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TO : DEPARTMENT OF STATE

INFO. : Brasilia, Belém, Recife,
São Paulo, Porto Alegre

FROM : AmEmbassy, RIO DE JANEIRO

November 26, 1968

SUBJECT : Proposed 1969 Brazilian Federal Budget Law

REF. : CERP - B-200

Summary

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1. This report summarizes with comment the proposed 1969 federal budget which was approved by the Congress with minor changes on November 29. The congressional changes will be reported after the budget law becomes available. The budget law itself will be modified by a federal government cash budget based upon an expenditure containment fund to adjust expenditures in accordance with income possibilities, spending priorities and target deficit. (The 1969 budget estimates shown in the Program Loan Negotiating Instructions, AID-DLC/P-785, are based on the most recent, albeit preliminary projection of the cash budget).

2. The 1969 budget deficit is projected at NCr\$ 1.2 billion. This is the same level as expected in the same level as expected in 1968 and, if realized, would mean an average decline in real terms by the amount of the 1969 price increase. A cash deficit of this magnitude would equal 1.2% of GNP, down from 1.5% in 1968 and 2% in 1967.

Enclosures:

1. Table I - GOB Budget: Current Income 1967-1969
2. Table II- GOB Budget: Current Income 1966-1969
3. Table III - Federal Government Budgeted Expenditures: 1968-1969
4. Table IV - Federal Govt. 1969 Budgeted Expenditures, by Program
5. Table V - GOB 1969 Budget: Expenditures-Distribution of Direct, Indirect and Personnel Expenditures

CONSULATE OF THE UNITED STATES
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3. The revenue estimate of NCr\$ 13,059 million represents an increase of 31% over the NCr\$ 9,958 million revenue estimate for 1968 prevailing when the 1969 budget was in preparation. There was some question whether this level could be reached in view of overly high receipts projected from the fuels and electric sole taxes, but the 1968 revenue outlook has since been revised upward to NCr\$ 10,100 million thereby improving prospects for 1969. Moreover, the GOB used an estimated average rate of inflation in 1969 of 15% in making its calculations. A more realistic estimate of the average annual rate inflation next year would be 20%. Correcting for this factor, receipts would increase to about the projected level.
4. Total 1969 expenditures are projected at NCr\$ 14,229 million representing about 14.5% of GNP, the same as in 1968.
5. Capital expenditures are projected a NCr\$ 5,633 million, 40% of the total as compared to an estimated 35% in 1968.
6. Personnel costs are projected at NCr\$ 5,708 million, including a NCr\$ 740 million pay raise reserve fund. Actual expenditures are likely to be about NCr\$ 6994 million (NCr\$ 5,686 million estimated 1968 expenditures X 23% average pay increase effective January 1, 1969). This shortfall of about NCr\$ 1.3 billion would double the estimated budget deficit in the absence of corresponding offsetting reductions in expenditures via a containment program. The GOB in fact is contemplating such a program and preliminary Ministry of Finance targets would impose strict economies on current expenditures and transfer about NCr\$ 400 million from capital to current expenditures. These preliminary target figures are cited in the program loan negotiating instructions.
7. Changes by ministry in percentage participation in expenditures on the basis of preliminary estimates of 1968 performance include a reduction in defense and increases in agriculture, education, transportation and health.
8. Transfers to transportation autarquies are projected to decline a further 4.9% in real terms following a 21.4% reduction in 1968 from 1967. The federal railroad continues to be the main recipient.
9. The 1969 budget is likely to more closely resemble the cash budget than in previous years. The revenue projection is more realistic, but provision for personnel costs is very inadequate even with the pay raise reserve fund. The problem of carryovers from previous years will continue to be felt in 1969.
10. The 1969 capital budget incorporates the budgetary resource input of the three-year investment program.

Estimated Income

11. The budget estimate for total GOB income in 1969 (Tables I and II) is NCr\$ 13,059 million exclusive of borrowing. Total income is projected to increase NCr\$ 2,959 or 29% over the most recent GOB estimate of NCr\$ 10,100 million receipts in 1968. This is an increase of 7.6% in real terms over expected 1968 performance assuming a 20% average rate of inflation in 1969. The more important sources of income continue to be the industrial products tax, income tax and petroleum products tax which together account for about 85% of budget income (see Table II). About 34% of budget receipts are earmarked; 3% more than in 1968, 6% more than in 1967, but below the level of more than 40% existing in 1965-1966 prior to the tax reform.

