DM/64/32

INTERNATIONAL MONETARY FUND

Western Hemisphere Department

The International Monetary Fund and Latin America[1/]

Prepared by Jorge Del Canto

May 13, 1964

1. Introduction

In the international cooperative efforts in the field of finance that began in the 1940's, the Latin American governments participated rather passively and with some skepticism about the outcome of these efforts. Fortunately, in the postwar years the leading industrial countries embarked upon policies of economic and financial reconstruction and expansion, within the framework of closer international cooperation, and the momentum that this cooperation is gaining over the years has led to the revival of confidence, by many Latin American countries, in the benefits accruing from a closer and mutually constructive relationship between the industrial countries and the developing countries. The role of international financial agencies such as the Fund, the World Bank, and the relatively newly-created Inter-American Development Bank, for example, have contributed to this new faith in international cooperation. More significantly, the more liberal trade and aid policies of the industrial countries in the postwar years, and particularly U.S. support of the cooperative effort labeled "The Alliance for Progress," inaugurated in August 1961, have been a major factor in the moderation and constructive channeling of the new wave of nationalism now prevailing in Latin America.

The Fund has played its part in this gradual and constructive evolution based on international economic and financial cooperation. Through the use of its financial resources, technical assistance and close and full cooperation with its Latin American members, continued efforts are being made to achieve the basic objectives of the Fund: to promote international monetary cooperation, facilitate the expansion and balanced growth of international trade, to promote and maintain high levels of employment and income, to promote exchange stability, to seek the establishment and maintenance of a multilateral system of payments, and to provide financial assistance to correct maladjustments in the balance of payments.

Economic development, properly speaking, is not within the sphere of the Fund's direct technical competence; however, its role is closely related to that objective. The Fund encourages countries to direct their steps toward the establishment of an atmosphere of financial stability which will permit a higher rate of economic growth, and a better distribution of income. People may differ as to whether there should be a

1/ Paper to be submitted to the 42nd Annual Meeting of the Bankers' Association for Foreign Trade, Quebec, Canada, May 24-27, 1964.

greater or lesser degree of planning; but there is universal recognition that an orderly financial climate is a fundamental condition for optimum economic growth which will permit the advantageous utilization of the internal and external financial resources which make development possible. Indeed, the concept of sound financial policies is adhered to not only by countries with liberal economies, but also--and rather strictly--by countries with socialist economies.

The creation of a proper financial climate for economic growth, however, is not enough to increase growth. Economic development arises from an increase in the rate of capital formation, the assimilation of technology, the attitudes of the community toward development, and, particularly, good administration. Of course, the political, social, and cultural factors affecting economic development cannot be ignored, but the economic growth of our societies fundamentally requires capital, and this has to be obtained both from local resources, through conditions that will encourage capital formation and from the transfer of foreign savings, of both public and private origin, to the developing countries. It is a historical fact that the transfer of capital and technology from the more developed countries to the developing countries has contributed to the economic transformation of our societies. This certainly has been the case in the United States, Canada, Australia, and in Latin America, in countries such as Venezuela, Mexico, Brazil, Argentina, Peru, Colombia, and Chile, to mention only a few examples.

It would be futile to take sides in the debate between those who advocate all-out economic planning and those who support the so-called social market economy. In the context of Latin American realities, it would appear that efforts at total planning for both the public and private sector have not achieved the expected results; on the other hand, it is clear that more "programing" is needed in the management of the public funds under the control of the authorities, for purposes of investment. It is the difficulties that Latin American countries confront in their public finance which have been the greatest deterrent to the stabilization efforts now being made with the Fund's support. In the Fund we do not believe that there is anything "structural" that prevents member countries from improving the management of their public finances so as to increase the availability of public savings for investment. Neither do we share the fatalistic view that excessive monetary expansion of an inflationary nature is essential to the making of structural changes which would accelerate economic development. On the contrary, we believe that a reasonable degree of monetary stability is necessary, not because the Fund says so, but because a climate of confidence associated with financial stability is more conducive to structural gains and more orderly growth, as well as to a more tolerable external equilibrium.

