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ALLIANCE FOR PROGRESS IN [illegible]

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April 29, 1965

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THE ALLIANCE FOR PROGRESS IN NORTHEAST BRAZIL

INTRODUCTION

The Northeast is Brazil's oldest and most historic region. The Portuguese explorer Pedro Alvares Cabral first discovered Brazil in 1500 near what is today Salvador, Bahia. Colonization of the area began in 1532 and it has been continuously occupied ever since. Yet, remarkably little is known about the Northeast and statistical information is highly inadequate. The purpose of this paper is to present helpful background material and statistical annexes to introduce the reader to The Land; The People; The Economy; Social Problems; Brazilian efforts to meet the problems of the Northeast (particularly through SUDENE - the Superintendency for the Development of the Northeast) and the United States Economic Aid Program in Northeast Brazil.

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THE LAND

The Brazilian "Northeast" has been variously [illegible]. For some it is the "Polygon of Droughts", an area [illegible] by legislation which contains about 1,000 square [illegible] (larger than Texas and about 10% of the area of [illegible] including portions of the States of Piauí, Ceará, [illegible] Grande do Norte, Paraíba, Pernambuco, Alagôas, Se[illegible], Bahia and twenty-two municipalities of Northern Minas Gerais (see map and Annex 1). This semi-arid area has been plagued by recurrent droughts and floods, which have brought great economic losses and human misery.

Polygon [illegible]

The area under the jurisdiction of SUDENE [illegible] consists of the entirety of the states enumerated [illegible] plus the state of Maranhão, and contains about 1,[illegible] square kilometers. Maranhão, Sergipe and Bahia, [illegible] the geographical viewpoint, are frequently regarded [illegible] falling outside Northeast Brazil, but were include[illegible] within the SUDENE area of jurisdiction because the[illegible] ecological, social and economic conditions are si[illegible] to those of the Northeastern states. In particular [illegible] state of Maranhão was included within the SUDENE [illegible]diction because of the possibilities it offers [illegible] migration to the surplus population of Nor[illegible]

Area under SUDENE Jurisdiction

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[illegible] by [illegible] generally [illegible] rainfall [illegible] over 1,00[illegible] millimeters (over 50") per year [illegible] rainy season lasts from February to August with [illegible] during these months of up to 10" per month. The [illegible] [illegible] historically [illegible] [illegible] export crops, principally [illegible] [illegible]. (More information on the Zona da Mata appears below in the economic section).

Zona da [illegible]

The Zona da Caatinga is divided in two sub-areas [illegible] Agreste, a transition zone between the Mata and the dry [illegible] and the Sertão, a very dry area generally coinciding with [illegible] Polygon of Droughts. These sub-divisions are not very clearly defined, and climatic conditions can vary greatly within the sub-divisions.

Drought Area

The Zona da Caatinga reaches to the coast in Rio Grande do Norte and Ceará. Its vegetation is characterized by sparse, low, thorny, deciduous trees, with isolated [illegible] of more vegetation in higher elevation. The zone has very irregular rainfall, with droughts occuring on an average of every 7.3 years. The most recent drought occurred in 195[illegible]-1959, so that one might anticipate another drought about 1965. The soil is course and porous, and does not hold rainfall near the surface. The more fertile areas are used for crops, particularly long staple cotton, and other areas are used as large cattle ranches and subsistence farms. (More information on the Zona da Caatinga appears below in the economic section).

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[illegible]

[illegible] 20 people per square kilometer in the [illegible] density ranges from [illegible] people per square kilometer in [illegible] to [illegible] 17 people per square kilometer in [illegible] the [illegible] region bordering the Amazon Basin. [illegible] are [illegible] within 100 miles of the coast or the Rio de Janeiro.

As in the rest of Brazil, the predominant ethnic groups are Portuguese, Indian and Negro. However, the proportion of the latter has changed [illegible] in the Northeast than in the east and south of Brazil. The area is nominally 95% catholic.

While Brazil as a whole is 55% urban and [illegible]% [illegible] the Northeast is only 34% urban and 66% rural. [illegible] the urban population is greatly [illegible] where [illegible] industry and commerce have progressed [illegible] of [illegible] in the economically least [illegible] (2[illegible] to [illegible]). The recent years there has been [illegible]

[illegible] by the office [illegible]

[illegible] cities of the states, which [illegible]

[illegible] population of the states. It is estimated [illegible]

[illegible] the capital cities will contain 16% of the

[illegible] the Conterminous States, [illegible]

[illegible] people leave rural areas [illegible]

of [illegible] about 200,000 go to urban areas in the North

east, and 30 000 leave the Northeast. These migrat[illegible]

figures vary greatly from year to year, depending

chiefly on climatic and economic conditions.

[illegible]

As I [illegible] above, most of the basic economic [illegible], others of the [illegible] are directly [illegible] the nature and utilization of the land [illegible] of agriculture in the [illegible] [illegible] total direct national [illegible] contributed 22% of the nation's agricultural product but only 8% of its industrial product. (See Annex 5). An understanding of the Northeastern structure is therefore prerequisite to an understanding its social, economic and development problems.

Economy in the Zona da Mata The narrow coastal "Zona da Mata" strip, never penetrating inland more than 70 miles is by far the most productive agricultural region. It encompasses almost the totality of the better soils, and its abundant rainfall.

For more than three centuries, however, the "Zona da Mata" has been dominated by the latifundia of sugar cane. Production based on extensive family landholdings and large masses of cheap hard labor have characterized the sugar economy since early colonial times. As long as the external (export) demand for sugar was expanding, the sugar economy prospered,

[illegible] land at [illegible] [illegible] [illegible] The impulse for [illegible], the economy of the humid strip once received from [illegible] [illegible] has, however, now long since been [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] (See Annex C). Despite [illegible] [illegible] [illegible] subsidies [illegible] [illegible] [illegible] the sugar economy is now unable to absorb the [illegible] increases of the region. Because the [illegible] from sugar production is small, and concentrated [illegible] in the hands of the owners, the wages generated [illegible] have been insufficient to ensure a market [illegible] [illegible] consumption goods. As a result, there has [illegible] no significant transition to production of [illegible] for an internal market, nor has there devel[illegible] [illegible] adequate consumer base for industrialization.

The traditional institutions and practices [illegible] sugar economy pose still other problems for the development of the Northeast: Centuries-long specialization for export [illegible], allowing as it did only subsistence [illegible] production by the laborers, has severely inhibited [illegible] production of food commodities in the coastal zone [illegible] [illegible] chronic food shortages in the coastal [illegible] [illegible] in high food prices. Unable to produce [illegible] food requirements, and unable to purchase in the high-priced market what he doesn't produce, the laborer is forced into a lower standard of living, his [illegible]

Shortage of [illegible]

[illegible]

[illegible] of Northeast Brazil is estimated to be [illegible] than its counterpart in Hawaii.

Since the sugar economy is [illegible] [illegible] illiterate and underemployed [illegible] coastal centers, or adds to a [illegible] employed semi-agricultural laborers. Cheap labor [illegible] is thus constantly available to the sugar [illegible] removing all incentive for technological change. In this manner stabilizing the present [illegible] sugar production. It is estimated that the [illegible] per acre in the Northeast is 30% lower than the [illegible] Center-South of Brazil and 50% lower than [illegible]. In the Northeast it requires 3.[illegible] man [illegible] use a ton of sugar, as opposed to [illegible] São Paulo.

<u>Economy in the hinterland</u> Extending far [illegible] the eastern part of the Northeast, the semi-arid [illegible] has, since its earliest occupation, been dominated [illegible] subsistence farming and the raising of [illegible]. The sertão is divided into two principal [illegible] land from the coastal sugar zone, is a narrow [illegible] area known as the "agreste". It is the "[illegible]" [illegible] small tenant farmers engage in subsistence [illegible]

[illegible] the majority of the [illegible] [illegible] [illegible] Introduction [illegible] [illegible] the west interior to the Amazon basin [illegible] [illegible] known as the "sertão". It is here that [illegible] "latifundia" and [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

Drought, in varying degrees of intensity, is a constant of life in both the "agreste" and the "sertão", in some years reaching epic proportions. The social and economic effects of drought have grown increasingly in recent decades.

Over-utilization of land

As the sugar economy of the coastal zone declined, excess sugar laborers migrated into the hinterland, providing a large cheap labor supply for the development of tree-cotton production. As the population of the hinterland was thus increased, greater demands were placed on the food supply, forcing the occupation and cultivation of lands less suited for agriculture and more subject to drought. Recent improvement in transportation facilities have stimulated an even more intensive utilization of land resources and some degree of productive specialization, making possible a further growth of population and aggravating the present imbalance between usable resources and the animal and human demands. Though there has been

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible] the overall result. In 1951, [illegible] of grazing [illegible], agricultural [illegible] the Northeast declined by one fifth; this indicates an even greater reduction [illegible] production in the unirrigated areas, where [illegible] land and drought is either non-[illegible] or very [illegible]. Hundreds of thousands of families, fed previously by subsistence [illegible] cultures, became dependent on the [illegible] for the supply of prime food needs. [illegible] market was incapable of meeting [illegible] food prices sky-rocketed, and [illegible] people were reduced to a sub-human level of existence.

Ironically, government relief [illegible] wholly designed to meet the problem of [illegible] failed in the attempt, and have [illegible] caused to an aggravation of drought [illegible]

[illegible] projects. The building of [illegible] notwithstanding the fact that [illegible] reliable means of water have been formed [illegible] of relief projects. The Northeast [illegible] 10,000 hectares of irrigated land. [illegible] production of food [illegible] population has favored the cure [illegible] cattle. But one effect of these projects has [illegible] the retention of the excess population (estimated at 5 - 7 million people) in the region without impairing the food supply. The net effect is [illegible] set the stage for an even worse situation at the onset of the next serious drought.

Northeast [illegible] Gross [illegible]

The poverty of the Northeast is amply illustrated by [illegible] statistics. In 1960 the Northeast produced [illegible],275,000,000 or only 16% of the gross national product of Brazil, although it contains 27% of Brazil's population. Pernambuco and Bahia produced [illegible] and 4.6% respectively of the nation's gross national product, while Piauí produced only 0.5%. The average annual per capita income in the Northeast [illegible] was only [illegible]$17,095($68 at the then prevailing exchange rate) or less than half of the [illegible] average for Brazil as a whole. Average per capita income fluctuated widely by states from [illegible]

Income

[illegible]

[illegible] Northeast the start of [illegible] CR$ [illegible] per capita income fluctuates [illegible] of people [illegible] of CR$ 7 710 in Brasil. (See Annex [illegible]

[illegible] the underdeveloped [illegible] [illegible] largely to Brazil's foreign [illegible] example, the Northeast exported 23% [illegible] Brazilian exports, while importing only [illegible] [illegible] the Northeast has not proved attractive [illegible] investment - in 1959, 1960 and 1961 only [illegible] of [illegible] investment in Brazil took place in the Northeast [illegible] Annex 9).

As stated above, the economy of the Northeast [illegible] dominated by agricultural production. In 1960 [illegible] of the economically active population of the Northeast [illegible] in agricultre, producing 22% of the [illegible] agricultural product. Sugar, corn, [illegible] accounted for about 45% of agricultural [illegible] the Northeast in 1958, of which [illegible] accounted for 27%.

Much of the industry of the Northeast is directly related to agricultural production. Northeast's leading industries are textile [illegible], sugar refining, oilseed crushing, tobacco products. Industry in the Northeast produces [illegible] of the gross national product. (For [illegible]

[illegible]

[illegible]

[illegible] Annexes 5 and 10).

[illegible]

The principal effects of the detractive [illegible] have been felt on the city. The [illegible] have increased in population by more than [illegible] during the last decade. These migrations to the cities are not a result of job opportunities or better living conditions in the urban areas, but are prompted by the poverty and inadequacy of the agrarian structure to provide adequate [illegible] or livelihood for a growing population. Their present comes to the city are forced to seek a marginal economic position in urban life [illegible] dwell on the outskirts of the city, in the [illegible] areas, and in the sprawling [illegible] so typical in all the cities of the Northeast. They live without an adequate water supply, without jobs, without education, without even minimal health facilities. In Hobbes's phrase, their life is "nasty, brutish and short". The [illegible] the urban life. In Recife it is estimated that [illegible] the city's population lives in slums [illegible] the "working" population is unemployed or [illegible] employed.

[illegible]

[illegible] rather than for food, [illegible] relief measures were [illegible]. The latter measure [illegible] authority over population [illegible] the problem.

[illegible] Development [illegible] November 15, 1957 [illegible] to plan and coordinate [illegible] in the Northeast [illegible] the [illegible] the [illegible] health [illegible] officers in Pis[illegible].

The general guidelines of SUDENE at the time it was created, were:

SUDENE Guidelines

1. Intensification of industrial investment to afford opportunities for work in urban areas where under-employment is prevalent; and to alter the regional economic structure.

2. Transformation of the agrarian structure of the humid coastal zone to utilize lands more intensively, improve productivity of sugar cane, and promote production of foodstuffs by family units.

3. Progressive transformation of the economy of the semi-arid zones to promote productivity and better land use.

4. Development of new agricultural lands, including those of Southern Bahia and Maranhão.

The powers given to SUDENE under Law N° 3.692 are very broad, and include the following:

SUDENE Powers

1. Supervision, coordination, and control of the preparation and execution of projects of federal agencies in the region related to development of the Northeast;

2. Execution, either directly or by agreement, of projects relatd to development of the Northeast;

3. Coordination of national and foreign technical assistance programs in the Northeast.

SUDENE is governed by a Deliberative Council consisting of 26 members - a) the Governors or

Chief Executive Council

The Council is composed of [illegible] a) the Minister of Planning; b) representatives of eight Federal Ministries - Agriculture, Education and Culture, Finance; Health; Labor; Industry and Commerce; Transportation and Public Works; and Mining and Energy; c) representatives of the Bank for Economic Development (BNDE); Bank of Brazil; Bank of the Northeast of Brazil; the São Francisco Hydroelectric Company (CHESF); and the General Staff of the Armed Forces; d) the Superintendent of SUDENE; the General Director of the National Departament of Works Against Droughts (DNOCS); and the Superintendent of the São Francisco Valley Commission (DVSF). Decisions are made by a majority vote.