12. A 7.6% increase of receipts in real terms may be conservative in view of projected 6% growth in GNP during 1969, over-all tax elasticity with respect to GNP greater than one and further improvement in collection efficiency. Higher yields resulting from an annual average 20% rate of inflation, rather than the 15% used by the GOB to estimate revenues, should more than offset an estimated NCr\$ 450 million shortfall in receipts from the fuels and electric sole taxes (see below). Receipts from the industrial products tax especially should be higher than projected. On the other hand, 1968 receipts were larger by the deferred payment of the industrial product tax in 1967, so that the rate of increase of receipts from this tax may not be pari passu with current price GNP. All in all we are inclined for the time being to accept the GOB figure. Tax rates are assumed to remain unchanged. A general increase in tax rates is unlikely in view of the widely held belief that the tax burden already is too high. The Finance Minister on several occasions has stated publicly that the GOB does not intend to increase tax rates in 1969.

13. Assumptions used in projecting 1969 receipts are reasonable except for the earmarked fuels sole tax and the electric sole tax. Assumptions for projecting these two taxes, which together comprise 24% of receipts, have not been made explicit. Projections of these two taxes were furnished by DNER and ELETRORRÁS to the Ministry of Planning Budget Office and were used as "given". The increases of 53% and 63% in nominal terms projected for these two taxes respectively are not likely to take place in view of doubt concerning increases in tax or real prices.

14. The basic assumptions used by the GOB in preparing 1969 budget revenue estimates are: a GNP growth of 6%, by ~~the~~ ~~GOB~~ inflation of 15%, devaluation of 15% and improvement in tax collection efficiency of 2%. The assumption of 15% inflation is optimistic and therefore makes the overall receipts estimates generally conservative were it not for the high yields projected for the fuels and electric sole taxes.

15. A summary exposition of GOB assumptions in calculating each of the principal income sources follows:

(in millions of new cruzeiros)

- A. Industrial Products Tax + 25.6% over 1968
 4755 (1968 est) X 1.09 (Δ industrial product) X 1.15
 (Δ 1969 prices) = 5975
- B. Imports + 24% over 1968
 725 (1968 est) X 1.08 Δ level of imports X 1.15
 (exchange devaluation) = 899
- C. Income Tax + 25.4% over 1968
 2436 (1968 est) X 1.25 (1969 est growth) = 2943
1. Juridical persons + 24.4% over 1969
 848 (tax on 1968 declarations) X 1.06 (Δ GNP) X
 1.20 (Δ 1968 prices) X 1.03 (Δ efficiency) +
 210 (back taxes) = 1313
 2. Physical persons + 28.1% over 1968
 302 (tax on 1968 declarations) X 1.06 (Δ GNP)
 X 1.20 (Δ 1968 prices) X 1.03 (Δ efficiency)
 + 18 (back taxes) = 410
 3. Withholding at Source + 25.6% over 1968
 - a) Wages + 27.9% over 1968
 362 (1968 withholding on wage) X 1.207 (av. 68/69 wage
 change) X 1.04 (Δ employment level) X 1.02
 (Δ collection efficiency) = 463
 - b) Other + 24.3% over 1968
 609 (1968 withholding) X 1.06 (Δ CNP) X 1.15
 (1969 prices) X 1.02 (Δ collection efficiency) = 757
- D. Industrial Receipts + 32%
 79.5 (1968 receipts) X 1.10 (Δ use) X 1.20 (Δ postal and
 telegraph rates) = 105
- E. Fuels Sole Tax + 53%
 1482 (1968 est receipts) X 1.10 (Δ consumption) X 1.15
 (Δ prices) X 1.21 (Δ real price/tax rate) = 2262
- F. Electric Sole Tax + 63% over 1968
 138 (1968 est collection) X 1.10 (Δ use) X 1.15
 (Δ 1969 prices) X 1.28 (Δ real price/tax rate) = 225.

16. The budget proposal projects total 1969 expenditures at NCr\$ 14,229 million: Legislature NCr\$ 185 million, Judiciary NCr\$ 171 million and Executive NCr\$ 13,873 million.

17. Executive Branch expenditures in 1969 are NCr\$ 2,673 million above revised cash performance estimates for 1968. This represents an increase of 23.8% in current prices.