Structural reforms have become a basic policy objective now in Latin America. No one can object to them; they are urgently needed in Latin America. But to succeed in this endeavor we need to create, where it does not exist, or to maintain, in other cases, the proper climate for financial stability, to promote exports, to develop conditions that will step up the process of domestic capital formation, as well as to encourage a greater inflow of foreign capital, of both public and private origin, and in all these ways to strengthen the economic base. We consistently urge the Latin American governments to give the highest priority to sound financial policies and to improvements in the administrative machinery of governments. We do not see how either the government or private individuals and enterprises can plan development on a rational basis with a meaningful cost accounting system, if a country is going through a long-continued and accelerating inflation. In this connection, as stated before, in many countries inflation originates in the government sector, particularly in the inability of government enterprises to operate on a self-supporting basis. No one can be opposed to programing for both the public and private sectors, in the sense of mapping the area, setting the priorities that have to be given to the various projects, and determining the incentives which should be given to promote economic development. But it is more urgent to get existing government enterprises out of the red before more government enterprises are created; this requires sound management and political courage.

Furthermore, from a social point of view, the inflationary process, through its regressive effects on the distribution of income, constitutes a serious threat, an immoral and unjust threat, that cancels out the benefits that, through peaceful and democratic means, labor strives to achieve. Indeed, in the long run, inflation reduces investment and, with a lower rate of investment as a consequence, growth declines. With less investment and less economic growth, the total income of the community ceases to grow, and real income per capita declines. It is precisely this lack of economic growth that adds to an endless and futile spiraling of prices and wages, with damaging negative effects on the total efficiency of the economic system. In addition, inflation generates increased social tensions, often with explosive political consequences. The real gains that labor may have secured, partly through its own efforts to increase productivity and partly because of increases in the national product due to a higher level of investment under conditions of stability, can be and often are lost through inflationary price increases which shrink the purchasing power of wages and salaries.

2. Latin America and the Fund

Latin American membership in the Fund is represented by 19 countries of the Western Hemisphere.1/ The initial quota of Latin America was $484.5 million, but with the admission of Argentina in 1956, and subsequent quota increases, these quotas increased to $1,359.2 million at the end of 1963. This level of quotas represents almost 10 per cent of the total quotas of the 103 members of the Fund, aggregating $15,559.8 million, as of December 31, 1963.

1/ Cuba withdrew from the Fund on April 2, 1964. Jamaica joined the Fund on February 21, 1963, with a quota of $20 million, and Trinidad and Tobago joined the Fund on September 16, 1963, with a quota of $20 million. For the purposes of this study, however, Jamaica and Trinidad and Tobago are not considered part of Latin America.

In order to make effective their quotas, and in accordance with the Fund Agreement, the Latin American countries contributed 25 per cent of their quotas, or $340 million in gold, and the balance, or 75 per cent of the member's quota, is credited to the Fund in the form of noninterest-bearing demand notes or in a deposit account opened by each central bank in the name of the International Monetary Fund, the notes or deposit being in local currency. The use of this local currency by the Fund is for the time being very unlikely, since the Latin American currencies are not widely used internationally, and the Fund would in any case not expect to draw on one less-developed country in order to make an advance to another. With a total disbursement of around $340 million in gold, the Latin American members of the Fund have made total gross drawings in the Fund, as of December 31, 1963, of $1,554.8 million. During the same period, Latin American repurchases to the Fund amounted to $806.3 million, so that the total net indebtedness of Latin America to the Fund as of December 31, 1963, amounted to $738.5 million.

Since the beginning of operations until December 31, 1963, the Fund had negotiated 72 stand-by arrangements with Latin American countries with a gross total of nearly $2 billion, on a gross basis. Many of the succeeding stand-by arrangements with some countries have not been used or have been used only moderately; this is probably the best test of a successful stand-by, that it was actually not utilized and the country was able, through its own internal policies, to correct the payments imbalance. As of December 31, 1963, the Fund had nine stand-by arrangements with Latin American countries for a total of $166.25 million. New stand-by arrangements with Chile, Colombia, Peru, and Nicaragua, aggregating $76.25 million, have been extended by the Fund in the first quarter of 1964. In brief, in relation to their quotas, the Latin American countries have made the most active use of the resources of the Fund.