The Superintendent of SUDENE is Dr. Celso Furtado, who formerly also served as Minister of the Plan, and his deputy is Dr. Francisco de Oliveira (See list of principal SUDENE personnel at Annex 3).

SUDENE Building Plans

SUDENE is required to operate under multi-annual building plans, which are annually revised and assign priorities and allocations of funds, for works within the Northeast. These building plans allocate both SUDENE's resources (not less than 2% of federal revenues) and resources of other federal agencies for work in the United States.

Five Year Development Plan

In 1961 SUDENE issued its Five Year Development Plan (1961-65). The plan concentrated primarily in the following fields of activities: Highways, electric power [illegible] rehabilitation and irrigation, marketing and fisheries, the textile industry, and a variety of social and cultural measures, with primary emphasis on highways (See Annex 14). The estimated cost of the projects totalled CR$228 billion, of which CR$135 billion was to be provided from estimated budgetary resources, and CR$93 billion remained to be financed (presumably from deficit financing or foreign assistance). The document was a plan, rather than a budget, and was never ratified by the Brazilian Congress.

Master Plan First Stage

The first Stage of the Master Plan for the years 1961-1962 (but including plans in some cases through 1965) differed little from the Five Year Plan. Primary emphasis was placed on economic infrastructure with CR$8.6 billion for roads and electric power out of CR$13.6 billion to be applied in 1962. Other important areas are reconstruction of the semi-cultural economy, and improvements in water supply. In addition, some CR$6.7 billion was appropriated to other federal agencies for works on roads and electricity in the Northeast. (For detailed information see Annex 14).

[illegible] Plan [illegible] people to [illegible] [illegible] proceed based with the [illegible] Ministry [illegible] submitted to Congress [illegible] requirements for 1963, 1964 and 1965 totalling CA$212.0 billion for the three years. The composition of the Second Stage as submitted differed considerably from the First Stage. Infrastructure investments accounted for 25% of the First Stage, but only 46% of the Second Stage. Industrial investment increased from 15% of the First Stage to 24% of the Second. Pre-investments (particularly education) increased from 5% to 15% and social welfare from 5% to 15%. Thus it can be seen that SUDENE has an increasing awareness of the importance of improving the human conditions and capabilities of the population as being as important as developing economic infrastructure (See Annex 14).

The Second Stage was signed into law in June 1963. (Details of the law are not yet [illegible] [illegible] and [illegible] the [illegible] be [illegible] documented).

THE UNITED STATES ECONOMIC AID PROGRAM

Northeast Survey Team Report

The United States had already been providing economic assistance to the Northeast (particularly in the form of agricultural extension) through its aid program to Brazil. However, creation of SUDENE, increasing U.S. awareness of the problems of the Northeast and a visit by Dr. Furtado to the United States in the summer of 1961 led to the dispatch of a Northeast Brazil Survey Team, headed by Ambassador Marvin Bohan, to study problems of the area.

Proposed Short-term Program

The survey which was released in February 1962, recommended a series of short term measures totalling a US contribution of $14,670,000 and the cruzeiro equivalent of $18,330,000 and a Brazilian cruzeiro contribution equivalent to $25 million. The short-term program called for construction of community water supply facilities, labor centers, community development projects, rural community electrification, literacy training, CCC camps, and mobile health units (See Annex 15).

Proposed Five Year Program

The study team also made a series of recommendations to be implemented over a five-year period, totalling a US contribution of $122,940,000 in dollar loans and $31,026,000 in dollar grants as well as the cruzeiro equivalent of $35,000,000 in loans and $56,854,000 in grants; and a Brazilian contribution equivalent to

$2[illegible],307,000. The Bizerkser project called for [illegible] in the fields of irrigation, road, power, [illegible] and manpower, migration, community water supply, [illegible] centers, agricultural production and distribution, [illegible], and collection of basic information on research [illegible] 15). In addition, the report discussed the need for a U.S. contribution of $150,000,000 to the settlement of [illegible] tinos in Goiás and Mato Grosso.

The Northeast Agreement

On 13 April 1962 Secretary of State Rusk and Foreign Minister Dantas signed an agreement for the Promotion of Economic and Social Development in the Brazilian Northeast. For projects intended to achieve speedy results in meeting some of the most urgent needs of the people of the Northeast, the US agreed to provide not to exceed $33,000,000 in US dollars or the cruzeiro equivalent (of which not to exceed $11,670,000 was to be supplied as dollar grants or loans and the equivalent of $18,330,000 was to be provided in PL 480 cruzeiros). Brazil pledged not less than CR$7,950,000 (which equalled $25,000,000 at the then prevailing rate of exchange) from national, state and municipal sources. Thus, for the short-run program, the Agreement adopted the funding totals recommended in the Northeast Survey Team Report.

Short-range Program

For the first two years' activities under long-term development projects the US agreed to provide not to exceed $98,000,000 in US dollars or the cruzeiro equivalent (of which not to exceed $62,000,000 was to be made available in the form of dollar grants and loans and the

Long-term Program

equivalent of $36,000,000 from PL 480 for counterpart. The Government of Brazil pledged not less than CR$37,500,000 from national, state and municipal sources plus additional funds, subject to the appropriation of funds by the Brazilian Congress.

Funding beyond the initial two years was to be considered at a later date, and take into consideration:

a. satisfactory accomplishment during the first two years;

b. appropriate priority for the Northeast within Brazil's national development program; and

c. general measures taken by Brazil to contain inflation while assuring a rapid rate of growth. As in the case of the short-range program, the funding basis was the Northeast Survey Team Report.

US to Establish USAID Office in Northeast

The Agreement stipulated that the US would establish a special USAID office in the Northeast, and that the USAID could "sign agreements with SUDENE or other appropriate agencies or organizations in accordance with applicable regulations . . . Activities under these projects may be administered by SUDENE or by such other agency or organization as may be mutually agreed. In such cases as may be designated by the Government of the United States of Brazil, these agencies may be authorized to enter into project and

other agreement under this Agreement directly with USAID and be authorized to receive loans or grants".

Finally, the US agreed to cooperate with Brazil in obtaining and increasing the interest of other friendly nations and international agencies in participation in programs for Northeast Brazil (For text of Annex 15, see Annex 16).

Less than a month after the signature of the Northeast Agreement the US government began to organize USAID/Northeast Brazil in Recife, starting with a Director and Program Officer, plus employees already in the Northeast working on established programs. In April 1963 the USAID staffing pattern showed 78 Americans and 193 Brazilians and an onboard strength of 48 US direct hire technicians, plus 7 Americans on contract and 13 short-term temporary duty personnel from Rio, Washington and other USAIDs (See Annex 17 for staffing pattern summary).

USAID Organization

The USAID contains three major program operating divisions and a number of staff offices. The major operating divisions are:

1. The Office of Rural Development and Food Programs;
2. The Office of Public Works, Industry and Natural Resources Development;
3. The Office of Human Resources Development

The Staff offices include the assistant Controller's office, Executive office and office of Development Planning. A Public Affairs staff (USIS) is directly attached to the USAID, and a Public Safety Advisor receives administrative support. Finally, the regional Peace Corps representative maintains close liaison. (See organization chart at Annex 17). There is also a small Northeast Liaison office in Rio which is intended to smooth coordination between USAID/Brazil and USAID/Northeast/Brazil.

USAID Program

The USAID/Northeast Program for FY 1963 and 1964 is based primarily on the Northeast Survey Team Report, as modified in the light of operating experience. The USAID program as set forth in the Brazil Country Assistance Program of December 1962 is oriented around three major goals:

A. To raise to at least minimum acceptable levels the basic conditions of life in communities of the Northeast. Included within this goal are programs of Community Health, Community Water Supply, Rural Community Electrification, Community Development, Housing and Food for Peace.

B. To provide information, through research, on the basic characteristics and problems of the Northeast to

[illegible] the human resource base through [illegible] programs to assist in developing the economic [illegible] structure of the Northeast, and to better utilize natural [illegible]. Included within this goal are [illegible] programs in the fields of [illegible], Industrial Research and Planning, [illegible], Industrial Development, Elementary Education, Basic Education, Agricultural Education, Industrial Vocational Education and Geological Education.

C. To encourage the improvement of land use and [illegible] tions of land tenure, while increasing agricultural production. Included within this goal are programs in Agricultural Research and Extension, Production and Marketing, Fisheries, Water Resources, [illegible] and Colonization.

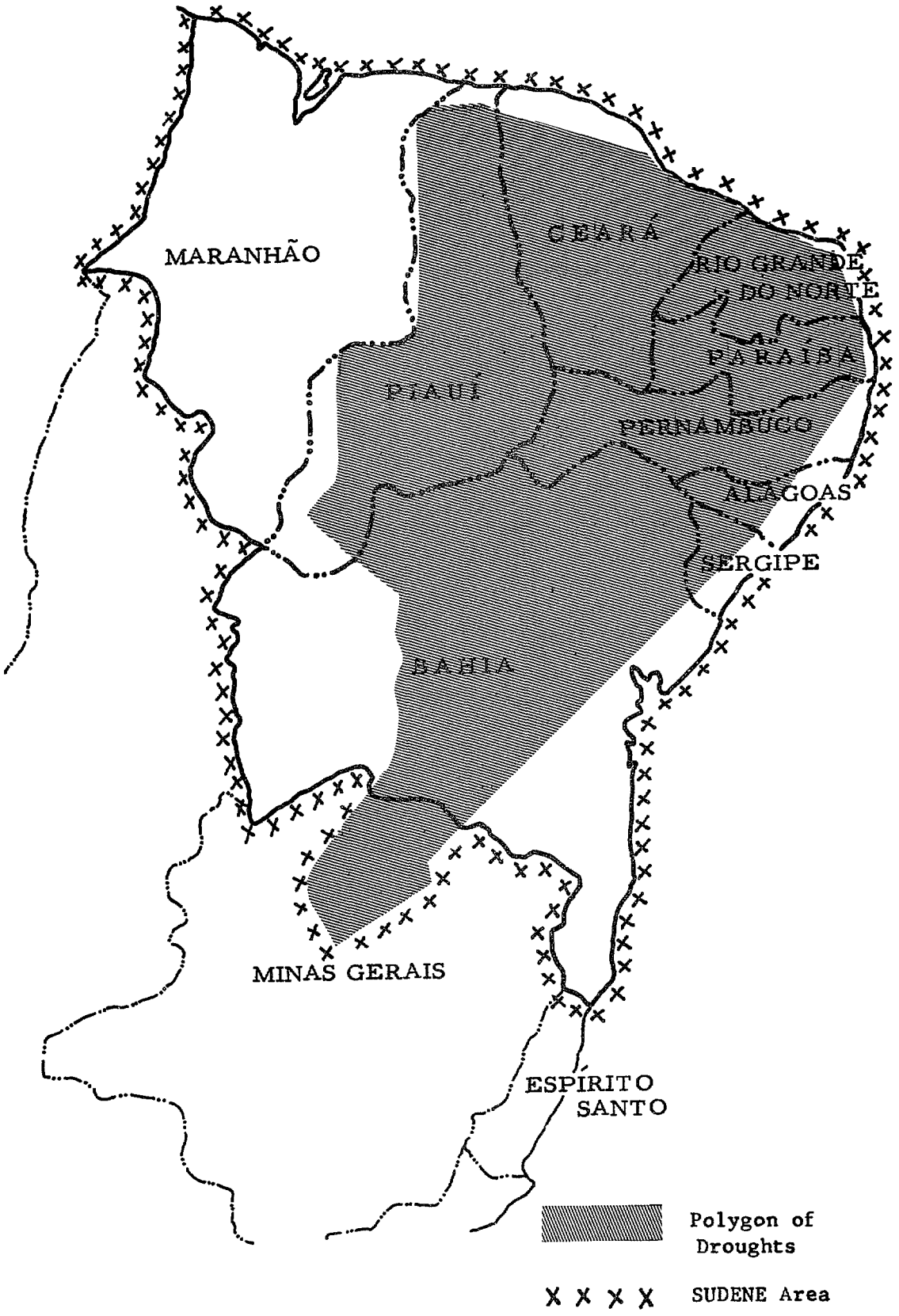
A summary of the proposed funding, by [illegible] below (For details see Annex 10)

	FY 1963 (in thousands of dollars)			
	$ Grants	$ Loans	CR$ Grants	CR$ Loans
Goal Plan A	[illegible]	[illegible]	[illegible]	[illegible]
Goal Plan B	4,850	25,000	[illegible]	[illegible]
Goal Plan C	1,585	3,000	1,500	[illegible]
Techn. Support	500	-	-	-
Total	9,500	36,000	20,951	[illegible]

During this period, the USAID has had to establish and staff the mission, develop its program, establish work-for relationships with SUDENE and other Brazilian agencies, and develop complex funding procedures. There are continuing problems, but ones on which the USAID is constantly working so that it can make a maximum contribution to the Alliance for Progress.

The reader is invited to address any questions directly to USAID/Northeast Brazil which can provide more detailed information on the Northeast, SUDENE, and USAID programs and projects that it was possible to contain in this brief introduction to the Alliance for Progress in Northeast Brazil.