18. Federal Government expenditures would take about the same share of national product in 1969 as in 1968 (about 14.5%), assuming a GNP growth rate of 6% and 20% inflation in 1969. ^{1/} Current expenditures are projected to decline from about 66% of total expenditures in 1968 to 60% in 1969 with capital expenditures increasing from 34% to 40%.

19. Personnel costs increased substantially in 1968: about 40% in nominal terms and 13% in real terms. To a large extent this is due to additions of personnel to the government payroll. The Government is taking measures to improve controls over personnel expenditures (Emb. A-1118 of Oct. 17, 1968) and is expected to try to hold expenditures to the 1968 level in real terms. The pay raise approved in November for civilian and military personnel to become effective January 11, 1969 will increase total personnel costs by an estimated 23% in nominal terms, from about NCr\$ 5,686 million in 1968 to NCr\$ 6,994 million in 1969 (20% civilian and 25% military). Effective control over personnel expenditures requires priority effort if public sector participation in GDP is to be reduced.

20. The budget projects the personnel percentage share of total expenditures to decline from 51% to 50%. A greater reduction would be necessary to achieve the desired reduction in current expenditures.

21. Table III compares expenditures by ministry as provided in 1969 budget proposal with rough estimates of cash outlays by ministry in 1968. A breakdown by component or function is furnished to give an idea of main expenditure items. Some changes in relative budget share on a ministry basis should be noted:

- the defense share declines from 22.6% to 20%;
- agriculture increases from 1.5% to 2.2%;
- education increases from 6.5% to 8%;
- transportation increases from 17.5% to 20.8%;
- health increases from 2% to 2.5%.

^{1/} See paragraph 3. It should be emphasized that we are talking about the average level of prices in 1969 compared to the average level in 1968; the December to December rate of inflation in 1969 is assumed to be about 15%.

Real increases from 1968 to 1969 based on the rough estimates made in Table III are:

- defense 6.9%;
- agriculture 47.4%;
- education 26.1%;
- health 26.4%.

States and municipalities also made sizable expenditures on education, agriculture and health. These are outside the federal budget.

22. On a program basis (see Table IV), assuming 6% growth and 20% average annual inflation and including under defense expenditures the defense share of pension costs and the 1969 pay raise, in 1969 the defense share is 21% of the central government budget and 2.9% of GNP (or on a 10-74 basis the defense share is expected to be around 16% of total central government expenditures and 3% of GNP). It should be kept in mind that in view of Brazil's federal system inter-country comparisons should not be made using the GOB federal budget alone.

23. Predominant elements of overall expenditures are: (a) a 22% increase (NCR\$ 324 million) in participation fund transfers to states and municipalities representing their 20% share of federal income and excise tax revenues; (b) provision for the first time at the budget stage of a reserve fund (NCR\$ 740 million for anticipated pay increases; (c) an 18% increase in real terms (NCR\$ 181 million) in funds programmed for higher education; and (d) inadequate anticipation of personnel costs.

24. Although many earmarked revenues were eliminated under the fiscal reform program which consolidated tied receipts under several "sole" taxes, an increasing share of total current receipts are tied: 28% in 1967, 31% in 1968 and 34% in 1969. The increase is explained by higher elasticity for the sole taxes with respect to price and to product than other receipts. The sole taxes combined with the participation fund for states and municipalities account for about 60% of total budget capital expenditures.

25. States and municipalities will receive an estimated NCR\$ 2,842 million in 1969 from the state and municipal participation fund and the earmarked sole taxes. This equals 21.7% of anticipated current receipts and 20.4% of projected expenditures. Expanding receipts, especially from the industrial products tax, will provide the participation fund with an estimated NCR\$ 1,784 million in 1969; the electric, minerals and fuels sole taxes are expected to provide local governments an additional NCR\$ 135 million, NCR\$ 48 million and NCR\$ 876 million respectively.

26. Transfers to the autonomous transport entities are projected by the draft 1969 budget to decline 4.9% in real terms from total estimated transfers in 1968. This follows a 21.4% estimated decline in 1968 in real terms from the 1967 level. The federal railways would continue to receive the largest share of subsidies while the Port of Rio would receive no further transfers.

1/ Note that in Table II distribution of expenditures by ministry, defense pension costs are included in expenditures of each military agency whereas civil service pensions are lumped together under the Ministry of Finance.