Let us see how the Fund has achieved this record of such intense operational activity in Latin America. When the Fund began operations, in 1946, the Latin American countries had emerged from World War II with an improved international reserve position, so that in the first five years the Fund's financial activity in Latin America was limited. In this period some isolated drawings were carried out to meet the balance of payments difficulties of some countries. In general, the Latin American countries, which began to experience balance of payments difficulties in 1949 and 1950, saw their external economic situation suddenly improve, particularly since their raw materials exports expanded with the Korean War. However, in the mid-1950's the decline in prices of raw materials following the end of the Korean conflict, particularly the change in the trend of coffee prices, which affects the economy of so many countries, and, in addition, the new approach of these countries toward a more thorough attack on the problem of economic development, led the Fund to increase sharply its activities in the Latin American countries in 1957.

In order to appreciate better the presend period of Fund activity in Latin America one can distinguish two types of disequilibria to which, in my opinion, the Latin American countries are constantly being exposed. These are basically: (a) the instability "exported" to these countries through cyclical fluctuations in the demand and prices of their export products originating in industrial centers; and (b) instability of "internal origin" resulting from the application of inadequate policies for dealing with monetary and fiscal problems.

3. Individual country experiences

It is difficult to generalize about the experience of the Fund in the various countries of Latin America. In general, however, one can distinguish between the role of the Fund in (a) countries that have consistently followed domestic stabilization policies and have had a favorable record of exchange stability and free convertibility of their currencies, (b) countries that have made substantial progress in the same direction in recent years, and (c) countries where domestic inflation and continued payments difficulties are still a problem.

The northern countries of Latin America (Mexico, Central America, Venezuela, and the Caribbean members of the Fund) have had a remarkable record of exchange stability and economic growth; of the 24 member countries of the Fund that enjoy the status of full convertibility under Article VIII of the Fund Agreement, nine countries are in this area. The Fund has played a very active role in these countries.

Mexico has had ten years of exchange stability and the record of economic growth has been satisfactory. Real gross national product in Mexico more than doubled in the period 1950-62; the rate of growth was 6 per cent in 1963. Mexico used the Fund's resources in 1947 and 1954. In March 1959, Mexico entered into a six-month $90 million stand-by arrangement, and again in July 1961 entered into a one-year stand-by arrangement for the same amount. The payments position of Mexico has strengthened and international reserves are now at the level of around $500 million, the highest level in Mexican history.

The five countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) have had an excellent record of growth, associated with increased exports, exchange stability, and, more recently, an accelerated rate of economic integration. Central America experienced rapid economic growth in the postwar years through the mid-1950's; from 1948 through 1957 exports nearly doubled. Growth in exports and income stimulated the expansion of other sectors of the economy and made available savings to support an increase in private and public investment. The situation changed after 1957, as the prices for coffee and cotton declined; during 1958-61, the volume of exports increased, but prices for exports declined at a faster rate. Growth in exports resumed again in 1962 and 1963, improving also the payments position of these countries. Three of the countries in the region (El Salvador, Guatemala, and Honduras) are under Article VIII and the other two countries (Costa Rica and Nicaragua) under Article XIV maintain de facto convertibility.

For many years the Fund has provided financial and technical assistance to support policies designed to maintain financial stability, and stimulate economic development in Central America. Since the beginning of Fund operations, a total of 21 stand-by arrangements have been negotiated in the area for a gross total of $186 million. The assistance of the Fund was particularly valuable during the difficult years 1958-61, when international reserves declined in the area from more than $150 million to less than $100 million. Gross international reserves have recovered now to around $130 million, at the end of 1963, and, in addition, these countries know they can rely on their quotas in the Fund aggregating $76.75 million, as a second line of reserves.

