

Lula Vows Again to Keep Palocci as Brazil's Finance Minister

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Brazilian President Luiz Inácio Lula da Silva ratified his "full confidence" in Finance Minister Antonio Palocci and considers "normal" the controversy with cabinet chief Dilma Rousseff regarding the magnitude of the fiscal surplus.

"Palocci has my full and total confidence and Brazil owes him very much", said Lula da Silva Saturday in an interview with several broadcasting stations in São Paulo.

The Brazilian President went on to enumerate the results of Mr. Palocci's three year performance particularly in containing inflation, growth, job creation and foreign trade.

"I'm not sure an economist would have achieved what Mr. Palocci has done with Brazil's finances", he added.

"Mr. Palocci will continue as my Finance Minister", he highlighted.

The 45 year Minister, who's actually a doctor, had been under attack during recent weeks from Ms. Rousseff regarding his orthodox fiscal policy and allegations of corruption from the time he was mayor of the city of Ribeirão Preto, São Paulo state (2000/2002).

President Lula brushed aside the controversy with Rousseff who has publicly questioned Palocci's objective of establishing a long term adjustment program and demanded more flexibility regarding budget outlays.

"It's normal for two ministers to disagree until government doesn't make a decision", insisted the Brazilian President.

"Palocci is an extremely important minister for the government. Dilma Rousseff is an extremely important minister for the government".

President Lula said that Palocci acts as "any treasurer, as anybody responsible for finances anywhere in the world" preventing expenses to surpass income. As to the corruption claims against Mr. Palocci, President Lula said he was convinced that if his minister was invited to testimony before a Congressional committee, he will go, "because who's clean has nothing to fear".

In the Congressional hearing last Wednesday Mr. Palocci explained the extent of his economic and tight fiscal policy, but could yet be summoned to testify before another committee that is investigating alleged corruption scandals involving the ruling Workers Party and which has seen several ministers and Congress members resign.

The more political wing of the Brazilian cabinet questions Palocci's tight money policy and budget inflexibility looking ahead to the 2006 re-election chances of President Lula.

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