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TRANSFERS TO TRANSPORTATION ENTITIES
(Millions of new cruzeiros)

	<u>1967</u>		<u>1968</u>	<u>1969</u>	
	<u>Current</u>	<u>1968</u>	<u>1968</u>	<u>Current</u>	<u>1968</u>
Railways Current Capital	589 391 198	727 483 244	662 516 146	725 456 269	604 380 244
Merchant Marine-CMM Current Capital	168 93 75	207 115 92	97 34 63	115 32 83	96 27 69
Ports & Nav. - DNPM Current Capital	48 23 25	59 28 31	47 19 28	74 24 50	62 20 42
Airlines Current Capital	28 12 16	35 15 20	7 1 6	23 5 8	11 4 7
Port of Rio Current Capital	6 6 -	7 7 -	-	-	-
Total Current Capital	839 525 314	1035 648 387	813 570 243	927 517 410	773 431 342

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TABLE I
GOB BUDGET: CURRENT INCOME - 1967-1969
(millions of new cruzeiros)

Source	Proposed Budget	Percentage Increase		Budget	Initial Program	Rev. Est.	Cash Basis	Actuals
		1968 Rev. Est.	1968 Rev. Est.					
1. Industrial Products Tax	5975	24.5	-	4380	4703	4799	3315	2840
2. Income Tax	2943	34.8	7.8	3000	2134	2183	1446	1550
a. Non-withheld Personnel	(410)	(32.2)	5.8	(377)		(310)		
b. Non-withheld Business	(1313)	(37.4)	9.9	(1260)		(955)		
c. Withheld	(1220)	(32.8)	6.3	(1363)		(918) 1/		
3. Sole Tax on Petroleum Prod.	2262	52.6	22.1	2450	1640	1482	1084	1069
4. Import Tax	899	15.7	-7.4	866	516	777	568	370
5. Sole Tax on Electric Energy	225	52.0	21.6	150	200	148	104	105
6. Sole Tax on Miramals	53			50	50	34	26	32
7. Tax on Highway Passenger Transp.	12			40				
8. Rural Property Tax	16			-				-
9. Fees	94			63				128
a. Consular	(17)			(32)				(94)
b. Military pensions	(34)			(23)				
c. Airport Use	(24)			(-)				
d. Other	(19)			8				
10. Patrimony (Rent and Interest)	12			47				9
11. Industry (Post Office)	105			117		80		69
12. Pines	96			71				
13. Back Taxes (incl. monetary corr.)	147			127				
14. Indemnifications	32			42				
15. Payroll Tax for Primary Education	94			95				
16. Other	94			95				
Total Current Receipts	13059	29.2	3.4	10498	9786	10100	7072	390

1/ About 37% (New\$ 340 million) of total withholdings is on wages.

Current Receipts as Percentage of GNP

1967	11.3 (8562 ÷ 59485)
1968 est.	12.9 Emb. Est. (9958 ÷ 77808)
1969 est.	13.7 Budget Est. (13059 ÷ 94849)

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TABLE II
GOB BUDGET: CURRENT INCOME - 1966-1969
(Percentage Share)

Source	1969 Proposed Budget	1968 Cash Program Budget	1967 Nov. Est.	1966 Actuals	1966 Actuals
1. Industrial Products Tax	46	42	48	43	38
2. Income Tax	23	29	22	24	23
a. Non-withheld Personnel	(3)	(4)			
b. Non-withheld Business	(10)	(12)			
c. Withheld	(10)	(13)			
3. Sole Tax on Petroleum Products	17	16	15	16	16
4. Import Tax	7	8	8	6	7
5. Sole Tax on Electric Energy	2	1	1	2	2
6. Fees	1	1	2	2	1 1/2
7. Other	7	5	6	7	16
Total Current Receipts	100	100	100	100	100

1/ Included in "Other".

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Nov. 26, 1968

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TABLE III
FEDERAL GOVERNMENT BUDGETED EXPENDITURES: 1968-1969
(Millions of New Cruzeiros)