The Fund has also played an active role in the Caribbean countries in support of the Article VIII status of these countries. Venezuela has become increasingly active in the Fund. The interest of the Fund can be reflected by the increase of their token initial quota of $15 million in 1946, to $150 million in 1960. At a time of crisis, Venezuela entered into a $100 million stand-by arrangement in April 1960, but there was no need to use the Fund's resources. In the last two years Venezuela has recovered from its difficulties and the country now enjoys a comfortable level of around $750 million of international reserves, a high income per capita ($800), and an increasing rate of economic growth and diversification.

Of the West Coast countries of South America, Peru has the longest record of financial operations with the Fund. Eight stand-by arrangements, totaling $198 million, have been negotiated with Peru since 1954. On the whole, Peru has very seldom needed to use these stand-bys, but they have provided a valuable support to the continuation of stabilization policies in Peru. The record of economic growth has been dramatic; during the period 1950-63, real gross national product doubled. The rate of growth has been particularly encouraging in the last four years, with an average of 6 per cent. As in other countries in Latin America, and throughout the world, growth has been stimulated by expanding exports and the pursuance of sound policies at home. Peruvian exports have increased from $189.2 million in 1950 to $540 million in 1963, and it is expected that they will reach $625 million in 1965.

Ecuador has also had a record of close cooperation with the Fund, although financial operations with the Fund have only become significant in recent years. From 1950 to 1963 real national income in Ecuador rose an average of 5 per cent per year. Exports during the same period have nearly doubled, in spite of the adverse movement in Ecuador's terms of trade. Ecuador has had a tradition of price stability; over the decade 1950-60, prices rose less than 5 per cent. Inflationary policies were resorted to from late 1960 to 1961, which led to a price rise and a payments crisis and eventual devaluation of the sucre, in July 1961, from S/ 15 per U.S. dollar to S/ 18.50 per U.S. dollar. Ecuador returned to a policy of financial stabilization, with financial support of the Fund in mid-1961, and this checked the price rise, restored balance in the payments position, and rebuilt the reserves. A new stand-by arrangement was entered into in 1962 and 1963. The financial position of Ecuador has improved substantially under the present stand-by, with a 50 per cent increase in reserves to a gross total of $52 million by the end of March 1964, the highest level in the last decade. The free rate has appreciated during the same period from S/ 21.20 per U.S. dollar, almost to the level of the official parity of S/ 18.50 per U.S. dollar. Ecuador is now stepping up its investments under a program that meets the objectives of the Alliance for Progress.

Colombia initiated stabilization policies in 1957, with Fund financial support. As compared with Peru, which benefited from external developments during the initiation of stabilization policies, the price of Colombia's leading export--coffee--began to decline in 1954 and fell by more than one third in the three years after stabilization policies were initiated in 1957. The mix of policies in the 1957 stabilization program included measures designed to increase government revenues, cut government spending, widen the use of weapons of modern central banking, such as tightening rediscounts, increased reserve requirements, the establishment of marginal reserve requirements, and the use of advance import deposits. The exchange rate was also arrested at a more adequate level. Stabilization policies contributed to substantial balance of payments surpluses in 1957 and 1958, permitting the reduction by nearly $200 million of short-term liabilities arising from import arrears, and, in addition, a moderate increase in reserves. There was a deterioration in the financial position of Colombia during 1961 and 1962, brought about by heavy government deficit financing, excessive credit expansion, and the maintenance of an overvalued currency. A new effort was made in early 1963, with the support of a $52.5 million stand-by arrangement from the Fund. Action was taken to adjust the exchange rate to a new appropriate level, a series of new tax measures were taken, together with improvements in tax administration and a systematic economy drive. The finances of the autonomous agencies were strengthened and the increase of local public savings was matched by a larger availability of foreign loans for investment. These efforts have contributed to an improvement of the payments position and in 1964 the Fund has given a new stand-by arrangement to Colombia to support the continuation of these policies. The exchange rate adjustments of 1963, plus an unduly generous wage policy, however, led to a 33 per cent increase in prices in 1963 and 2 per cent in the first two months of 1964. With the improved outlook for coffee prices, the Colombian efforts appear more promising. Colombia has negotiated six stand-by arrangements with the Fund for a gross total of $213.75 million.

