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Brazil: Government's Internal Debt Service Totals \$8.5 Billion, January-november

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In October, the national government's deficit was 11.4 billion new cruzados (about \$1.76 billion), bringing the total deficit since January to 34.5 billion new cruzados (\$5.47 billion). Internal debt service payments for the January-October period were 33.7 billion new cruzados (\$5.35 billion). O Estado de Sao Paulo pointed out that internal debt payments for the period were 167.7% higher in real terms than for the same period in 1988. On Oct. 31, Brasilia's internal debt totaled 633 billion new cruzados (about \$100 billion). By year-end, new issues of treasury bonds and other debt instruments held by the public and the Central Bank are estimated to bring the total internal debt to over one trillion new cruzados (\$157 billion). In 1989, the government raised interest rates on its securities, as part of an anti-inflation policy to encourage savings and curb speculation. The same policy increased the costs of servicing the government's internal debt. National government employees' salaries paid out in October were 3.9 billion new cruzados, bringing the total for the first 10 months of the year to 17.9 billion new cruzados (\$2.83 billion). Next, Brasilia paid out 1.7 billion new cruzados (about \$270 million) in October to state and municipal governments, or transfers of income and value added taxes as mandated by law. Foreign debt service payments released last month came to 2.2 billion new cruzados (about \$350 million). On Nov. 17, Gazeta Mercantil reported that the National Treasury's cash flow deficit for this month is estimated at about 20 billion new cruzados (\$3.17 billion). Interest payments on public securities for the January-November period total 53.7 billion new cruzados (about \$8.52 billion). (Basic data from Gazeta Mercantil, 11/17/89; O Estado de Sao Paulo, 11/18/89)

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