AREA UNDER SUDENE JURISDICTION AND POLYGON OF DROUGHTS



Polygon of Droughts By Area

	Area (Km2) of State	Area Within the Polygon Km2	% of State	% of Polygon
Alagoas	27,731	12,266	44.23	1.31
Bahia	561,026	320,211	57.08	34.17
Ceará	148,016	133,526	92.24	14.57
Paraiba	56,372	55,119	97.78	5.88
Pernambuco	98,281	87,484	89.01	9.34
Piauí	250,934	207,019	82.50	22.09
Rio Grande do Norte	53,015	48,031	90.60	5.13
Sergipe	21,994	10,395	47.26	1.11
Litigation Piauí-Ceara	2,614	2,614	100.00	.28
Minas Gerais	583,248	57,328	9.83	6.12
Total	1,803,231	936,993	51,96	100.00

Source: Page 15 - Statistical Annual of Brazil, 1962

Area of States of the Northeast

ANNEX N° 2

	Area in Square km.	Rating within NE	Area as % of Brazil
Alagoas	27,731	8th	.33
Bahia	561,026	1st	6.59
Ceará	148,016	4th	1.74
Maranhão	328,663	2nd	3.86
Paraiba	56,372	6th	.66
Pernambuco	98,281	5th	1.16
Piauí	250,934	3rd	2.95
R.G. do Norte	53,015	7th	.62
Sergipe	21,994	9th	.26
(In litigation between Piauí and Ceará)	2,614	10th	.03
Total for NE	1,548,672	-	-
Total for Brazil	8,511,965	-	-
NE as % Brazil	18.20%		

Source: Page 12 - Statistical Annual of Brazil

Population (est 1963)

	Population	Rating within NE	Population Per Square Km
Alagoas	1,325,000	7th	47
Bahia	6,359,000	1st	11
Ceará	3,540,000	3rd	23
Maranhão	2,839,000	4th	8
Paraiba	2,080,000	5th	37
Pernambuco	4,372,000	2nd	44
Piauí	1,329,000	6th	6
R.G. do Norte	1,214,000	8th	22
Sergipe	796,000	9th	36
Total for NE	23,858,000		16
Total for Brasil	77,521,000		10
NE as % of Brazil	31%		160%

Source: Pages 12 and 25 - Statistical Annual of Brazil

PROJECTION OF ESTIMATED POPULATION NORTHEASTERN STATES

	1960	1965	1970
Alagôas	1,271,000	1,362,000	1,458,000
Bahia	5,991,000	6,617,000	7,309,000
Ceará	3,338,000	3,682,000	4,062,000
Maranhão	2,493,000	3,097,000	3,849,000
Paraíba	2,018,000	2,177,000	2,349,000
Pernambuco	4,137,000	4,536,000	4,973,000
Piauí	1,263,000	1,374,000	1,494,000
R.G. do Norte	1,157,000	1,254,000	1,358,000
Sergipe	760,000	821,000	887,000
Total Northeast	22,429,000	24,861,000	27,558,000
Total Brazil	70,967,000	82,222,000	95,262,000
NE as % Brazil	31.6%	30.2%	28.9

Source: Page 25 - Statistical Annual of Brazil, 1962

ANNEX N° 3

PROJECTION OF ESTIMATED POPULATION OF CAPITALS

OF NORTHEASTERN STATES

	1960	As % State	1965	As % State	1970	As % State
Alagôas - Maceió	170,000	13.3	199,000	14.6	233,000	15.9
Bahia - Salvador	656,000	10.9	808,000	12.2	995,000	13.7
Ceará - Fortaleza	515,000	15.5	699,000	18.9	949,000	23.3
Maranhão - São Luiz	160,000	6.4	181,000	5.8	205,000	5.3
Paraíba - João Pessôa	155,000	7.6	175,000	8.1	198,000	8.5
Pernambuco - Recife	797,000	19.2	968,000	21.3	1,175,000	23.6
Piauí - Teresina	145,000	11.4	179,000	13.0	222,000	14.9
R.G. Norte - Natal	163,000	14.0	200,000	16.0	247,000	18.1
Sergipe - Aracajú	116,000	11.7	139,000	16.9	167,000	18.8
Total	2,877,000	12.8	3,548,000	14.2	4,391,000	16.0

Source: Page 26 - Statistical Annual of Brazil

Population (1960)

Distribution Between Urban and Rural

	Population	Urban1/	%	Rural	%	Cap.City Population
Alagoas	1,271,062	428,228	34	842,834	66	170,000
Bahia	5,990,605	2,083,716	35	3,906,889	65	656,000
Ceará	3,337,856	1,124,829	34	2,213,027	66	515,000
Maranhão	2,492,139	448,509	18	2,043,630	82	160,000
Paraiba	2,018,023	708,051	35	1,309,972	65	155,000
Pernambuco	4,136,900	1,856,699	45	2,280,211	55	797,000
Piauí	1,263,368	298,152	24	965,216	76	145,000
R.G.do Norte	1,157,258	435,189	38	722,069	62	163,000
Sergipe	760,273	295,929	39	464,344	61	116,000
Total for NE	22,428,873	7,680,681	34	14,748,192	66	2,877,000
Tot.for Brazil	70,967,185	31,990,938	45	38,976,247	55	
NE as % Brazil	31.6%	24%		38%		

Source: Page 26 - Statistical annual of Brazil.

1/ Defined as cities and villages.

ANNEX Nº 5

Breakdown, by fields of Activity of Gross National Product

1960

(Cr$ 1,000,000)

	Total	Agr.	Commerce	Ind.	Services	Transport & Communic.	Banking	Rents	Govt.
Alagoas	17,193	9,148	1,826	2,491	1,731	823	187	140	848
Bahia	89,340	38,528	13,698	11,292	11,821	5,172	1,935	1,968	4,926
Ceará	40,182	18,351	5,766	3,514	4,703	4,088	575	833	2,352
Maranhão	22,962	12,610	3,060	2,247	2,832	1,033	198	120	862
Paraiba	29,120	18,414	3,616	1,811	2,089	986	290	226	1,090
Pernambuco	66,993	23,991	11,194	10,753	9,981	3,817	1,359	1,250	6,950
Piauí	9,741	4,406	2,080	517	1,444	459	152	58	625
R.G. do Norte	17,564	9,535	2,087	1,288	1,634	848	173	162	1,837
Sergipe	11,140	4,778	1,899	1,461	1,640	582	115	87	579
Total NE	304,235	139,761	45,226	35,374	38,475	17,808	4,984	4,844	20,069
Total Brazil	1,916,493	631,167	232,685	429,728	209,590	135,806	54,208	73,992	149,315
NE as % of Brazil	16%	22%	19%	8%	18%	13%	9%	7%	13%

Source: Page 198 - Statistical Annual of Brazil

Sugar Production (1961)

	Usinas	Enginos	Refineries	Tons of Cane Mushed	Tons of Sugar Produced
Alagoas	33	598	29	3,246,700	287,551
Bahia	16	3,736	16	678,400	63,359
Ceará	3	4,629	2	31,856	2,455
Maranhão	15	545	4	314	20
Paraiba	9	1,269	20	507,758	47,353
Pernambuco	55	1,509	39	9,007,616	780,073
Piauí	5	1,883	-	9,144	750
R. G. do Norte	4	490	4	248,091	20,751
Sergipe	46	56	28	525,822	48,100
Total NE	186	14,715	142	14,255,701	1,250,412
Total Brazil	545	60,389	291	36,578,574	3,354,137
NE as % Brazil	34.1	24.3	48.7	38.9	37.2

Source: Page 103 - Statistical Annual of Brazil, 1962

Gross National Product

1960

	Total Value (cr$ 1,000,000)	Per Capita (cr$)
Alagoas	17,193	13,526
Bahia	89,340	14,913
Ceará	40,182	12,038
Maranhão	22,962	9,214
Paraiba	29,120	14,430
Pernambuco	66,993	16,194
Piauí	9,741	7,710
Rio Grande do Norte	17,564	15,177
Sergipe	11,140	14,653
Total NE	304,235	13,095
Total Brazil	1,916,493	27,005
NE as % of Brasil	16%	48%

Source: Page 197 - Statistical Annual of Brazil

Foreign Commerce (1960)

(as recorded at ports and airports)

	Quantity (tons)		Value (Cr$1,000)	
	Export	Import	Export	Import
Alagoas	99,035	9,091	1,071,798	146,603
Bahia	981,533	245,125	16,119,535	2,993,645
Ceará	61,116	201,792	4,838,187	1,160,299
Maranhão	1,583	18,311	21,741	111,554
Paraiba	75,930	76,631	3,001,067	306,868
Pernambuco	498,391	663,067	7,122,741	5,023,092
Piauí	5,694	3	842,551	516
R.G.do Norte	16,867	72,408	897,747	402,666
Sergipe	-	210	-	387
Total NE	1,740,149	1,286,638	33,915,367	10,145,630
Total Brazil:	10,607,865	15,609,773	147,122,627	201,218,687
NE as % Brazil:	16%	8%	23%	5%

Source: Page 160 - Statistical Annual of Brazil

ANNEX N°9

Foreign Investments Made in 1959, 60, 61

(US$ 1,000)

Alagôas	561
Bahia	2,721
Ceará	460
Maranhão	-
Paraíba	169
Pernambuco	139
Piauí	-
Rio Grande do Norte	170
Sergipe	-
Total NE	4,220
Total Brazil	204,779
NE as % of Brazil	2[illegible]

Source: Page 156 - Statistical Annual of Brazil

ANNEX N° 10

PRELIMINARY RESULTS OF THE INDUSTRIAL CENSUS

NUMBER OF ESTABLISHMENT (1960)

	Total	Mineral Products	Non-metal. Minerals	Metals Working	Machinery	Electrical Appliances	Transp. Equip.	Wood	Furniture
Alagoas	1,413	6	210	14	-	-	9	56	116
Bahia	5,593	29	1,804	57	6	1	10	208	509
Ceará	559	34	112	4	1	-	-	13	24
Maranhão	2,366	95	590	13	1	-	3	57	61
Paraiba	584	5	72	2	-	-	3	11	55
Pernambuco	2,684	45	474	40	2	-	11	84	126
Piauí	1,162	1	221	3	-	-	4	31	48
R.G. do Norte	1,126	60	169	12	-	-	5	61	90
Sergipe	1,851	-	386	16	3	-	13	45	146
Total for NE	17,338	275	4,038	161	13	1	58	566	1,175
Total for Brazil	84,626	1,258	14,809	3,879	1,080	605	1.267	8,512	6,094
	20.5	21.9	27.3	4.1	1.2	.1	4.6	6.6	19.2

Source: Page 72 - Statistical Annual of Brazil, 1962

(continuation)

	Paper & Paper Products	Rubber	Hydes Pelts	Chemicals	Pharmaceuticals	Perfumes, Soaps, Candles	Plastics	Textiles
Alagoas	-	-	41	36	1	15	-	271
Bahia	38	12	253	55	9	97	-	100
Ceará	-	-	13	6	1	2	-	47
Maranhão	-	-	46	47	4	30	-	54
Paraiba	1	-	16	10	-	10	-	76
Pernambuco	5	2	59	31	1	12	1	140
Piauí	-	-	38	37	4	14	-	496
R.G. do Norte	-	1	16	22	1	14	-	59
Sergipe	5	-	69	19	-	20	-	32
Total for NE	49	15	551	263	21	214	1	1,275
Total for Brazil	590	228	1,705	1,190	330	744	249	3,447
NE as % Brazil	8.3	6.5	32.3	22.1	6.3	28.7	.4	36.9

(continuation)

	Clothing	Food Products	Beverages	Tobaco	Printing and Printing Products	Other
Alagoas	91	412	69	39	19	8
Bahia	257	1,715	222	58	112	41
Ceará	51	232	15	-	3	1
Maranhão	50	1,224	66	5	19	7
Parsiba	52	243	25	-	3	-
Pernambuco	287	1,245	72	2	27	18
Piauí	49	175	13	1	20	7
R.G. do Norte	70	496	14	1	27	8
Sergipe	112	894	59	7	11	14
Total for NE	1,019	6,636	549	113	241	104
Total for Brazil	5,240	26,976	2,445	207	2,410	1,361
NE as % Brazil	19.4	24.5	22.4	54.5	10.0	7.6

ANNEX N° 10

Bank and Banking Establishments (1961)

	Number of Establishments	Authorized Capital (million of Cr$)
Alagoas	23	5
Bahia	234	1,464
Ceará	51	306
Maranhão	15	155
Paraiba	35	110
Pernambuco	93	724
Piauí	16	8
Rio Grande do Norte	20	38
Sergipe	24	125
Total NE	511	2,935
Total Brazil	5,531	40,218
NE as % of Brazil	9%	7%

Source: Page 136 - Statistical Annual of Brazil

BEST AVAILABLE COPY

ANNEX Nº 10

MINIMUM SALARIES - CAPITAL CITIES

OCTOBER 16, 1961

	Monthly Cr$	Daily Cr$	Hourly Cr$
Alagôas	8,064	268.80	33.60
Bahia	10,080	336.00	42.00
Ceará	8,288	276.30	34.53
Maranhão	7,616	253.90	31.76
Paraíba	8,064	268.80	33.60
Pernambuco	10,080	336.00	42.00
Piauí	5,600	186.70	23.33
R.G. do Norte	8,064	268,80	33.60
Sergipe	8,064	268,80	33.60
Average for NE	8,213	273.79	34.22
Average for Brazil	9,944	331.45	41.43
NE as % Brazil	82.6	82.6	82.6

Source: Page 192 - Statistical Annual of Brazil, 1962

BEST AVAILABLE COPY

ANNEX N° 10

Fishing Industry (1960)

	Number of Profesional Fishermen	Tons caught	Value (Cr$ 1,000)
Alagoas	7,486	4,096	146,307
Bahia	21,227	8,615	646,923
Ceará	25,258	15,170	749,108
Maranhão	32,321	35,634	1,079,205
Paraiba	5,989	19,085	275,680
Pernambuco	5,249	4,801	293,841
Piauí	5,889	1,166	78,738
R.G.do Norte	8,274	5,655	304,373
Sergipe	4,869	1,574	94,250
Total NE	116,562	95,796	3,668,425
Total for Brazil	239,761	330,140	12,031,768
NE as % Brasil	49%	29%	30%

Source: Page 50 - Statistical Annual of Brazil

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Kilometers of Roads (1961)

		Federal		State		Municipal
	Total	Paved	Unpaved	Paved	Unpaved	
Alagoas	5,129	234	278	-	2,358	2,259
Bahia =	32,086	160	3,289	395	3,436	24,806
Ceará	12,927	293	1,313	16	1,862	9,443
Maranhão	5,352	26	1,315	9	891	3,111
Paraiba	10,568	255	648	29	1,756	7,900
Pernambuco	15,572	338	1,258	136	1,340	12,500
Piauí	21,554	111	1,844	11	632	18,955
R.G.do Norte	8,621	131	780	16	759	6,935
Sergipe	3,699	6	216	-	1,288	2,189
Total for NE:	115,508	1,534	10,941	612	14,322	88,098
Total for Brazil	499,550	9,591	25,828	4,542	72,751	386,838
NE as % of Brazil	23%	16%	42%	13,4%	19.6%	23%

Source : Page 111 - Statistical Annual of Brazil

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Number and Types of Vehicles (1960)