Bolivia is another country that has had active financial relations with the Fund. Five stand-by arrangements aggregating $36.5 million have been negotiated with Bolivia, in support of stabilization policies. Bolivia confronted serious financial difficulties in the immediate period that followed the Bolivian Revolution in 1952, but, beginning in 1956 with the support of a $7.50 million stand-by arrangement with the Fund, Bolivia initiated stabilization policies that brought to an end the rapid inflation of the period 1953-56. There was a transition from 1956-59, but, beginning in 1958, the boliviano was stabilized at the level of around $b 11.8 per U.S. dollar and has remained at that level ever since.

Beginning in 1962, economic expansion has been gaining momentum; the real gross national product expanded by 7 per cent in 1962. The Government of Bolivia is now embarking on a Ten-Year Development Program, which has been studied by the Committee of Nine under the Alliance for Progress and the various national and international financial agencies and is being increasingly supported by these agencies. The present stand-by arrangement with the Fund is for $10 million and expires in September 1964.

Chilean efforts to meet its serious inflationary problem have met with varying degrees of success. A serious attempt to stabilize the Chilean economy was launched in Chile, beginning in 1959. This effort met with some success, as measured by the price increase, which declined from a 39 per cent increase in 1959 to a 11.6 per cent increase in 1960 and one of 7.7 per cent in 1961. However, the exchange rate was pegged for too long at an artificial level, leading to an increased overvaluation of the escudo that resulted in a gradual depletion of international reserves and acute payments difficulties. The fiscal imbalance was not fully corrected and these fiscal difficulties were aggravated by the disastrous earthquake of May 1960. The authorities have been unable to overhaul the social security system of Chile which is, according to experts in this field, beyond the capacity of the economy to sustain it. Insufficient emphasis was initially placed on the need to vigorously promote exports. Beginning in 1962, corrective policies have been reinitiated, but the unavoidable devaluation of the escudo, combined with continued budgetary difficulties, led to a revival of inflationary pressures, with a price increase of 14 per cent in 1962 and 45 per cent in 1963. More determined efforts are being continued, however, in 1964 to deal with these inflationary pressures and carry on the Ten-Year Development Program. Concrete and encouraging results are being achieved in expanding public works, low-cost housing, and increasing industrial production. Basic reforms such as an agrarian reform and a tax reform are being implemented. The Fund has negotiated five stand-by arrangements with Chile for a gross total of $183.1 million.

In the East Coast countries, Paraguay and Uruguay have followed stabilization policies. For reasons somewhat similar to those confronting Chile, the Uruguayan economy stagnated in the late 1950's. Serious difficulties were confronted in 1959 with the aggravation of the inflationary situation, and devastating floods. Uruguay initiated stabilization policies in 1960, and the price rise was reduced from 48.6 per cent in 1959 to 36.3 per cent in 1960, to 10 per cent in 1961, and to 11.2 per cent in 1962. A recovery of production, particularly for exports, and an improvement in the payments position resulted from these efforts. However, like Chile, the prolonged maintenance of an overvalued exchange rate and a revival of budgetary difficulties led to a worsening of Uruguay's position in late 1962 and early 1963. The Uruguayan peso was drastically devalued in May 1963. The devaluation and improved price outlook for Uruguayan exports has strengthened the payments position of Uruguay, but budgetary difficulties are still present. The Fund has negotiated two stand-by arrangements with Uruguay, aggregating $60 million.

Paraguay has maintained a long record of close and constructive relationship with the Fund. After a period of acute inflation, in 1957 Paraguay initiated stabilization policies, with the financial and technical support of the Fund. The success of these policies was gradual, but beginning in 1959, the stabilization effort has gained momentum. After a period of depressed economic conditions in 1959-60, economic activity has begun to recover and the export position of Paraguay is improving.

