

Brazil's New Finance Czar Goes to War Against Inflation and High Interests

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Brazil's new Economy Minister, Guido Mantega, said that Brazil needs "civilized interest rates" signaling the first difference with his predecessor Antônio Palocci who was forced to resign on claims of corruption.

"Brazil needs civilized interest rates with which to stimulate production and consumption. Inflation is under control and there's nothing impeding lower rates", said Mr. Mantega. (Inflation in Brazil is in the range of 4.5 to 5.5%).

"It's unanimous in Brazil that the basic interest rate of 16.5% could be lower, although evidently we can't be soft in the combat of inflation because that is sacred".

"Preserving the fight against inflation is essential, we need much lower rates. The Central Bank is already working on that," added Mr. Mantega.

The resignation of Palocci Monday, March 27, and of his trusted Deputy Murilo Portugal shocked the Brazilian stock exchanges and the US dollar jumped 2,5% and the country risk five points to 245.

Mr. Mantega's statements were interpreted as an effort to calm markets and his stance as a full collaborator of the economic policies sponsored by Palocci when the now minister was head of the Planning Office and later president of the Social Development Bank.

"These last three years I've worked in syntony with Minister Palocci and helped to construct the current policies: fiscal responsibility, fighting inflation and above all development," highlighted Mr. Mantega.

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