,748,234.00
1939	5,134,927.0	5,481,570.00
1940	4,094,551.0	5,018,319.00
1941	3,429,056.0	4,258,119.00
1942	2,474,784.0	3,177,019.00
1943	1,255,377.0	1,557,108.00
1944	2,425,096.0	2,902,229.00
1945	4,213,782.0	5,919,338.00
1946	4,810,262.0	3,487,410.00
1947	6,305,213.0	11,430,320.00
1948	5,944,055.0	10,318,934.00

Source:    Dirección General de Aduanas

Table A-9      Guatemala:      Banana Production, 1938-1948

Year	Bunches	Cultivated Area ("manzanas")
1937-38	10,723,216	46,598.0
1938-39	14,353,752	---
1939-40	12,849,752	49,423.1
1940-41	10,117,836	46,275.0
1941-42	12,520,468	48,545.0
1942-43	12,536,675	48,624.0
1943-44	4,422,341	19,416.0
1944-45	6,071,690	---
1945-46	8,669,720	---
1946-47	14,950,000	36,625.0
1947-48	12,428,061	41,642.9

Note: One "manzana" equals 0.698 hectares.

Source: Dirección General de Estadística.

Table A-10   Guatemala: Maize Production, 1938-1948

Year	Cultivated Area (hectares)	Production in quintals of 46 kilogrammes
1937-38	310,678.7	6,220,928.0
1938-39	355,571.2	7,020,628.0
1939-40	385,005.0	10,019,980.0
1940-41	505,133.1	13,566,720.0
1941-42	522,861.6	14,931,722.0
1942-43	583,509.4	15,031,584.0
1943-44	357,620.7	6,852,187.0
1944-45	328,029.8	5,745,044.0
1945-46	220,947.2	4,149,381.0
1946-47	207,680.9	6,381,792.0
1947-48	197,346.0	3,599,332.0

Source: Dirección General de Estadística.

Table A-11    Guatemala: Wheat Production, 1938-1948

Year	Cultivated Area ("manzanas")	Production in quintals of 46 kilogrammes
1937-38	24,174.0	231,555.0
1938-39	25,498.1	284,743.0
1939-40	27,576.6	330,912.0
1940-41	30,397.1	393,665.0
1941-42	35,550.0	485,011.0
1942-43	37,857.0	505,011.0
1943-44	30,872.0	255,526.0
1944-45	---	271,399.0
1945-46	30,482.0	303,686.0
1946-47	30,005.0	280,327.0
1947-48	22,239.9	172,656.0

Note:    One "manzana" equal to 0.690 hectares.

Source:    Direccion General de Estadistica.

Table A-12    Guatemala: Bean Production, 1938-1948

Year	Cultivated Area (hectares)	Production in quintals of 46 kilogrammes
1937-38	69,789.0	800,678.0
1938-39	86,011.2	980,575.0
1939-40	105,674.1	1,268,088.0
1940-41	106,522.0	1,449,308.0
1941-42	105,203.1	1,572,280.0
1942-43	132,894.0	1,594,728.0
1943-44	41,935.0	385,677.0
1944-45	---	270,743.0
1945-46	27,634.0	270,743.0
1946-47	29,939.0	489,612.0
1947-48	---	209,283.0

Source: Dirección General de Estadística.



Table A-13. Guatemala: Rice Production, 1938-1948

Year	Cultivated Area (hectares)	Production in short tons
1937-38	---	6,659.0
1938-39	---	8,245.0
1939-40	---	12,099.0
1940-41	---	12,232.0
1941-42	---	13,529.0
1942-43	---	17,463.0
1943-44	7,927.1	8,099.0
1944-45	---	5,610.0
1945-46	---	8,535.0
1946-47	---	8,697.0
1947-48	3,389.8	4,515.2

Source: Dirección General de Estadística.

Table A-14      Guatemala: Production of Sugar and UnrefinedBrown Sugar (Panela), 1938-1948(quintals of 46 kilogrammes)

<u>Year</u>	<u>Sugar</u>	<u>Unrefined brown sugar (Panela)</u>
1938-39	364,457.0	---
1939-40	378,687.0	---
1940-41	371,448.0	---
1941-42	442,923.0	---
1942-43	430,935.0	---
1943-44	526,954.0	461,531.0
1944-45	455,153.0	668,959.0
1945-46	517,430.0	435,851.0
1946-47	573,626.0	598,872.0
1947-48	561,680.0	623,446.0

Source: Dirección General de Estadística.

Table A-15 Guatemala: Cacao Production, 1938-1948

Year	Cultivated Area (hectares)	Production in quintals of 46 kilogrammes
1937-38	925.1	9,944.0
1938-39	1,119.4	10,747.0
1939-40	1,159.9	15,600.0
1940-41	1,135.4	18,076.0
1941-42	2,009.6	19,127.0
1942-43	2,099.7	20,954.0
1943-44	1,547.0	15,680.0
1944-45	---	---
1945-46	---	---
1946-47	---	---
1947-48	1,033.0	5,925.0

Source: Dirección General de Estadística.

Table A-16    Guatemala:    Cattle Census, November 1947

---

Type of Stock	Total number of head
<hr/>	
Dairy Cattle	445,477
Beef cattle	402,044
Work oxen	53,453
Horses	155,423
Mules and Asses	60,999
Sheep	617,611
Goats	63,545
Hogs	374,367

---

Source:    Dirección General de Estadística.

-----