After a period of very slow growth of production, accelerating inflation, and increasing exchange difficulties, Argentina at the end of 1958 decided to undertake a comprehensive stabilization program. After a difficult period of transition in 1959, Argentina made considerable progress toward a better economic situation. The depreciation of the exchange rate was checked, price increases brought under control, investment rose, and production began to grow. However, weaknesses developed, particularly toward the end of 1961. State enterprises were not brought under effective budgetary control and they contracted an undue amount of foreign debt in the form of suppliers' credits. Substantial wage increases in excess of the price increases were granted to large sectors at the end of 1961 and the exchange market deteriorated. With political difficulties mounting, confidence was undermined and a period of severe economic difficulties began.

In 1962 and 1963 Argentina had very heavy external debt commitments. Negotiations to reduce the payments were undertaken with the creditors and limited relief was obtained. The burden remained heavy and, together with continuing political uncertainty, caused a prolonged depression which lowered Argentine production, while prices increased sharply. However, the monetary authorities were eventually able to bring the inflation under control once more and to stabilize the exchange rate. Exports rose sharply and production began to recover in the middle of 1963. Thus, a basis was created for the new Government, which entered into office in October 1963, to work again on the difficult economic and political problems of the country. Financial operations between the Fund and Argentina have been quite substantial. A drawing for $75 million, 50 per cent of the original quota of Argentina, took place soon after Argentina joined the Fund. In recent years, five stand-by arrangements have been negotiated with Argentina, with a gross total of $475 million.

In recent years Brazil has tended to drift into increasing economic difficulties. The deterioration has been shown by an accelerating rate of price increase, periodic exchange crises, and a gradual reduction in the rate of growth. In part, the problems of Brazil have derived from gradually worsening terms of trade as coffee prices declined from the peak level reached in 1953-54. But it was more importantly due to a continued weakening in the finances of the Central Government. Beginning in 1956, the budget deficit grew rapidly, until in 1963 it reached the level of over Cr$500 billion, equivalent to about 30 per cent of money supply at the beginning of the year. The growing inflation caused continuous balance of payments strain relieved by periodic devaluations and compensatory loans. The continuous growth of foreign indebtedness produced such a burden of debt service that, despite substantial improvement in the price of coffee, discussions on renegotiated terms began in early 1964. The new Government which took office in April 1964 is confronted with extremely difficult economic problems to solve in the relatively short period before the scheduled presidential election in October 1965. Brazil has used the Fund's resources intensively, with total gross drawings of $428.5 million. Two stand-by arrangements were negotiated totaling $197.5 million.

In conclusion, the postwar financial history of Latin America offers a rich variety of different experiences. On the whole, there has been a remarkable progress toward financial stability and increased growth in the northern countries of Latin America, where exchange stability and free convertibility of currencies is the norm. The West Coast countries of South America have gone for a transition of inflationary conditions toward stability, with a large measure of success in Ecuador, Peru, and Bolivia; Colombia and Chile are continuing these efforts. In the East Coast countries, Paraguay continues to make a determined effort to carry on stabilization policies; Uruguay had a moderate success in moderating the inflation during the period 1960-62, but still confronts budgetary difficulties; Argentina and Brazil have confronted serious financial difficulties, but it is hoped that the new authorities will be able to cope with their problems.

For the area as a whole, the recent improved outlook for the price of Latin American exports provides a new opportunity to strengthen efforts to reconcile financial stability with economic growth. The objective of financial stabilization has become more complex now that broader objectives of social reforms are being pursued under the Alliance for Progress, but the Fund is encouraged by the fact that in all of the Latin American countries the authorities responsible for financial policies are showing a greater concern, a better understanding, and a firmer decision in regard to the need for eliminating inflation and arriving at a stable economy as the best foundation for efforts to promote economic growth and achieve social transformation. The Fund, for its part, stands ready to continue to provide its financial and technical cooperation to the Latin American countries.