	Automobiles	Buses	Trucks
Alagoas	1,272	334	1,004
Bahia	12,486	3,835	8,732
Ceará	7,551	2,491	6,671
Maranhão	1,063	479	1,285
Paraiba	2,855	1,138	3,040
Pernambuco	12,599	2,238	6,607
Piauí	885	312	807
R.G. do Norte	1,905	643	1,986
Sergipe	2,221	500	1,413
Total NE	42,837	11,970	31,545
Total for Brazil	501,975	79,596	306,329
NE as % of Brazil	8.5%	15%	10%

Source: Page 124 - Statistical Annual of Brazil

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RAILWAYS (1960)

	Track/1000 Km^2	Kilometers of Track/ 10,000 Inhabitants
Alagôas	17.1	3.8
Bahia	4.6	4.3
Ceará	9.4	4.0
Maranhão	1.5	2.4
Paraíba	13.7	3.7
Pernambuco	15.7	3.6
Piauí	1.0	1.8
R.G. do Norte	12.0	5.5
Sergipe	13.5	3.9
Average NE	9.7	3.7
Average Brazil	17.2	8.9
NE as % Brazil	56.3%	41.6%

Source: Page 108 - Statistical Annual of Brazil, 1962

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Electrical Energy

Installed Potential (1961)

	Total KW	Hydro-electric KW	Thermal KW
Alagoas	11,505	2,273	9,232
Bahia	363,927	324,099	39,828
Ceará	29,126	144	28,982
Maranhão	7,598	-	7,598
Paraiba	14,570	3,520	11,050
Pernambuco	49,680	5,652	44,028
Piauí	5,912	-	5,912
Rio Grande do Norte	8,214	-	8,214
Sergipe	1,426	350	1,076
Total NE	491,958	336,038	155,920
Total Brazil	5,205,152	3,808,851	1,396,301
NE as % of Brasil	9.4	8.9	11.2

Source: Page 105 - Statistical Annual of Brazil, 1962

BEST AVAILABLE COPY

ANNEX Nº 10

Consumption of Electric Energy

1961 (1000 KWH)

	Total	Residential	Commercial	Indust.	Public	Other
Alagoas	58,997	10,782	3,907	39,321	4,958	29
Bahia	283,482	85,524	50,872	102,459	33,297	11,330
Ceará	74,365	30,384	6,781	29,766	7,290	144
Maranhão	17,807	8,310	341	5,493	2,424	1,239
Paraiba	137,495	19,790	6,367	79,715	12,117	19,506
Pernambuco	434,773	97,351	46,744	243,129	32,948	14,601
Piauí	15,449	7,883	1,646	3,375	2,406	139
Rio Grande do Norte	23,152	10,121	4,095	3,335	5,433	168
Sergipe	20,789	2,443	520	16,791	932	103
Total for NE	1,066,309	272,588	121,272	523,384	101,805	47,259
Total for Brazil	19,629,555	4,164,590	2,804,710	9,941,046	1,519,509	1,199,700
NE as % Brazil	5.5	6.5	4.4	5.3	6.6	3.2

Source: Page 205 - Statistical Annual of Brazil, 1962

WATER POTENTIAL

AREAS AND WATER POWER POTENTIAL OF BASINS

Basin	Area Square Km	%	Water Potential Horse Power	%
Amazon	4,787,717	56.25	7,458,000	33.36
Northeast	884,835	10.40	317,300	1.42
San Francisco	631,133	7.41	2,380,000	10.64
East	569,310	6.69	4,072,900	18.22
Paraguay	345.701	4.06	89,500	.40
Paraná	801,309	10.47	7,053,000	31.54
Uruguay	178,235	2.09	175,000	.78
Southeast	223,688	2.63	813,600	3.64
Total for Brazil	8,511,928	100.00	22,359,300	100.00

Source: Page 13 - Statistical Annual of Brazil, 1962

ANNEX Nº 10

COOPERATIVES REGISTERED WITH THE MINISTER OF AGRICULTURE
(1961)

	NUmber of Coops.					Number of Members				
	Total	Consumers	Credit	Producers	Other	Total	Consumers	Credit	Producers	Other
Alagoas	105	55	11	36	3	54,298	21,250	19,761	13,080	207
Bahia	366	239	20	79	28	154,672	81,380	37,533	27,180	8,579
Ceará	193	67	28	86	12	131,930	27,755	21,707	81,551	917
Maranhão	64	23	4	34	3	23,790	7,008	1,151	15,224	407
Paraiba	218	81	58	76	3	91,997	5,802	68,989	17,038	168
pernambuco	346	175	64	98	9	48,021	3,590	40,873	1,987	1,571
Piauí	42	32	2	7	1	6,505	5,732	250	523	-
R. G. do Norte	102	26	31	44	1	38,653	2,332	31,749	4,180	392
Sergipe	40	10	-	30	-	4,281	422	-	3,859	-
TOTAL NE	1,476	708	218	490	60	554,147	155,271	222,013	164,622	12,241
TOTAL Brazil	4,882	2,353	511	1,830	188	1,970,306	983,402	547,854	406,645	32,405
NE as% Brazil	30	30	43	27	32	28	16	41	40	38

Source: Page 269 - Statistical Annual of Brazil, 1962

ANNEX N° 11

DATA ON HEALTH IN THE NORTHEAST

1 Crude Mortality Rate - 20-30/1000

2 Infant - 150-500/1000 live births

Rural infant mortality - 200-300/1000 live births
1/3 of total deaths due to gastroenteritis, diarrhea, dehydration - 1/2 of infant deaths due to same causes

Annual death under 1 year

309.±5 in capital cities

509 ±5 in rural areas

3 Maternal mortality in capital cities - 2.5 - 4.5/1000 live births

4 Principal causes of death

Gastroenteritis	Senility
Heart	Tetanus
Trauma-violence	Nervous System
Pneumonia	Diabetes
TB	Diphteria
Parasites	Meningitis
Neo-plastic	Pregnancy compl.
Cirrhosis of liver	Homicides
Infections of newborn	Intestinal occlusion
Dysentery	
Syphillis	

TB death rate about 80/100,000 versus 6.5/100,000 in US

Source: USAID/NE/B Public Health Branch

55

NUMBER OF PEOPLE PER PHYSICIAN - (1961)

	State	Capital City	Nº of Beds	Beds/1000 Inhabitants
Alagôas	16,937	1,215	2,506	2.0
Bahia	10,586	592	6,939	1.2
Ceará	45,533	1,813	4,631	1.4
Maranhão	70,682	1,257	1,264	.5
Paraíba	10,956	656	2,485	1.2
Pernambuco	21,828	784	9,164	2.2
Piauí	18,643	1,537	1,220	1.0
R.G. do Norte	11,842	1,354	2,374	2.0
Sergipe	20,226	1,231	1,553	2.4

Source: USAID/NE/B Public Health Branch

Numbers of Hospital Beds

1960

Alagoas	1,840
Bahia	6,146
Ceará	5,562
Maranhão	1,124
Paraiba	2,377
Pernambuco	7,598
Piauí	1,421
Rio Grande do Norte	2,233
Sergipe	1,117
Total NE	29,418
Total Brazil	216,378
NE as % of Brazil	13.5

Source: Page 229 - Statistical Annual of Brazil, 1962

MOST FREQUENT REPORTED CAUSES OF DEATH

AMONG 13,107 DEATHS REPORTED IN RECIFE

1961

Reported Cause	Total Nº	Predicted Preventable
Gastroenteritis	2,154	1,507
Cardio-Vascular	1,520	-
Neo-Natal	1,708	854
Respiratory	1,050	210
TB	1,809	647
Infectious Disease	678	135
Violence-Trauma	635	-
Neoplastic Disease	590	-
Hepatic Cirrhosis	408	82
Syphilis	283	226
	9,833	3,661

Source: USAID/NE/B Public Health Branch

Live and Dead Births

(1960) 1/

	Live Births	Dead Births	Dead Births as a % of Live Births
Alagoas	12,815	749	5.9
Bahia	213,644	9,692	4.6
Ceará	25,331	261	1.1
Maranhão	7,573	187	2.5
Paraiba	24,295	1,418	5.9
Pernambuco	52,377	1,600	3.0
Piauí	9,146	383	4.2
R.G. do Norte	19,220	801	4.1
Sergipe	13,070	152	1.2
Total NE	377,471	15,243	4.0
Total Brazil	1,475,569	57,198	3.8
NE as % Brazil	25.5	26.6	

Source: Page 36 : Statistical Annual of Brazil, 1962

1/ Based on partial Information

PERCENTAGE OF POPULATION OF SCHOOL AGE ATTENDING SCHOOL

	(1960)		
	Total	Urban & Suburban	Rural
Alagôas	30.90	58,65	18.99
Bahia	30.20	62.10	15.54
Ceará	33.70	50.12	26.20
Maranhão	18.88	56.14	11.62
Paraíba	32.25	46.70	25.35
Pernambuco	37.43	54.07	26.14
Piauí	29.23	69.29	17.99
R.G. do Norte	46.04	64.55	35.97
Sergipe	43.93	66.91	31.23
NE Av.	32.17	57.03	20.95
Brazil	43.07	68.36	27.47

Source: SUDENE - Program of Primary Teaching and Basic Education for the Northeast - 1962.

STUDENTS PER TEACHER - 1959

	Total	Urban	Suburban	Rural
Alagôas	33.4	30.8	41.0	35.8
Bahia	32.8	30.2	37.9	35.8
Ceará	25.4	24.5	12.1	25.9
Maranhão	31.3	29.0	33.9	33.4
Paraíba	30.2	26.3	32.6	33.4
Pernambuco	31.7	32.1	34.1	30.8
Piauí	34.9	34.8	-	35.1
R.G. do Norte	31.6	34.9	38.4	41.0
Sergipe	35.7	31.8	42.9	40.9
Total NE	30.9	29.5	33.7	32.1
Total Brazil	28.9	27.8	31.2	29.9
NE as % Brazil	106.9	106.1	108.0	107.3

Source: SUDENE Program of Primary Teaching and Basic Education in the Northeast - 1962

Illiteray - Estimate on 1960, of 3,914,000 in pop. 15-49, 1, 109,000 will be illiterate.

CHILDREN FROM 7-14 YEARS OF AGE PER PRIMARY SCHOOL TEACHER (1960)

	Total	Urban-Suburban	Rural
Alagôas	113	57	194
Bahia	114	54	233
Ceará	79	51	107
Maranhão	173	55	297
Paraíba	96	60	134
Pernambuco	88	63	122
Piauí	128	56	202
R.G. do Norte	73	49	98
Sergipe	85	49	138
Average NE	101	56	159
Average Brazil	67	41	109
NE as % Brazil	150.7%	136.5	145.9

Source: SUDENE - Program of Primary Teaching and Basic Education for the Northeast - 1962

INDUSTRIAL AND AGRICULTURAL SCHOOLS

	Basic Industrial Schools		Basic Agricultural Schools	
	Number	Enrollment	Number	Enrollment
Maranhão	6	307	0	0
Piauí	5	372	0	0
Ceará	4	333	2	227
R.G. do Norte	4	202	2	149
Paraíba	6	248	2	201
Pernambuco	13	1051	4	259
Alagoas	7	296	2	221
Sergipe	7	301	2	200
Bahia	9	322	1	116
Totals	61	3432	15	1373

Source: Northeast Brazil Survey Team Report - Feb. 1962

MAJOR DIVISIONS AND PERSONNEL OF SUDENE

(April 1963)

Office of the Superintendent

Superintendent - Celso Monteiro Furtado

Substitute Superintendent - Francisco Maria Cavalcanti de Oliveira

Legal Advisor - Chief - Fernando Henrique Meneses Oliveira

Secretariat of the Deliberative Council - Osnario Alifait Lacel

Division of General Administration - Antonio Pinto

Department of Internal Activities -

Department of Basic Economic Activities - Antonio Juarez Farias

Transportation Division - Walter Rocha de Oliveira

Energy Division - Alvarino de Araújo Pereira

Carographic Division - Criseu Maurício Chaves

Technical Assistance - Francisco Maria Cavalcanti de Oliveira

Group for Coordination of the Programs of the Alliance for Progress 1/

José Macedo Lins

Subterranean Waters - Working Group - Fernando Brito Dantas

Water Supply - Working Group - Abrahão Fainzilber

Department of Special Studies - Luiz Felipe Gorjão de Vasconcelos

Department of Agricultural and Agrarian Policy - Jader Figueredo de Andrade

Group for the Study of the Jaguaribe Valley - David Kitover

Mixed Executive Hydrology Group - Humberto Duarte Rangel

Working Group for the Upper Piranhas - Fernando Limeira de França

Group for Irrigation of the São Francisco River - Esteven Strauss

Geological Division - João Dália Filho

Department for Technical Assistance and Personnel Development - Nailton de Almeida Santos

Coordinating Group for Emergency Measures - Glauco Melibeu

1/ Reports directly to Superintendent on policy matters.

ANNEX N° 15

BOHAN REPORT RECOMMENDED

NORTHEAST BRAZIL SHORT-TERM PROGRAM

(In dollars)

	U.S. Contribution Dollars	U.S. Contribution Cruzeiros ($ Equiv.)	Brazilian Contribution
I. Affecting capital cities & Urban centers in the interior:			
Community Water Supply Facilities	$ 2,555,000	$ 6,000,000	Major Part construction costs
II. Affecting the sugar zone and rural communities:			
Labor Centers	132,000	33,000	Land & Personnel
Community Self-Help Development Projects	230,000 *	345,000	Personnel
III. Improving the economic infrastructure:			
Rural Community Electrification	9,070,000 **	4,355,000	Installation and Operation Costs
IV. Assisting new entrants into the labor force:			
A. Literacy Training and Manual Skills	1,400,000	4,210,000	Construction operating costs
B. CCC Camps	383,000	2,287,000	
V. Health Measures			
Health Units	900,000	1,100,000	Share Operating Costs
Total	$14,670,000	$18,330,000	$25,000,000***
Combined Total -	$33,000,000		

* Plus agricultural and non-agricultural surplus and Peace Corps input.

** Dollar loan, of which at least $5,000,000 is to be used to generate additional cruzeiros for this project.

*** Estimated

Source - Page 5 - Northeast Brazil Survey Team Report, Feb. 1962.

