



Dr Maria Pintasilgo

Portugal budget deficit increases

By Jimmy Burns in Lisbon

THE PORTUGUESE budget deficit for this year will be at least 130bn escudos (\$2.63bn), 30bn escudos more than the official target set by the Government of Dr. Carlos Mota Pinto before its resignation in June.

The revised estimate is the reason for a number of amendments to the 1979 budget which has led to an extension of the present session of Parliament.

Debate on specific requests for increases in expenditure and new tax provisions began yesterday and is scheduled to last until September. This will delay the long-awaited dissolution of Parliament by President Antonio Ramalho Eanes and the setting of a firm date for the autumn election.

The revised budget forecast is based on a more "realistic" assessment by the caretaker Government of Dr Maria de Lourdes Pintasilgo of Portugal's budgetary discipline. Last year the initial projected deficit was 40 per cent lower than the actual deficit and the pattern is not expected to change much in 1979.

The political crisis surrounding the downfall of the Mota Pinto Government and the subsequent delay in the adoption of sales tax measures has been aggravated further by widespread tax evasion and a badly structured tax system.

The new Government is also expected to seek parliamentary approval for an increase in certain items such as subsidies to the public sector. At the same time the Government is to announce increases in controlled prices, including transport and electricity, to make subsidy allocations more compatible with the financial needs of public enterprises. Previous measures aimed at the capital restructuring of these enterprises have proved ineffectual.

● Mr Michael O'Kennedy, Ireland's Foreign Minister, and the current president of the EEC's Council of Ministers has arrived in Portugal for three days of talks with Portuguese Government officials.

Following an initial meeting with Sr Joro Freitas Cruz, Portugal's Foreign Minister, Mr O'Kennedy said that he hoped his visit would increase the pace of negotiations for Portugal's entry to the Common Market.

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