	1969 Budget			1968 Estimate		
	Current	Capital	Total	Current	Capital	Total
Legislative	150.0	35.2	185.2	7430	3770 2/	11200 2/
Judiciary	141.0	30.3	171.3	57	6	63
Executive	6305.1	5567.8	11872.9	2258	275	2534
President's Office	53.9	23.1	77.0	1	16	17
Defense	2216.2	559.8	2776.0	80	16	96
General Staff	(2.0)	(13.2)	(15.2)			
Army	(1149.0)	(141.9)	(1290.9)	1180	53	1233
Air	(555.0)	(252.1)	(807.1)	552	153	705
Navy	(510.2)	(152.6)	(662.8)	525	60	585
Planning	859.0	185.9	1044.9			
TRGS	(87.0)	(2.9)	(89.9)			
TPEA	(3.6)	(1.1)	(4.7)			
BNDE	(-)	(140.0)	(140.0)			
Reserve for Pay Raise	(740.0)	(-)	(740.0)			
Brasilia Public Works	(-)	(23.8)	(23.8)			
Other	(28.4)	(18.1)	(46.5)			
Interior	231.4	407.4	638.8	240	370	710
SUDENE (Northeast)	(50.9)	(122.1)	(173.0)			
DNOS (Water)	(24.5)	(103.3)	(127.8)			
DNOCOS (Drought)	(46.6)	(46.7)	(93.3)			
SUDAM (Amazon)	(18.7)	(65.9)	(84.5)			
San Francisco Valley Auth.	(19.4)	(31.5)	(50.9)			
Others	(71.3)	(37.9)	(109.2)			
Agriculture	187.9	129.0	316.9			
IBRA (Agrarian Reform)	(15.1)	(13.6)	(28.7)	150	29	179
INDA (Agricultural Development)	(16.4)	(2.7)	(19.1)			
SUDAB (Food Price Reg. Program)	(14.1)	(-)	(14.1)			
SUDAP (Fisheries)	(7.1)	(11.7)	(18.8)			
Others	(135.2)	(101.0)	(236.2)			
Education	802.5	308.3	1110.8	589	145	734
Communications	352.3	60.5	412.8	356	12	368
Telecommunications	(4.9)	(4.9)	(9.8)			
Mail and Telegraph	(343.4)	(55.5)	(398.9)			
Other	(4.0)	(.1)	(4.1)			

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FEDERAL GOVERNMENT BUDGETED EXPENDITURES: 1968-1969
(Millions of New Cruzeiros)

(continues from page 1)

	Current	Capital	Total	%	Current	Capital	Total	%
Finance	2093.0	1022.6	3115.6	.224	2370	1187	3557	.317
Amortization Foreign Debt	-	10.8	10.8					
1/Civil Service Pensions (excl. military)	533.8	-	533.8					
Getulio Vargas Foundation Subsidy	12.0	-	12.0					
Participation Fund Transfers to States and Municipalities								
Other	891.8	891.8	1783.6					
Transportation	655.4	120.0	775.4	.208	771	1442	2213	.197
RFPSA (transfer to railroad)	835.8	2041.2	2877.0					
GM (transfer to merchant marine)	467.0	181.0	628.0					
DNEP (transfer to railroad)	32.2	82.5	114.8					
DNEP (transfer to highway program)	8.7	88.0	96.7					
DNEP (transfer to ports)	266.7	1638.9	1905.6					
DNPVN	23.5	50.2	73.7					
Industry and Commerce	20.1	9.9	30.0	.002	20	5	25	.007
Health and Sanitation	234.5	175.5	350.0	.025	193	38	231	.020
Labor and Social Welfare	96.9	5.0	101.9	.007	108	2	102	.009
Foreign Relations	104.1	7.4	151.5	.010	110	1	113	.009
Justice	104.2	6.4	110.6	.007	90	7	97	.008
Mines and Energy	73.3	685.8	759.1	.054	46	232	278	.024
Petrobras - fuels tax		282.8						
Electrobras - electric sole tax		87.8						
Atomic Energy Commission	21.9	32.3	54.2					
2 0 6 3 1	8596.1	5633.3	14229.4					

1/ Excludes most military pensions. Military pensions are: Army 323.6; Navy 135.8; Air 89.9
2/ Includes NCR\$ 250 million "restos a pagar" from previous years.

TABLE IV

FEDERAL GOVERNMENT 1969 BUDGETED EXPENDITURES, BY PROGRAM
(Millions of New Cruzeiros)