ANNEX N° 15

BOHAN REPORT PROPOSED FIVE-YEAR PLAN

(in thousand dollars)

	U.S. Contribution				Brazilian Contribution Payable in Cruzeiros
	Dollars		Cruzeiros		
	Loans	Grants	Loans	Grants	
Relieving Drought Conditions					
Water (Irrigation)	690	5,412	5,250	1,317	21,310
Improving the Economic Infrastructure					
Roads -	23,000	-	22,000	-	23,000
Power -	24,000	-	-	-	70,000
Improving Human Resources					
Education	18,000 *	12,500	-	39,600	72,000
Labor and Manpower	-	500	800	700	3,000
Migration	250	300	250	550	2,700
Health (Community Water Supply)	32,000 *	850	-	-	19,600
Health Centers	-	200	-	1,875	4,425
Improving Food Supply					
Agricultural Production, Distribution and Fisheries	25,000 *	10,264	6,700	8,812	75,562
Improving Development Planning and Implementation					
Collection of Basic Information and Research	-	1,000	-	4,000	4,800
TOTALS	122,940	31,026	35,000	56,854	296,397

Recapitulation

Total Dollar Requirements	153,966 *
Total US Generated Cruzeiro Requirement	91,854
Total US Contribution to the Action Program within the Northeast	245,820
US Contribution for the Settlement of Nordestinos in Goias and Matto Grosso	150,000
Grand total....	395,820

* Dollar loans to be used to generate additional cruzeiros for these projects, as follows:

Education	$ 18,000
Health	12,000
Agriculture	20,000
	50,000

Source: PAge 18 - Northeast Brazil Survey Team Report, Feb. 1962

Northeast Staffing - US Personnel

a/o March 14

	Staffing Pattern	Direct Hire On Board	TDY	Contract	In Process
Office of Director	6	6	-	-	-
Office of Dev. Planning	13	5	1	1	2
Executive Office	12	7	-	1	-
Office Asst. Controller	3	1	-	-	1
Rural Dev. Division	22	17	-	-	-
Human Resources Div. 1/	11	9	-	1	1
Public Works, Industry and Natural Res. Div. 2/	15	6	-	3	6
	82 3/	51 3/	1	6	10

1/ Excludes 2 men Giller Contract

2/ Excludes BPR TDY Personnel

3/ Of which approximately 10 positions to be eliminated in near future.

Source: March 14 Staffing Pattern

ANNEX N° 18

PROPOSED US ASSISTANCE PROGRAM
TO NORTHEAST BRAZIL
(in thousands of dollars)

	FY 1963				FY 1964			
	Dollar Grant	Dollar Loan	Cruzeiro Grant	Cruzeiro Loan	Dollar Grant	Dollar Loan	Cruzeiro Grant	Cruzeiro Loan
Goal Plan A - Improving living conditions in NE communities								
1. Community Health	290	-	5,000	-	370	-	2,000	-
2. Community Water Supply and Sewage	560	-	2,500	5,000	330	5,000	1,500	5,000
3. Rural Community Electrification	1,055	8,000	4,000	-	105	-	1,000	-
4. Community Development	140	-	150	-	290	-	650	-
5. Housing	70	-	100	4,900	85	-	100	5,900
6. Food for Peace	120	-	100	-	160	-	100	-
Sub-total	2,235	8,000	11,850	9,900	1340	5,000	5,350	10,800
Goal Plan B-Economic and Human Infrastructure								
1. Resource Inventory	1,530	-	1,000	-	1640	-	2,500	-
2. Ec and Social Research and Planing	730	-	100	-	770	-	1,000	-
3. Roads	590	15,000	-	-	845	20,000	-	-
4. Electric Power	85	10,000	-	-	65	11,000	-	-
5. Industrial Development	320	-	-	-	300	20,000	-	-
6. Elementary Education	490	-	5,000	10,000	490	-	5,000	10,000
Basic Ed.	135		500		445		700	-
Agr. Ed.	800		500		1000		2,000	
Ind Voc Ed	200	-	500		175	2,000	500	-
Geological Ed.	-	-	-		325	-	-	-
Sub-total	4,880	25,000	7,600	10000	6055	53,000	11,700	10,000

CONT. PROPOSED US ASSISTANCE PROGRAM
TO NORTHEAST BRAZIL

	FY 1963				FY 1964			
	Dollar Grant	Dollar Loan	Cruzeiro Grant	Cruzeiro Loan	Dollar Grant	Dollar Loan	Cruzeiro Grant	Cruzeiro Loan
Goal Plan C- Agriculture								
1. Agricultural Research and Extension	455	-	1000	-	410	-	2000	-
2. Agricultural Production and Marketing	165	1000	-	-	550	3000	-	-
3. Fisheries	325	-	-	500	360	-	-	200
4. Water Resources and Resetlement	455	2000	-	2,000	565	4000	-	1,000
5. Colonization	185	-	500	-	435	1000	500	-
Sub-total	1,585	3000	1500	2,500	2,320	8000	2500	1,200
Sub-total	8,700	36000	20950	22,400	9,715	66000	19550	22,100
Technical Support of USAID/NE/B	900	-	-	-	1,285	-	-	-
Grand Total	9,600	3600	20950	22,400	11,000	66000	19550	22,100

USAID/NORTHEAST OBLIGATIONS

	(in thousands) 1/ Dollar Grants	Dollar Loans	Cruzeiro Grants	CR$ Loans
Goal Plan A - To Improve Basic Living Conditions in Seriously Depressed Communities				
Community Health	80	-	1,720,000	-
Community Water Supply	125	-	1,190,000	-
Rural Community Electrification	43	-	-	-
Community Development	32	-	-	-
Housing	39	-	400,000	-
Food for Peace	7	-	-	-
Total	325	-	3,310,000	-
Goal Plan B - To Improve the Human and Economic Resource Base				
Resource Inventory	1	-	-	-
Economic and Social Research & Planning	225	-	-	-
Roads	1,647	-	-	-
Electric Power	-	-	-	-
Industrial Development	19	5,400	-	-
Elementary Education	187	-	1,669,350	9,814,000
Basic Education	-	-	-	-
Agricultural Education	809	-	-	-
Industrial Vocational Education	5	-	-	-
Total	2,893	-	1,669,350	9,814,000
Goal Plan C - To Improve Conditions of Land Use and Tenure and Increase the Food Supply				
Agricultural Research & Extension	88	-	-	-
Agricultural Production and Marketing	14	-	-	-
Fisheries	55	-	-	-
Water Resources	449	-	-	-
Colonization & Resettlement	27	-	-	-
Total	633	-	-	-
Technical Support and Other Costs	1,390	-	-	-
Grand Total	5,241	5,400	4,979,350	9,814,000

1/ may not add because of rounding.

Alliance for Progress Activities in Brazil

Introduction

Brazil is the fifth largest nation in the world. It is exceeded in size only by Russia, Canada, China, and the United States. Brazil's 3,280,000 square miles of territory constitutes almost half of the land mass of South America, and it touches every South American country except Chile and Ecuador.

In addition to its size, Brazil's resources give it the potential for becoming an important world power. Brazil is the world's largest producer of coffee, bananas and beans. It ranks third in sugar, corn and cocoa, and fourth in cotton, cattle and swine. Vast water resources give it the potential for being the world's largest producer of hydro-electric power. Brazil has the world's largest iron ore deposits and an abundance of valuable minerals. The industrial complex of Sao Paulo is the largest in Latin America. Although Brazil did not initiate major industrialization efforts until after the second world war, industry is now spreading to the Northeast and industrial production may soon outstrip agriculture in its contribution to national wealth.

In contrast to this picture of rich resources and potential wealth, is a country with a multiplicity of problems to overcome before it can be counted among the developed nations of the world. Political upheaval in the early 60's resulted in high rates of inflation and low rates of economic growth. Through strenuous governmental action, both of these are being overcome today, but firm vigilance needs to be maintained in order to move forward with other development efforts. Only four percent of Brazil's agricultural land is under cultivation, productive efficiency is low, marketing conditions are inadequate and credit is not readily available. Forty percent of the adult population is illiterate and only a fraction of the school-aged population is able to complete public school and go on to college or university. A large portion of the population of 87 million people, which is increasing at the rate of 3.1 percent a year, suffer from gastro-intestinal diseases, lack adequate diets and live in urban areas without proper water supply or sewerage disposal services. Both government and private enterprise suffer from a lack of trained manpower at the middle skill levels and the managerial administrative level. Furthermore, Brazil is not a uniformly developed or populated country. The modernization process has attracted large numbers of uneducated and untrained people to the urban areas where many live in poor overcrowded slums. The Northeast with 29 million people represents the most serious concentration of poverty anywhere in Latin America and as such contains the wellspring for social and political unrest.

The most salient conclusion to be drawn from these facts is that Brazil is a society in transition. It has been described as a sleeping giant which is just awakening to the need for tackling the problems of development in order for it to take its more proper place among the nations of the world. It is clearly in the interests of the United States to assist Brazil in this development process so it can achieve its goals of modernization with a minimum of turmoil and within a framework subscribed to by the free, democratic nations of the world. For this reason, the United

States works cooperatively with Brazil through the Alliance for Progress. Recognizing the essential need the self-help and self-determination as well as our own resource limitations the United States has not taken on the job of developing Brazil for the Brazilians. The policy of the United States in assisting Brazil, as well as other countries within the Alliance for Progress, is to provide assistance only to those activities for which Brazil itself is prepared to expend its own resources.

In the pages which follow, a short resumé is given of U.S. assistance activities designed to help Brazil reach its development goals. Table I provides a statistical summary of the resources made available to Brazil under the Alliance for Progress and predecessor programs. Some basic facts concerning Brazil and its stage of development are attached for the interested reader.

ARA/LA/BR
June, 1968.

Economic Growth and Stability

U.S. technical and economic assistance to Brazil dates back to the second world war. However, the critical date for understanding the current program is April 1964, when civilian authority was assumed by the Castello Branco Administration after ousting the Goulart Government. During Goulart's two and one-half years in the Presidency, from 1961 to 1964, inflation, budgetary deficit, and balance of payments problems were exacerbated and magnified to startling proportions. By 1963 the federal deficit had increased to 35 percent of expenditures. This stoked the fires of inflation and caused prices to rise precipitously. Inflation reached an annual rate of 140 percent in early 1964. Production stagnated, as investment dried up, and the industrial sector ran out of steam. In 1963 the economy slowed to a growth rate of 1.6 percent, which was well below the rate of population growth. By March 1964, Brazil's international credit was exhausted, and its short-term foreign obligations were far in excess of its payment capacity.

The Castello Branco Government introduced a program of stabilization and initiated measures to bring about economic reform and growth. The major form of U.S. assistance to the new government was a series of program loans which, including 1968, have totalled $625 million. These dollar loans have supported Brazilian reform policies by providing needed foreign exchange, bolstering anti-inflation measures, and transferring needed resources to the economy. Substantial accomplishments have been achieved since 1964. In particular, Brazil's international credit worthiness has been restored; short-term balance of payments pressures have been contained; the inflation has been reduced to roughly one-fourth its 1963-1964 rate; the productive vigor of the economy has been largely restored; and the huge federal budget deficits have been brought under control. The stabilization program remains today the core of the Brazilian effort and the focus of U.S. support. While complete recovery is not yet assured and a certain disequilibrium in the Brazilian economy persists, the progress registered thus far is encouraging.

The second largest part of the Alliance program has been capital assistance through project lending to finance needed imports for development projects. Including 1967, the U.S. has obligated some $317 million in dollar loans, principally in the areas of power and transportation. These projects are discussed in the body of this paper. An Alliance-financed fertilizer plant now under construction will increase nitrogen production in Brazil roughly ten-fold and double the output of phosphate fertilizer, with a resultant reduction of fertilizer prices and an estimated increase in use of 20 to 30 percent a year.

In addition to dollar loan assistance, the Alliance has also made loans to Brazil from U.S.-owned cruzeiros obtained from the sale of surplus agricultural commodities in Brazil. This form of assistance has followed the same priorities as dollar lending but has also been used to help break productivity bottlenecks by supplying agricultural and industrial enterprises with investment funds. These funds are made available to intermediate credit institutions which in turn provide

them to private enterprise. Over $170 billion cruzeiros, valued at $50 million (at a 3.2 rate of exchange) have been provided to Brazilian lending agencies which have made over 6,000 loans to private investors. A recent innovation in this program was the establishment of a special $30 million fund to provide medium and long-term credit to Brazilian businessmen and farmers for the importation of agricultural and industrial machinery from the United States.

Agriculture

Brazil is largely dependent on agriculture for its foreign exchange earnings, its internal investment capital, its domestic food and fiber needs. Agriculture produces 28 percent of the Gross National Product, 85-90 percent of foreign exchange, substantially all of the domestic food requirements and employs more than 50 percent of Brazilian workers directly and many more indirectly in agro-industries.

Although significant progress has been made in recent years, as evidenced by a continous 8 percent growth in food production from 1964-1967, Brazil's vast agricultural potential has barely been tapped. Although 50 percent of its area is in farms, only 4 percent is cropped and only 15 percent is in pasture. If Brazil is to provide for its own domestic needs, which are expanding due to population pressures, and to play a prominent role in helping meet world food needs, it must increase greatly its output of basic food crops.

The major problems have been:

1. lack of incentive to improve agricultural productivity (due to price controls, import and export restrictions, etc.);

2. lack of credit;

3. lack of and high prices for production inputs such as fertilizer and seed;

4. poor marketing facilities;

5. lack of education, research, extension facilities, trained personnel, information services, farm-to-market roads and other essential services.

In 1964-1966, major policy changes were made to reverse these past conditions which had stagnated agriculture. Changes were made to improve incentives to farmers through elimination of price controls and an improved price support program; to make credit available to more farmers; improve education; research and extension services and to reduce the costs of inputs (such as fertilizer in relation to prices received for agricultural products.

A.I.D. strategy has been to develop a base of technical know-how in key areas and encourage change in policies to make substantial investment feasible. U.S. development grants have concentrated on technical assistance for: a) improving and expanding applied crop and livestock research and extension (including fresh water fish); b) organization of national credit systems and agencies; c) development of a strong private seed industry; d) training of manpower on the university and secondary education level; e) development of research and planning capacity in the areas of economics, storage, and marketing.

Concommitant with technical inputs, A.I.D. strategy has included assistance in establishing needed price and investment policies as well as development of low cost farm production inputs. Thus, a loan program for fertilizer imports was begun in FY'64 and later supplemented with further loan funds to establish a domestic fertilizer industry.