Table 1. Quotas, Subscriptions, and Transactions, December 31, 1963

(In millions of dollars)

Country	Drawings	Repurchases	Drawings Outstanding	Credits Available Under Stand-Bys	Total	Quotas
Argentina	377.5	145.5	232.0	--	232.0	280.0
Bolivia	22.4	12.6	9.8	7.5	17.3	22.5
Brazil	428.5	261.5	167.0	--	167.0	280.0
Chile	179.7	63.7	116.0	--	116.0	100.0
Colombia	161.0	40.0	121.0	4.0	125.0	100.0
Costa Rica	21.2	8.2	13.0	--	13.0	15.0
Cuba	72.5	47.5	25.0	--	25.0	50.0
Dominican Republic	9.0	9.0	--	--	--	15.0
Ecuador	23.0	14.4	8.6	6.0	14.6	15.0
El Salvador	29.2	29.2	--	5.0	5.0	20.0
Guatemala	5.0	1.1	3.9	--	3.9	15.0
Haiti	15.2	6.9	8.2	2.5	10.7	11.2
Honduras	25.0	17.5	7.5	5.0	12.5	15.0
Mexico	112.5	112.5	--	--	--	180.0
Nicaragua	25.5	15.0	10.5	0.8	11.3	11.2
Panama	--	--	--	--	--	0.5
Paraguay	8.1	7.1	1.0	--	1.0	11.2
Peru	14.5	14.5	--	30.0	30.0	37.5
Uruguay	15.0	--	15.0	--	15.0	30.0
Venezuela	--	--	--	--	--	150.0
Total	1,554.8	806.3	738.5	60.8	799.3	1,359.2

Source: IMF: IFS, and other sources.

Table 2. Annual Transactions of the IMF with Latin America, 1947-63

(In millions of dollars)

Year	Drawings	Repurchases
1947	31.30	--
1948	1.75	--
1949	37.50	-1.75
1950	--	--
1951	28.00	-25.93
1952	38.38	-69.18
1953	80.50	-39.19
1954	47.50	-0.38
1955	--	-22.42
1956	21.38	-28.17
1957	204.58	-47.20
1958	117.53	-59.75
1959	114.76	-77.33
1960	146.95	-64.91
1961	347.50	-88.14 1/
1962	95.75	-164.09
1963	231.50	-118.00
Total	1,544.88	-806.44

1/ Includes a purchase of Argentine pesos by Chile in an amount of $16 million.

Table 3. Stand-By Arrangements with IMF at December 31, 1963

Country	Date of Stand-By	Date of Expiration or Renewal of Stand-By	Amount Agreed (In millions of U.S. dollars)
Bolivia	September 1963	September 1964	10.00
Chile	January 1963	January 1964	40.00
Colombia	January 1963	January 1964	52.50
El Salvador	September 1963	September 1964	5.00
Ecuador	July 1963	July 1964	6.00
Haiti	October 1963	September 1964	4.00
Honduras	July 1963	July 1964	7.50
Nicaragua	March 1963	March 1964	11.25
Peru	March 1963	March 1964	30.00
		Total	166.25

Note: On June 5, 1963, the Fund approved a compensatory financing operation for Brazil in an amount of $60 million. Jamaica entered into a stand-by arrangement for $10 million in June 1963. In the first quarter of 1964 Chile, Colombia, Peru and Nicaragua entered into new stand-by arrangements totaling $76.25 million.

Table 4. Stand-By Arrangements
with Latin American Countries
(March 1947-March 1964)

	Number of Stand-By Arrangements	Total Amount (In millions of U.S. dollars)
Argentina	5	475.00
Bolivia	5	36.50
Brazil	2	197.50
Chile	5	183.10
Colombia	6	213.75
Costa Rica	2	26.60
Cuba	1	12.50
Dominican Republic	1	11.25
Ecuador	3	21.00
El Salvador	6	53.75
Guatemala	2	30.00
Haiti	5 1/	25.00 1/
Honduras	6	38.25
Mexico	3	230.00
Nicaragua	5	37.50
Paraguay	4	16.75
Peru	8	198.00
Uruguay	2	60.00
Venezuela	1	100.00
Total through March 1964	72	1,966.45

1/ Plus three increases of $0.5 million each.