	<u>Value</u>	<u>%</u>
Current Expenditures	8305.1	59.8
Education	619.9	4.6
Primary	2.6	
Secondary	14.7	
Superior	380.3	
Defense	1728.0	12.4
Health and Sanitation	288.0	2.0
Transportation	811.5	5.8
Roads	224.5	
Railroads	4601.4	
Ports and Shipping	57.9	
Airports and Flight Protection	17.1	
Communications	370.2	2.6
Participation Fund Transfers	891.8	6.4
Pensions to public employees	1127.5	8.1
Civil Service	533.8	
Army	323.6	
Navy	135.8	
Air	89.9	
Agriculture	251.5	1.8
Colonization and Agrarian Reform	21.5	.1
Foreign Policy	129.7	.9
Administration <u>1/</u>	991.0	7.1
Pay Raise Reserve	740.0	5.3
Other	301.5	2.1
Capital Expenditures	5567.8	40.2
Education	462.0	3.3
Primary	119.1	
Secondary	50.9	
Superior	185.4	
Defense	320.8	2.3
Health and Sanitation	309.5	2.2
Transportation	1336.7	9.6
Roads	849.4	
Railroads	269.1	
Ports and Shipping	136.8	
Airports and Flight Protection	79.7	

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TABLE IV
FEDERAL GOVERNMENT 1969 BUDGETED EXPENDITURES, BY PROGRAM
 (Millions of New Cruzeiros)

- continuation -

Capital Expenditures	<u>Value</u>	<u>%</u>
Communications	<u>54.4</u>	.3
Participation Fund Transfers	<u>891.8</u>	6.4
Agriculture	<u>136.2</u>	.9
Colonization and Agrarian Reform	<u>25.5</u>	.1
Energy	<u>564.5</u>	4.0
Petroleum	<u>282.8</u>	
Electric power	<u>243.4</u>	
Housing	<u>129.1</u>	.9
Other	<u>1337.3</u>	9.6
Total Current and Capital	13,872.9	

Footnote from Page 1

1/ Ministry of Finance, Presidency, Planning net of pay raise reserve and Interior including regional programs.

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 Nov. 27, 1968

TABLE V
 GOB 1969 BUDGET: EXPENDITURES
 DISTRIBUTION OF DIRECT, INDIRECT AND PERSONNEL EXPENDITURES
 (Millions of New Cruzeiros)

	Current Expenditures						7-Total (3 & 6)
	Direct			Transfers			
	1-Personnel	2-Other	3-Total	4-Personnel	5-Other	6-Total	
Presidency	17.5	10.3	27.8	4.3	21.8	26.1	53.9
Defense	1274.1	314.5	1588.6	620.6	6.8	627.4	2215.9
General Staff	.7	1.3	1.9	-	-	-	1.9
Army	638.2	157.0	795.2	353.1	.6	353.7	1148.8
Air	342.6	93.3	435.9	113.4	5.7	119.1	555.0
Navy	292.6	63.0	355.6	154.1	.5	154.6	510.2
Interior	31.8	10.8	42.6	122.9	65.9	188.8	231.4
Autarquias	-	-	-	117.7	65.3	183.0	193.0
Other	31.8	10.8	42.6	5.2	.6	5.8	48.4
Agriculture	83.3	18.5	101.8	59.6	26.6	86.2	187.9
Autarquias	-	-	-	46.6	25.1	71.7	71.7
Other	83.3	18.5	101.8	13.0	1.5	14.5	116.2
Planning	11.0	15.5	26.5	56.0	36.4	92.4	118.9
Autarquias	-	-	-	55.8	36.4	92.2	92.2
Other	11.0	15.5	26.5	.2	-	.2	26.7
Education	55.9	71.0	126.9	321.3	354.3	675.6	802.5
Autarquias	-	-	-	316.6	107.8	424.4	424.4
Other	55.9	71.0	126.9	4.7	246.5	251.2	378.1
Transport	44.2	2.4	46.6	664.4	124.9	789.3	835.8
Autarquias	-	-	-	653.3	124.9	778.2	778.2
Other	44.2	2.4	46.6	11.1	-	11.1	57.7
Finance	222.9	149.5	372.4	715.2	1005.4	1720.6	2093.1
Autarquias	-	-	-	-	-	-	-
Other	222.9	149.5	372.4	715.2	1005.4	1720.6	2093.1
Communications	264.0	54.6	318.6	33.6	-	33.6	352.3
Post Office and Tel.	258.1	51.7	309.8	33.5	-	33.5	343.4
Other	5.9	2.9	8.8	.1	-	.1	8.9
Pay Raise Reserve Fund	740	-	740	-	-	-	740

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TABLE V
 GOB 1969 BUDGET: EXPENDITURES
 DISTRIBUTION OF DIRECT, INDIRECT AND PERSONNEL EXPENDITURES
 (Millions of New Cruzeiros)