Education

In Brazil, elementary, secondary and higher education face many of the same problems: shortages of teaching materials, books, classrooms, equipment and trained teachers. These deficiencies are, in turn, reflected by high illiteracy and drop-out rates and by a lack of trained manpower that hinders national development.

Given this situation, the highest priority for the Alliance in the field of education is both short and long-range planning and implementation with special emphasis on secondary education which has been identified as the principal bottle-neck in the whole system.

Two-thirds of the secondary schools are privately owned and charge tuition. Half of all municipios have no secondary schools and only 22 percent offer the full seven years. The secondary curriculum is heavily oriented toward formal academic preparation for university work despite the great need for technically trained workers. Only about half of the students who finish the fourth grade go on to secondary school and less than one-third of those who enter graduate.

The long-range strategy for U.S. assistance is to help Brazilian educators identify and measure critical problems, determine the causes, design plans for improvements and to mobilize the implementation forces required to carry out improvements. Long-range projects provide assistance to improve the output of elementary education, technical and financial assistance for expanding the secondary system and restructuring the system of higher education. Planning assistance to relate the educational system to development manpower needs is also provided.

Complimentary to the long-range strategy are a number of shorter range projects which embrace both the Northeast's special problems and more immediate needs for all of Brazil.

Through the Alliance for Progress, the U.S. has helped Brazil establish a major teacher training institute, establish schools of public and business administration, develop graduate schools of engineering, launch a literacy program in the Northeast, initiate a national textbook program, reorganize elementary education in the Northeast, engage in university administrative reform, and establish centers for preparing teachers of industrial vocational education. Major emphasis in the near future will be given to the planning and implementation of an expanded and improved secondary education system.

Health

Preventable infectious diseases enervate and kill Brazilians, especially children, at rates higher than in many other Latin American countries. Malnutrition saps the vigor of large segments of the population and stunts the normal growth of children. 30-35 percent of Brazilian manpower is under-productive because of poor health attributable to inadequate environmental sanitation. Health services, already inadequate, are not keeping pace with the rapidly growing increasingly urbanized population.

The long-range health strategy of the Alliance is to enable the Government of Brazil to develop institutions which will be able to deal with current and future health problems. The U.S. provides technical assistance in long-range health planning and administration to the Ministry of Health which receives Alliance funds for these purposes.

The U.S. is also assisting the Ministry of Health in combating communicable diseases whose control cannot wait for the over-all improvement of Brazilian institutions. A massive malaria eradication campaign receives both technical and financial assistance. The goal of this program is to eradicate malaria from Brazil by 1975. Support is also provided in the elimination of small pox, chagas disease, the bubonic plague and schistosomiasis. In the area of health manpower, assistance is provided to the Ministry for selected state health departments in the training of auxiliary health personnel. A major program for the installation of water and sewerage supply systems in urban areas is currently being organized. The goal of this latter program is to provide water to 70 percent of the urban population and sewerage services to 50 percent. In the field of nutrition, assistance is provided to the Ministry of Health in establishing public education programs and to expand nutrition research efforts. The School Lunch Program will be enlarged to provide lunches to 9 million school children and supplemental food to 3 million pre-school children by 1972. U.S. assistance will play a diminishing role as Brazil supplies increasing amounts of food for this purpose.

Through past assistance efforts, Brazil has established a major rural health service. This organization, similar to the U.S. Public Health Service, provides health services and water facilities to smaller communities, especially in rural areas.

The malaria eradication campaign, which began with U.S. assistance in 1958, is now providing protection against malaria for some 25 million Brazilians. A national water fund established in 1965 has already assisted eleven cities in establishing water and sewerage projects. A planning-evaluation-research unit has been established within the Ministry of Health. This unit is assisting the Ministry in the achievement of Brazil's National Health Policy of (1) intensification of the combat against communicable diseases; (2) improvement in the productivity of existing health care facilities; and (3) expansion of the network of local health units.

Development Planning and Administration

Among the serious problems which are impending a more rapid rate of development in Brazil are administrative inadequacies in the public sector which limit successful achievement of economic and social objectives. Of these, problems, one of the most difficult is the inability to attract and hold adequate numbers of qualified personnel. Consequently, there are insufficient numbers of planners, technicians, and administrators. Reasons for this situation include inadequate salary, low-prestige, and lack of promotion possibilities.

Other problems also serve to impede improvement of development planning and administration. For instance, adequate statistical data are not available for planning and management. Program budgeting has only recently been introduced and modern systems for accounting and reporting are still being developed. The municipal and state governments suffer from the same kind of deficiencies as the federal government with additional strains caused by population growth, urban migration, and fewer financial resources.

The strategy of the Alliance for Progress in this important area involves assisting Brazil to:

1. develop and institutionalize a development planning capability;

2. establish a system of household surveys to obtain statistical data on the population, prepare for the 1970 census, and to collect data necessary to compile an economic statistical series;

3. increase the effectiveness and equity of tax administration;

4. establish a centralized personnel office for revising pay classification and promotion policies;

5. facilitate self-help efforts of municipal and state governments by making financial and technical assistance available for development efforts;

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6. improve the budget and fiscal management of the federal government.

Early U.S. assistance in development planning and administration concentrated on training programs to provide needed talent for the public sector. This has meant building up Brazilian educational institutions to provide programs of study in public administration with the gradual introduction of graduate study. Five institutions have received help in establishing undergraduate and graduate programs in public administration. More recent accomplishments of the Government of Brazil assisted by U.S. technical advisors, include: a ten-year development plan and a three-year investment budget; re-organization of tax administration resulting in increased collections; initiation of the first national sample of households for collection of socio-economic data; and development of a quarterly allotment and consolidated cash account system for the federal government.

Infrastructure

A large part of the A.I.D. loan program plus related technical assistance helps Brazil develop the transportation facilities, power plants, water supply systems, and other facilities which are fundamental to economic development.

Serious inefficiencies and uncompetative rates in the maritime and railway systems have resulted in a pronounced shift of freight and passenger traffic to highway transportation. The resulting burden on this sector has been considerable. Loans in the transportation field emphasize the importance of road maintenance as well as the construction or improvement of major arteries. A.I.D. projects totalling $87 million are financing the procurement of maintenance equipment and the provision of technical assistance in highway maintenance in five Northeastern states and the States of Minas Gerais, Sao Paulo, Rio Grande do Sul, Santa Catarina, and Parana. In view of the deterioration of Brazilian highways, these projects will result in increased efficiency in a key public sector.

In highway construction, A.I.D. is assisting in the building of an additional two lanes between Sao Paulo and Rio de Janeiro, probably the most heavily traveled highway in Latin America, and in addition to highway maintenance, is financing separate road construction projects in the Northeast, Rio Grande do Sul, and Parana. A.I.D. programs have provided training to more than 1,250 Brazilian state and federal highway personnel and 90 Brazilian engineers. To support the development of air transportation we are supplying equipment to modernize air navigation systems on major air routes of the country.

Brazil has an abundance of relatively inexpensive hydro-electric resources, and since World War II, the Government has been engaged in an ambitious program to develop some of the country's best locations. A.I.D. supports the national power program and has made loans totalling more than $176 million to help provide more power for the South-Central industrial complex. Power projects in this area include the Peixoto Hydro-electric plant in Minas Gerais, the Santa Cruz Thermal Plant in Guanabara, and the Mascarenhas Hydro-electric plant in Espirito Santo, and transmission lines for the huge Furnas Hydro-electric system serving Rio de Janeiro and São Paulo. Similar projects are assisting the power sector in Minas Gerais, Mato Grosso and the Northeast of Brazil. In the first phase of the Northeast rural community electrification program, 44 of the 73 systems have been completed, and an additional 25 are underway. A.I.D. funding has also provided training for 32 key Brazilian power engineers and executives.

In an effort to aid the development of adequate water and sewerage systems for Brazilian cities and towns, A.I.D. has assisted in the establishment of a national community water supply loan fund with joint United States and Brazilian financing. This fund provides loans to municipalities which have approved plans for construction and maintenance of water and sewerage facilities and which are willing to provide self-help in the form of complementary loan financing. In addition, A.I.D. recently made funds available for the procurement of equipment to help maintain the water and sewerage system of Rio de Janeiro.

Housing

One of the most striking developments in Brazil in the past twenty years has been the rapid growth of the nation's urban areas. The large cities are currently growing at rates of 5-7 percent per year. Brazil's housing deficit is presently estimated at 8 million units; this deficit is growing at about 250,000 units per year. The housing shortage is clearly critical. In 1964, the Brazilian Government responded to this situation with the creation of the National Housing Bank (BNH). With tax resources at its disposal, authority to borrow abroad, and powers to create a private and public finance system, this institution has become an effective leader of those forces seeking to cope with the immense housing problem. A.I.D.'s efforts in this area have concentrated on strengthening the BNH's institutional capacity through technical assistance and training grants and on giving support to selected pilot projects in low-cost housing and urban planning. Over 30 Brazilians have been training in savings and loan operations, cooperative housing, urban planning, and community development. The São Paulo Master Plan, a scheme for total city development, was prepared with U.S. short-term technical assistance. Cruzeiro loans and grants have also helped finance pilot housing projects in each of the Northeastern states, as well as in those of Guanabara and Rio Grande do Sul.

A recent $18 million housing guarantee program will create mortgage financing for privately-financed housing and will put into effect a trust arrangement to support community development activities.

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Labor

Trade Union development in Brazil has suffered from a variety of complex problems. The history of the movement reflects a tradition of government patronage which, in fact, has resulted in restrictions on collective bargaining and wage negotiations. In the early 1960's the unions were infiltrated by anti-democratic elements, and in 1964 when the government felt compelled to remove the then existing leadership, the unions were faced with a shortage of competent, mature and democratically-oriented trade union leaders. These problems are compounded by inadequate government facilities in employment services, labor statistics and vocational training programs.

The objective of the U.S.A.I.D. labor program is to strengthen the development of the free democratic trade union movement as an independent institution which will play an effective and responsible role as representative of the working population.

The U.S. program seeks to maximize the direct consultation and collaboration between American and Brazilian trade unionists under a "union-to-union" exchange through which Brazilian delegations visit the U.S. and observe first-hand the representative and constructive role organized labor plays in U.S. society. The Brazilians later receive return visits from the American host unions.

The U.S. also channels resources and assistance through the American Institute for Free Labor Development (AIFLD). AIFLD's activities include urban and rural social projects and labor leadership training.

Finally, the U.S. program provides technical assistance to the Ministry of Labor to assist it in improving services in such areas as labor statistics, employment services, safety standards, and wage and manpower administration.

Public Safety

In Brazil the responsibility for maintaining law and order has traditionally rested with the individual states. The role of the Federal Police Forces has been limited to enforcement of federal laws and regulations.

Because many of the states lack the economic resources to train and equip their forces adequately, the U.S. has assisted the Brazilian Government in a program to: a) modernize the equipment of existing police agencies through the purchase of special equipment, particularly in the field of communications; b) provide in-service training for existing forces and pre-service training for new recruits, and c) assist the Federal Government to establish federal service agencies such as a National Police Academy, a National Crime Laboratory, a National Identification and Records Bureau, and a Corps of Federal Investigators.

Food for Freedom

To help Brazil meet its food requirements and to advance development, the United States each year supplies tons of agricultural commodities through PL-480 grants and sales. Under the sales program, the U.S. sells wheat to Brazil for dollars. This wheat is sold in the country by the Brazilian Government for cruzeiros which it then puts to use for development purposes such as building roads, financing water supply systems, building classrooms and improving slum areas. In October 1967, the two governments agreed to use all cruzeiros from a 500,000 ton wheat sale valued at $33 million to improve agricultural research, credit, and production and distribution systems. Accordingly, the sales proceeds will be loaned to cooperatives for improving marketing, grain handling and storage facilities. Loans will also be made to farmers for long-term farm improvements and for application of modern technology such as use of seeds, limestone, fertilizers and technical services. The remainder of the sales proceeds will be used for construction of farm-to-market roads, rural community self-help projects, and support for other priority agricultural development activities now underway.

Under grant programs, PL-480 foods have helped Brazil to initiate the National School Lunch Campaign in all twenty-two states of the nation. The U.S. food commodities supplement what Brazil supplies to the schools and eventually the food will come from completely Brazilian sources. This campaign, coupled with other child feeding programs, is reaching 7,000,000 youngsters through approximately 70,000 schools and other institutions.

Since 1962, increased emphasis has been placed on the "food for effort" principle, whereby food recipients contribute their labor for community improvement projects, whether distributed under the asupices of the Government of Brazil or United States voluntary agencies. With U.S. commodities as a catalyst, projects have been organized to create poultry and livestock cooperatives, to build rural and penetration roads, to initiate community development activities, to expand adult literacy training programs, and to promote colonization within Brazil.

Partners of the Alliance

It is U.S. policy to promote development through private initiative and with the use of private resources. The Partners of the Alliance is a program designed to encourage and coordinate the activities of non-governmental groups in the U.S. interested in cooperating with similar organizations in other countries including Brazil. This program recognizes that cooperation is a joint venture, and that both Brazil and the U.S. have much to offer each other.

The "Partners" program operates through state committees in each country which coordinate the activities of community organizations, business, professional, educational, labor unions, service groups, state or city institutions, and even private individuals in the U.S. and Brazil.

As of December 1967, ties had been established between the following fourteen Brazilian "Partners" committees and U.S. state committees: Colorado-Minas Gerais, Connecticut-Paraiba, the District of Columbia-Brasilia, Illinois-Sao Paulo, Indiana-Rio Grande do Sul, Maine-Rio Grande do Norte, Marylard-Rio de Janeiro, Missouri-Para, New Jersey-Alagoas, Ohio-Parana, Pennsylvania-Bahia, Tennessee-Amazonas, Virginia-Santa Catarina, and Wyoming-Goias. It is planned that all 22 Brazilian states will have a U.S. "Partner" by 1970.

The 1,500 projects sponsored by the various committees, have included the presentation of sample collections of Brazilian gem-stones for use in the Colorado school system, the delivery of surplus hospital equipment to Brazil, cash contributions from U.S. Partners committees to small impact projects sponsored by Brazilian "Partners" and the exchange of students from Partner states. However, equally important, is the goodwill, friendship, and understanding growing out of these exchanges and the cultural and education programs arranged by the various Partners groups.