CHART 1. OUTSTANDING BALANCES OF DRAWINGS FROM THE FUND AND UNUSED STAND-BY ARRANGEMENTS AS OF APRIL 30, 1948 TO 1963

(In millions of U.S. dollars)

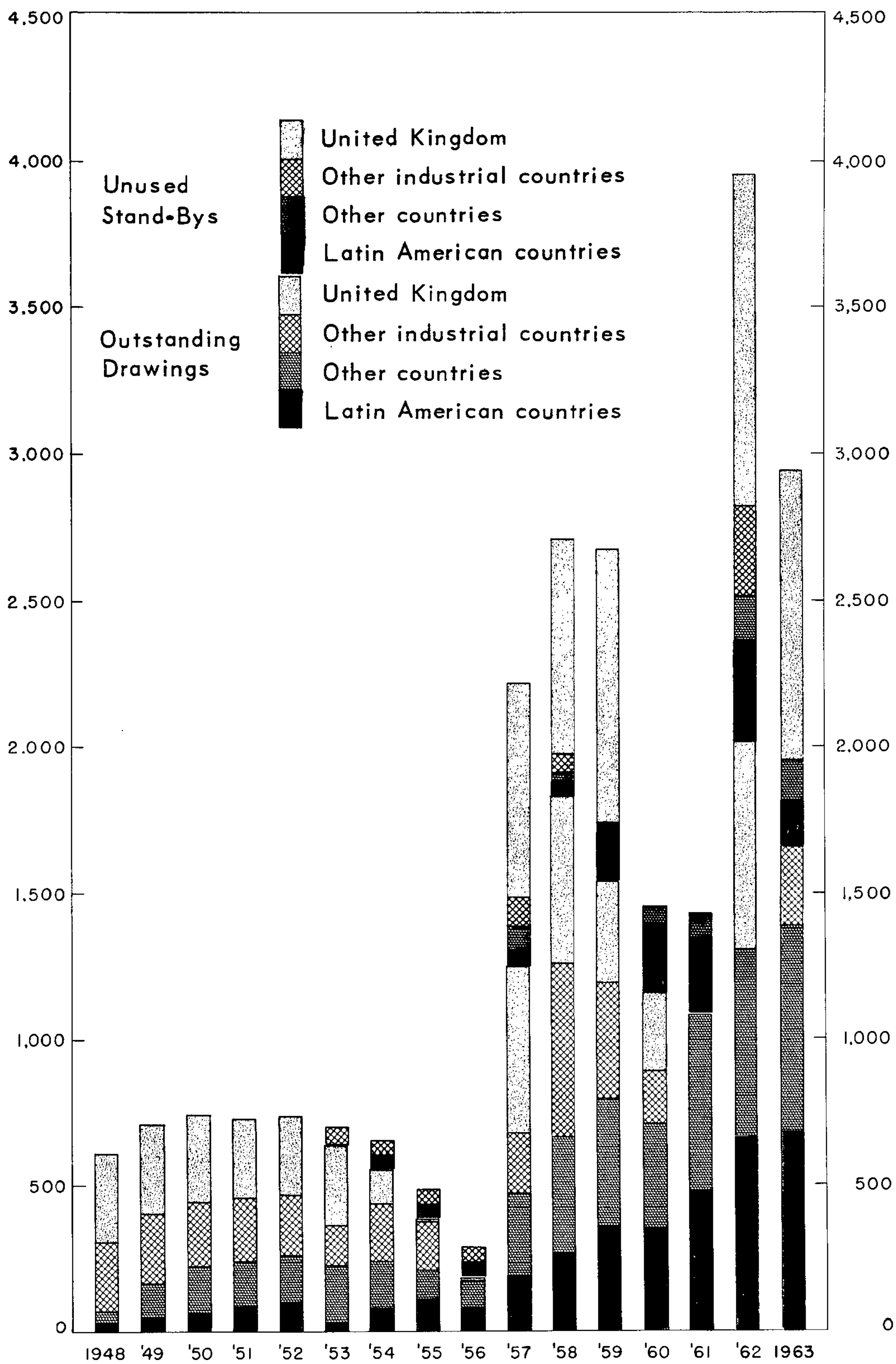

CHART 2. QUOTAS, DRAWINGS AND DRAWINGS OUTSTANDING USED BY THE LATIN AMERICAN COUNTRIES

(As of December 31, 1963)