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	Direct			Current Expenditures			
	1-Personnel	2-Other	3-Total	4-Personnel	5-Other	6-Total	7-Total (3 & 6)
Industry and Comm.	11.2	7.9	19.1	.6	.4	1.0	20.1
Health and San.	101.1	38.9	140.0	53.2	41.2	94.4	234.4
Antarques	-	-	-	39.0	13.3	52.3	52.3
Other	101.1	38.9	140.0	14.2	27.9	42.1	182.1
Labor and Soc. Welfare	27.9	11.0	38.9	20.9	37.1	58.0	96.9
Antarques	-	-	-	19.0	30.0	49.0	49.0
Other	27.9	11.0	38.9	1.9	7.1	9.0	47.9
Foreign Rels.	58.3	61.1	119.4	.4	24.3	24.7	144.1
Justice	66.9	20.8	87.7	4.0	12.4	16.5	104.2
Mines and Energy	15.9	30.2	46.1	5.4	21.7	27.1	73.2
Antarques	-	-	-	4.6	21.7	26.3	26.3
Other	15.9	30.2	46.1	.8	-	.8	46.9
T o t a l	3026.0	817.0	3843.0	2682.4	1779.2	4461.7	8304.7

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TABLE V
 GOB 1969 BUDGET: EXPENDITURES
 DISTRIBUTION OF DIRECT, INDIRECT AND PERSONNEL EXPENDITURES
 (Millions of New Cruzeiros)

	7-Total (3 & 6)	8-Direct	9-Transfers	10-Total (8 & 9)	11-Total (7 & 10)
Presidency	53.9	8.8	14.3	23.1	49.2
Defense	2215.9	537.3	22.5	559.8	2773.8
General Staff	1.9	13.2	-	13.2	13.2
Army	1148.8	141.9	-	141.9	1290.7
Air	555.0	229.6	-	252.1	807.1
Navy	510.2	152.6	22.5	152.6	662.8
Interior	231.4	18.2	-	18.2	638.8
Antarquias	193.0	-	389.2	407.4	572.2
Other	48.4	18.2	-	18.2	66.5
Agriculture	187.9	70.4	58.6	129.0	316.9
Antarquias	71.7	-	29.6	29.6	101.2
Other	116.2	70.4	29.0	99.4	215.7
Planning	118.9	28.4	157.5	185.9	304.8
Antarquias	92.2	-	157.5	157.5	249.7
Other	26.7	28.4	-	28.4	55.1
Education	802.5	41.3	266.9	308.2	1110.8
Antarquias	424.4	-	147.5	147.5	521.9
Other	378.1	41.3	119.4	160.7	538.8
Transport	835.8	-	204.0	204.0	2877.0
Antarquias	778.2	-	204.0	204.0	2818.8
Other	57.7	.5	.1	.6	58.3
Finance	2093.1	37.2	985.4	1022.6	3115.6
Antarquias	-	37.2	985.4	1022.6	-
Other	2093.1	-	-	-	2093.1
Communications	352.3	60.5	-	60.5	412.8
Post Office and Tel.	343.4	55.5	-	55.5	398.9
Other	8.9	5.0	-	5.0	13.9
Pay Raise Reserve Fund	740	-	-	-	740

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TABLE V
GOB 1969 BUDGET: EXPENDITURES
DISTRIBUTION OF DIRECT, INDIRECT AND PERSONNEL EXPENDITURES
(Millions of New Cruzeiros)

	Capitals Expenditures					11-Total (7 & 10)
	7-Total (3 & 6)	8-Direct	9-Transfers	10-Total (8 & 9)		
Industry and Comm.	20.1	7.6	2.3	9.9	30.0	
Health and San.	234.4	104.0	11.5	115.5	350.0	
Autarquias	52.3	-	10.3	10.3	62.7	
Other	182.1	104.0	1.2	105.2	287.3	
Labor and Soc. Welfare	96.9	2.8	2.2	5.0	101.9	
Autarquias	49.0	-	2.1	2.1	51.1	
Other	47.9	2.8	.1	2.9	50.8	
Foreign Rel's.	144.1	7.4	-	7.4	151.5	
Justice	104.2	6.4	-	6.4	110.6	
Wines and Energy	73.2	14.0	671.8	685.8	759.1	
Autarquias	26.3	-	57.1	57.1	83.4	
Other	46.9	14.0	514.7	628.7	675.7	
T o t a l	8304.7	944.8	4622.9	5567.7	13872.8	

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