Northeast

The vast nine-state region of the Northeast, two-thirds as large as the United States east of the Mississippi, has long been afflicted with severe poverty, natural disaster, and structural under-development. The average per capita yearly income of $140 is roughly one-half that of the country as a whole. In 1962, there were fewer than 1,725 miles of paved highway. In 1960, the Northeast contained only 7 percent of the electric power generated in Brazil, although it had 30 percent of the population; only some 40 percent of the school-age population was attending school. In 1959, the Brazilians reversed the traditional policy of indifference to the Northeast and established SUDENE, a regional development agency with broad powers to plan, organize and implement comprehensive change in the area. The U.S. response followed in 1962 with the signing of a joint commitment with SUDENE to provide some $131 million of U.S. technical and capital assistance to the Northeast.

A short-term program was started concentrating in such "impact" projects as school construction for primary education, improvement of community water suppliers, the development of rural electric cooperatives, and the provision of health services in rural areas. At the same time, programs with a longer range pay-off were started such as surveys of the region's water and mineral resources, construction of highways, development of hydroelectric power, and the training of the human resources of the area. The latter included teacher training programs, vocational education, and training in public administration. Examples of other long-range projects undertaken in these areas include surveys of river basins for irrigation, hydroelectric, and fishery development; pavement of sections of all-weather highways; the provision of highway maintenance and repair equipment; the expansion of two large-scale hydroelectric facilities; and the organization and support of a Northeast industrial development agency. Projects in agricultural research, marketing, and production have been undertaken and preliminary studies have been made for an agrarian reform program which would include the moderization and diversification of the sugar zone.

TABLE I

A.I.D. Dollar Grants and Loans to Brazil by Sectors through June 30, 1968

(Millions of Dollars)

	FY 61 & Prior	FY 62	FY 63	FY 64	FY 65	FY 66	FY 67	FY 68	Total
Program Loans	$50.0	$24.5	$25.5	$50.0	$150.0	$150.0	$100.0	75.0	625.0
Agriculture (Grants)	4.8	.6	5.5	2.6	.4	1.1	3.1	2.3	20.4
(Project Loans)	.2	-	-	15.0	-	20.0	14.8	13.4	63.4
Education 1/ (Grants)	9.8	3.8	5.9	2.3	2.8	2.6	3.9	4.4	35.5
(Project Loans)	-	-	-	-	-	-	-	32.0	32.0
Health and Water Sanitation (Grants)	15.0	2.4	4.5	1.5	.3	.4	.4	.4	24.9
(Loans)	-	-	-	6.5	-	5.1	-	25.7	37.3
Development Administration (Grants)	7.2	.9	.4	.1	1.0	1.3	.9	.8	12.6
(Loans)	-	-	-	-	-	-	-	5.8	5.8
Natural Resources (Grants)	3.6	.4	1.1	.8	.8	.8	1.1	.5	9.1
(Loans)	-		-	-	-	11.0	8.4	-	19.4
Industry and Commerce 2/ (Grants)	.4	.1	.1	1.4	1.1	.8	1.1	.4	5.4
(Loans)		-	9.4	7.4	2.8	-	-	-	19.6
Power (Grants)	-	-		.2	.1	.2	.1	.1	.7
(Loans)	-	-	15.5	56.0	51.4	22.2	43.0	28.1	216.2
Transportation (Grants)	3.0	.3	1.8	.5	.3	.5	.3	.3	7.0
(Loans)	-	-	11.0	30.1	15.9	20.4	31.7	-	109.1
Housing and Urban Development (Grants)	.9	-	.1	.1	.4	.1	.2	.2	2.0
(Loans)	-	-	-	-	-	-	-	-	-
Labor (Grants)	.9	-	.1	.1	.7	.5	.2	.9	3.4
(Loans)	-	-	-	-	-	-	-	-	-
Public Safety (Grants)	1.3	.6	1.3	1.1	.7	.5	.6	.6	6.7
(Loans)	-	-	-	-	-	-	-	-	-

		FY 61 & Prior	FY 62	FY 63	FY 64	FY 65	FY 66	FY 67	FY 68	Total
Partners	(Grants)	-	-	-	-	-	-	.1	.1	.2
	(Loans)	-	-	-	-	-	-	-	-	-
Food for Peace	(Grants)	.3	-	-	.1	.4	.4	.4	.2	1.8
	(Loans)	-	-	-	-	-	-	-	-	-
General	(Grants)	6.2	1.1	2.5	2.8	3.4	4.1	2.3	1.7	24.1
	(Loans)	-	-	-	-	-	-	-	-	-
Total	(Grants)	53.3	10.1	23.4	13.2	12.4	13.2	14.7	12.9	153.2
	(Loans)	50.2	24.5	61.4	165.0	220.0	228.7	197.9	180.0	1,127.8

1/ Includes Agricultural Education.

2/ Includes Development Banks.

NOTE: Discrepancies in total figures and addition of components is due to rounding.

Figures FY 61 & Prior - FY 67 are net figures.
Figures for FY 68 are gross figures subject to adjustment.

ARA/IA/BR:VSMurray/ECampbell 8/15/68

Food for Peace by Fiscal Years
(Millions of Dollars)

	1961 & Prior	1962	1963	1964	1965	1966	1967	1968 1/	Total
Title I - Sales Agreements									
I-Vth Agreements (Country Uses)	220.0	44.0	32.6	115.9	-	-	-	-	412.5
VIth Agreement (Credit) (Previously Title IV)	-	-	-	-	-	28.3 2/	-	-	28.3 2/
VIIth Agreement (Credit)	-	-	-	-	-	-	-	66.9 3/	66.9 3/
Title II - Donations									
Emergency Relief and Development	-	23.4	.4	18.6	6.6	33.9	9.7	9.7 4/	102.3
Voluntary Relief Agencies	21.4	6.8	15.6	25.9	18.3	16.5	12.3	11.0 4/	127.8
TOTALS	241.4	74.2	48.6	160.4	24.9	78.7	22.0	87.6	737.8

Local Currency Programs (Millions of Dollars Generated by Title I Sales Agreements I - V) 5/

Grants	17.0	5.9	9.3	18.4	43.1	18.3	7.9	-	102.9
Loans	-	-	11.9	42.1	147.2	52.3	14.7	-	285.2
TOTALS	17.0	5.9	21.2	60.5	190.3	70.6	22.6	-	388.1

1/ 1968 preliminary figures subject to adjustments.

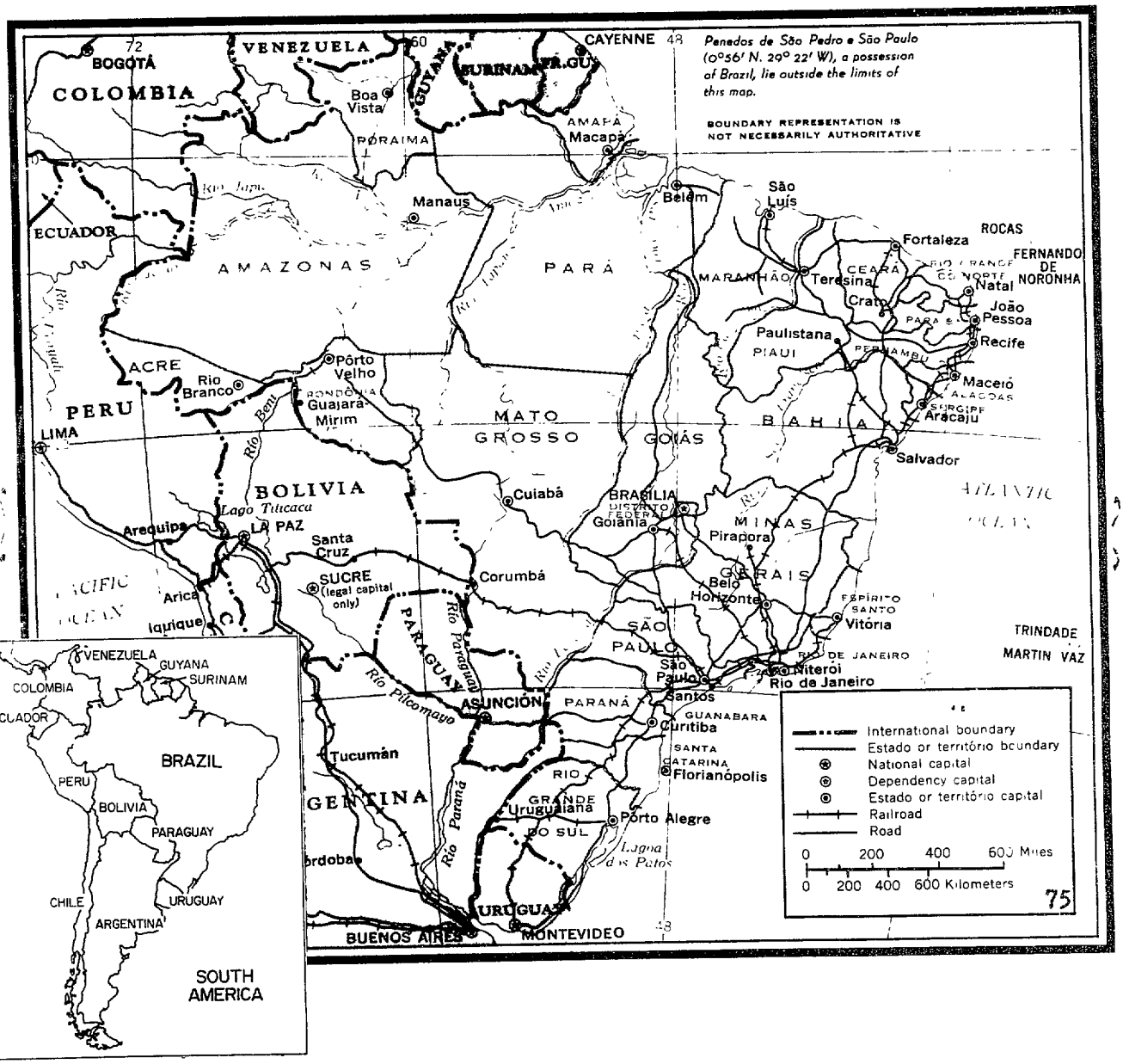
2/ Total value of agreement was $63.7 for one million tons of wheat plus ocean freight. Only 421,000 tons were delivered valued at $27.1 plus $1.2 ocean freight. (Figures from Department of Agriculture).

3/ Value of sales agreement less 5% initial payment.

4/ 1968 figure is approved program; other years are authorizations.

5/ Cruzeiros converted at average of Cr$ 572 to $1.00 (NCr$.572).

BRAZIL


Penedos de São Pedro e São Paulo (0°56′ N. 29° 22′ W), a possession of Brazil, lie outside the limits of this map.
BOUNDARY REPRESENTATION IS NOT NECESSARILY AUTHORITATIVE
BOGOTÁ
COLOMBIA
VENEZUELA
GUYANA
SURINAM
FR. GUI
CAYENNE
Boa Vista
RORAIMA
AMAPÁ
Macapá
Manaus
Belém
São Luís
ECUADOR
AMAZONAS
PARÁ
MARANHÃO
Fortaleza
ROCAS
FERNANDO DE NORONHA
CEARÁ
Teresina
Natal
Crato
João Pessoa
Recife
Paulistana
PIAUÍ
PERNAMBUCO
Maceió
ALAGOAS
SERGIPE
Aracaju
ACRE
Rio Branco
Pôrto Velho
RONDÔNIA
Guajará-Mirim
PERU
LIMA
MATO GROSSO
GOIÁS
BAHIA
Salvador
BOLIVIA
Lago Titicaca
Cuiabá
BRASÍLIA
DISTRITO FEDERAL
Goiânia
MINAS GERAIS
Pirapora
Arequipa
LA PAZ
Santa Cruz
SUCRE (legal capital only)
Corumbá
Belo Horizonte
ESPÍRITO SANTO
Vitória
Arica
Iquique
SÃO PAULO
RIO DE JANEIRO
Niterói
Rio de Janeiro
São Paulo
Santos
PARAGUAY
ASUNCIÓN
PARANÁ
GUANABARA
Curitiba
SANTA CATARINA
Florianópolis
Tucumán
RIO GRANDE DO SUL
Uruguaiana
Pôrto Alegre
Lagoa dos Patos
URUGUAY
MONTEVIDEO
BUENOS AIRES
TRINDADE
MARTIN VAZ
Rio Paraná
Rio Paraguay
Rio Pilcomayo
International boundary
Estado or território boundary
National capital
Dependency capital
Estado or território capital
Railroad
Road
0 200 400 600 Miles
0 200 400 600 Kilometers
75
VENEZUELA
GUYANA
SURINAM
COLOMBIA
ECUADOR
BRAZIL
PERU
BOLIVIA
PARAGUAY
CHILE
URUGUAY
ARGENTINA
SOUTH AMERICA

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BRAZIL

SUMMARY OF BASIC DATA

NATURAL RESOURCES

CLIMATE AND TOPOGRAPHY .. Brazil extends from Venezuela and the Guianas north of the equator to Uruguay 2,600 miles southward; its east-west dimension is 2,700 miles. It has an Atlantic coastline of over 4,800 miles. Although situated almost wholly in the torrid zone, such factors as altitude, prevailing winds, rainfall and distance from the ocean combine to vary the climate from tropical to temperate. In the north is the heavily wooded and largely unsettled basin of the Amazon River, the south is a vast dissected plateau sloping inland from coastal mountain ranges; the central western part has swampy lowlands.

AREA ..... 3,286,000 square miles. Brazil, the largest country in South America, is three times larger than Argentina, the second largest country, and larger than the U.S. excluding Alaska.

AGRICULTURAL LAND ..... 15 percent of the total land area; low for the region. Per capita agricultural land is 4 acres. Most fertile and productive land is in the central and southern regions; much of the Amazon jungle is not included as agricultural land.

MAIN CROPS ..... Coffee, the most valuable crop, and cotton are Brazil's chief exports. Corn, rice, sugar, beans, milk, and livestock are other important products. Brazil produces only a small portion of its wheat requirements.

FORESTS ..... More than half of Brazil's total area is forested, but most of the hardwood trees comprising most of the forests are difficult to exploit commercially. Commercially valuable pine is found and utilized in the southern states.

