

## [The Monetary and Fiscal History of Brazil, 1960-2016](#)

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Brazil has had a long period of high inflation. It peaked around 100 percent per year in 1964, decreased until the first oil shock (1973), but accelerated again afterward, reaching levels above 100 percent on average between 1980 and 1994. This last period coincided with severe balance of payments problems and economic stagnation that followed the external debt crisis in the early 1980s. We show that the high-inflation period (1960-1994) was characterized by a combination of fiscal deficits, passive monetary policy, and constraints on debt financing. The transition to the low-inflation period (1995-2016) was characterized by improvements in all of these features, but it did not lead to significant improvements in economic growth. In addition, we document a strong positive correlation between inflation rates and seigniorage revenues, although inflation rates are relatively high for modest levels of seigniorage revenues. Finally, we discuss the role of the weak institutional framework surrounding the fiscal and monetary authorities and the role of monetary passiveness and inflation indexation in accounting for the unique features of inflation dynamics in Brazil.