FISHERIES ..... Although the fish catch is increasing, the fishing industry is not well developed.

MINERALS ..... Brazil has enormous undeveloped mineral resources. It has large reserves of high-grade iron ore and substantial sources of high-grade quartz crystal. It produces 52 percent of the free-world output of tantalite, and 39 percent of its beryllium. Other minerals include chromite, manganese, mica, zirconium, bauxite, monazite (thorium) and industrial diamonds.

FUELS ..... Coal reserves are estimated at 5 billion tons; petroleum reserves, though only partially explored, are thought to be large.

RIVER RESOURCES ..... The Amazon Basin has a network of rivers navigable for 15,000 miles and is the largest river system in South America. The Amazon is navigable by ocean steamers to Iquitos, Peru, 2,300 miles upstream. Southern Brazil is drained by the Plata system: The Paraguay, Uruguay, and Parana Rivers. All told, there are 27,000 miles of navigable inland and coastal waterways. Hydroelectric potential is large.

DISTRIBUTION OF GNP ..... About 31% of the GNP comes from agriculture; 25% from manufacturing, mining, electricity, and construction; 12% from commerce; 11% from services, and 21% from other. (1965)

HUMAN RESOURCES

POPULATION ..... 86.5 million (1967).

Annual growth ..... 3.0 percent.

Immigration ..... About 24,000 per year, chiefly Portuguese, Japanese, Italian, and Spanish; 80 percent must be farmers or skilled workmen.

Density ..... 26 per square mile; relatively low for the region.

Concentrations ..... Urban, 46%. About 90 percent of the population lives in the central plateau and the narrow coastal plain along the Atlantic. The tropical river basin of the Amazon, comprising over a third of the total area, is sparsely settled except for tribal Indians.

Composition ..... 60 percent white; 26 percent Mestizo; 11 percent Negroes and 3 percent Asiatics and unspecified. Original settlers Portuguese; there has been a widespread intermixture of the races including the native Indians. Portuguese is almost universally the spoken language.

Religion ..... Over 90 percent of the population is Roman Catholic; connection between Church and State was abolished in 1956.

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SUMMARY OF BASIC DATA (CONT'D)

LABOR FORCE ..... 23 million (1960).
Distribution ..... 52% in agriculture, 3% in mining, 9% in manufacturing, 7% in commerce, 12% in services, 5% in transportation and communications, 12% in other, (1960).

EDUCATION
Literacy ..... 61% of the population over 9 years are literate. (1960).
Teachers ..... 351,500 primary (1965); 81,200 secondary, 30,300 vocational, 20,800 teacher-training, 30,900 higher, (1964).
Schools ..... 124,500 primary (1965); 4,800 secondary, 2,200 vocational, 1,700 teacher-training, 1,300 higher, (1964).
Number of Students .. 9,923,200 primary, 1,553,700 secondary, 380,500 vocational, 220,300 teacher-training, 150,000 (estimate) higher, (1965).

HEALTH
Life expectancy ..... 55 years (1965).
Infant mortality .... 79 per 1,000 live births (Sao Paulo,1963).
Physicians ..... One per 2,500 persons (1962).
Hospital beds ..... 320 per 100,000. (1962)
Diet ..... Calorie intake 2,710 (1959-61) per capita; diet is fairly normal in protein content, particularly in the larger cities.
Main diseases ..... Tuberculosis, intestinal and heart diseases prevail to a high degree.

TRANSPORT, POWER & INDUSTRY

RAILROADS ..... 22,700 miles (1962); largely federally and state-owned. In need of maintenance and modernization. Some lines are uneconomic. Proportion of freight moved by rail is declining.

ROADS ..... 341,700 miles (1966). Road network is being expanded and improved. Improvements have drawn traffic away from railroads and coastal shipping. System inadequate for growing needs.

MERCHANT SHIPPING ..... About half of Brazil's 1,279,000 gross registered ton fleet (1966) is engaged in the important coastal trade. Inland water transport is relatively important. Port congestion and lack of a well coordinated transport plan hinder efficient use of resources.

HARBORS ..... There are 30 principal seaports and about 90 river ports which are open to ocean shipping along the Brazilian coast; however, port congestion is frequent since facilities for cargo-handling and storage have not kept pace with expanding tonnage, and lack of maintenance dredging has reduced depth alongside docks.

ELECTRIC POWER ..... Present supply adequate but considerable expansion necessary to keep pace with growth in demand. Hydroelectric plants account for three-quarters of total capacity.

MANUFACTURING ..... Iron, steel and metalworking industries show continuous increase in growth, followed by the textile, food and beverage industries. Both light and heavy industrial development is proceeding at a rapid pace.

MINING ..... Brazil is an important source of quartz crystal and beryl, sheet mica, manganese ore, monazite, iron ore, and tungsten concentrates as well as other minerals.

FUELS ..... Coal and petroleum output has remained relatively constant in recent years, considerably below consumption requirements. Gap between requirements and petroleum met by imports.

FOREIGN TRADE PATTERN

EXPORTS ..... Coffee accounts for a little over 50 percent of total exports. The U.S. is Brazil's best customer; Germany is second.

IMPORTS ..... About one-third of the commodity imports are from the U.S.; Germany, Venezuela, and Argentina rank next in importance as suppliers. Imports are diversified with machinery, iron and steel, and petroleum products among the leaders.

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SELECTED ANNUAL TRENDS

BRAZIL

†	ITEM	UNIT	1958	1964	1965	1966	1967	1968
1	A. **POPULATION:** (Annual Growth: 3.0%) (Midyear) (Percent Urban: 46%)	Thousands	65,750	78,427	80,766	83,175	85,655	88,225
	PRODUCTION							
2	B. AGRICULTURE[a]							
	1. Total production index	1957-59=100	97	108	140	121	129[P]	
	2. Per capita production index	"	97	90	114	95	99[P]	
	3. Food production index	"	98	129	147	136	146[P]	
	4. Per capita food production index	"	98	108	119	107	112[P]	
	5. Corn	1,000 MT	7,370	9,408	12,112	10,013	12,400[P]	
	6. Rice, rough	"	3,829	6,345	7,580	5,800	7,000[P]	
	7. Coffee	"	1,860	600	2,262	1,260	1,380[P]	
	C. INDUSTRY/MINING							
1	1. Manufacturing production index	1963=100	68	105[E]	100[E]	111[E]		
	2. Cement	1,000 MT	3,790	5,530	5,630	6,050	6,410	2,900[E] (5 mos)
	3. Steel ingots	"	1,362	2,940	2,890	3,580		
	4. Motor vehicles	Thousands	61	184	185	225	225	102 (5 mos)
3	5. Mining production index	1963=100	51	121	128	150		
1	6. Petroleum, crude	1,000 MT	2,470	4,350	4,490	5,540	6,980	1,930 (3 mos)
	7. Iron ore (metal content)	"	3,530	11,530	12,350	14,280	12,700[E]	
	D. MARINE/FORESTRY							
1	E. ELECTRICITY							
	1. Total production	Mill. KWH	19,760	29,100	30,130	32,650		
	2. Per capita production	KWH	300	370	370	390		
4	F. **GROSS NATIONAL PRODUCT****							
	1. Total GNP, current prices	Mill. new cruzeiros	1,304	18,726	30,405	43,844	59,000[E]	
	2. Total GNP, current prices	Mill. US $	c	11,000	17,900	25,790	28,000[E],b	
	3. Total GNP, 1966 dollars	"	17,540	23,780	24,700	25,790	27,100[E]	
	4. Plus imports of goods & services	"	1,676	1,522	1,549	1,994	+485[E]	
	5. Minus exports of goods & services	"	-1,409	-1,548	-1,757	-1,882		
	6. Equals Total Available Resources	"	17,807	23,754	24,492	25,902	27,585[E]	
	7. Private consumption	"	12,059	15,444	17,304	18,584	24,085[E]	
	8. Gov't consumption (incl. defense)	"	2,934	4,464	3,881	3,595		
	9. Gross fixed investment	"	2,846	3,321	2,687	3,335	3,500[E]	
	10. Change in stocks	"	-32	525	620	388		
	11. Change in total GNP (1966 dollars)	Percent	+6.6%	+3.1%	+3.9%	+4.4%	+5.1%[E]	
	12. GNP per capita (1966 dollars)	Dollars	265	303	306	310	316[E]	
	DOMESTIC FINANCIAL DATA							
	G. PRICE INDEXES							
5	1. Wholesale prices (excl. coffee)	1963=100	14	182	278	390	494	569 (4 mos)
5	2. Cost of living: Sao Paulo	"	15	186	300	439	569	656 "
6	3. Cost of living: Guanabara	"	16	192	318	449	586	661 "
5	H. MONEY SUPPLY INDEX⊕	1963=100	13	186	326	379	539	
7	I. CENTRAL GOVERNMENT FINANCES[d]	Mill. new cruzeiros		Fiscal years ending December 31				
	1. Domestic revenues, total	"	n.a.	2,582	4,602	7,076	8,939[P]	12,228[e]
	2. Expenditures, total	"		4,421	5,650	8,042	10,158[P]	12,645[e]
	3. Deficit or surplus	"		-1,839	-1,048	-966	-1,219[P]	-417[e]
	Method of Financing:							
	4. Foreign grants and loans	"		222	303	606	n.a.	
	5. Domestic borrowing and reserves	"		1,617	745	360		
	II. EXTERNAL PUBLIC DEBT			Not Available				

† - Numbers indicate basic sources listed on next page. n.a. or blank space = Not available; a dash indicates zero.
* - Less than one-half the unit shown. ** - Converted at estimated effective exchange rate of 1.7 new cruzeiros per US$.
P - Preliminary. E - Estimate. ⊕ - End of period.

a - Bulk of production in calendar year stated. b - Converted at estimated effective exchange rate of 2.1 new cruzeiros per US$. c - Current rate not applicable. d - See page 9 for footnotes. e - Budget.

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BRAZIL

SELECTED ANNUAL TRENDS (cont'd)

†	ITEM	UNIT	1958	1964	1965	1966	1967	1968
	FOREIGN TRADE							
5	J. COMMODITY TRADE							
	1. Exports, f.o.b.	Mill. US $	1,243	1,430	1,595	1,741	1,654	526(4 mos)
	2. Imports, c.i.f.	"	-1,353	-1,263	-1,096	-1,496	-1,667	-599[E] "
	3. Trade balance	"	-110	167	499	245	-13	-63 "
8	SELECTED TRADING PARTNERS							
	K. Exports to: 1. United States	Mill. US $	534	475	499	581	548	
	2. Germany	"	79	134	141	134	135	
	3. Argentina	"	107	91	141	113	98	
	4. Communist bloc	"	46	89	89	107	97	
	L. Imports from: 1. United States (c.i.f.)	"	483	437	326	590	572	
	2. Germany	"	141	103	96	135	168	
	3. Argentina	"	88	116	132	117	123	
	4. Communist bloc	"	29	69	64	73	80	
	M. MAIN EXPORTS (f.o.b.)							
5	1. Coffee	Mill. US $	688	760	707	764	705	240(4 mos)
5	2. Cotton, raw	"	25	108	97	111	91	18 "
5	3. Iron ore	"	39	81	103	100	103	35 "
9	4. Sugar	"	57	33	57	81	85[E]	36 "
9	N. MAIN IMPORTS (c.i.f.)[a]							
	1. Food	Mill. US $	157	286	202	275[P]	86[P] (3 mos)	
	2. Petroleum and products	"	281	215	193	307	53[P] "	
	3. Machinery and trans. equip.	"	520	309	244	382	97[P] "	
5	O. PRICES OF MAIN EXPORTS							
	1. Coffee (Santos No. 4: N.Y.)	US$/100 lbs.	48.41	47.36	44.78	40.79	37.93	37.46(5 mos)
	2. Cocoa (Bahia: N.Y.)	"	43.35	23.15	16.91	23.04	26.35	28.64 "
1	P. TERMS OF TRADE (Exp ÷ Imp)	1963=100		114	122	111		
	1. Export prices (incl. coffee)	"	120	114	129	121		
	2. Import prices	"	91	100	106	109		
	PAYMENTS & RESERVES							
10	Q. BALANCE OF PAYMENTS (selected items)							
	1. Balance on goods and services	Mill. US $	-267	26	208	-112	-485[E]	
	2. Private direct investment	"	227	86	154	159		
	3. Official grants (net)	"	3	31	36	34		
	4. Official loan receipts (net)	"	-43	51	150	239		
	R. OFFICIAL RESERVES, GROSS⊕	Mill. US $	465	252	505	409	204	306(Mar)
	1. Gold	"	325	91	63	45	45	45 "
	2. IMF gold tranche	"	-	-	-	12	12	12 "
	3. Foreign exchange	"	140	161	442	352	146	248 "
	S. OTHER OFFICIAL FOREIGN ASSETS, GROSS⊕	"						
5	T. COMMERCIAL BANK FOREIGN ASSETS, GROSS⊕	"	16	53	79	103	123	111(Feb)
5	U. OTHER ASSETS⊕ b	"	102	162	156	176(Nov)		
5	V. CENTRAL BANK LIABILITIES⊕	"	154	1,187	1,171	1,001(Nov)		
5	W. COMMERCIAL BANK LIABILITIES⊕	"	34	18	50	51	64	75(Feb)
5	X. EXCHANGE RATE (official)⊕							
	1. Free rate	Cruz.per US$	138.5	1,850	2,220	2,220	2.715[c]	3.220[c](May)

† BASIC SOURCES:
1. UN "Statistical Yearbook" and "Monthly Bulletin" of Statistics."
2. USDA - Economic Research Service.
3. AID/W.
4. National data, adjusted by USAID and PPC/SRD.
5. IMF "International Financial Statistics."
6. Pan American Union "America En Cifras."
7. Based on USAID replies to AID Form 10-74 as adjusted by AID/W.
8. IMF "Direction of Trade."
9. UN "Yearbook of International Trade Statistics."
10. Data based on IMF reports. (see page 11)

n.a. or blank space = Not available; a dash indicates zero. ⊕ - End of period. E - Estimate. P - Preliminary.
a - Based on "Standard International Trade Classification." b - Largely inconvertible currencies. c - The cruzeiro was devalued on February 13, 1967; the figures quoted are "new cruzeiros" per US$.

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