

Brazil and the liquidity trap: are legislative adaptations necessary?

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Abstract

With high-interest rates being the norm as this is written, Brazil has little reason to be worried about liquidity traps which have recently resurged in international economic literature. Studies intertwining the Brazilian scenario with them have been sparse. However, Brazil's legislative framework raises alarms: fiscal legislation with the principle of legality as applied in the Brazilian scenario seems to form a problematic situation. The goal of this work is to alert one to the possible undesirable effects, caused by short-sighted legislation should a liquidity trap occur in Brazil, although it does not seem to be a concern in the short term. The methodology we use is descriptive and bibliographical, through a revision of the literature. We conclude that if the argument of a significant part of the literature is thought to follow, the country may find itself in a worrisome scenario.

Keywords: Liquidity trap. Law. Principle of legality. Brazil.

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1 Introduction

Certain aspects of Brazilian legislation — a fiscal responsibility act together with a principle of legality — make the use of expansionary fiscal policy significantly limited. With the current economic situation in Brazil, this does not seem to be cause for concern. However, historically, situations can change rapidly, and with the current economic and political landscape worldwide, Brazil's ability to adapt to situations must be effective and problems foreseen. Otherwise, the country can find itself in a complex and difficult position. The lack of ability to use expansionary fiscal policy raises concerns should a situation of a liquidity trap occur in the country.

Here, we explore the notion of expansionary fiscal policy. One manner of action proposed in the literature to adequate an economy toward such a scenario of a liquidity trap by several authors (KRUGMAN, 2008; EGGERTSSON; WOODFORD, 2004; SVENSSON, 2003; COOK; DEVEREUX, 2011), it appears close to being legislatively blocked in the Brazilian situation, and for the next twenty years it is explicitly blocked by one Constitutional Amendment (numbered 95 of December the 15th, 2016) recently approved (BRAZIL, 2016). It is most likely a long-term issue worrying about a situation of near-zero interest rates in a country with one of the highest in the world (OREIRO *et al.*, 2012), but the future comes soon enough, and it may prove problematic for Brazil.

With a history of high inflation (VASCONCELLOS; GREMAUD; TONETO, 1999), public finance laws have been approved and used various means to inhibit spending and promote austerity, which is usually hailed as a sign of responsible governance (GIAMBIAGI; ALÉM, 2011). Liquidity traps, a situation of consistent lack of demand with near-zero interest rates where monetary policy seems ineffective, have only recently been brought back into prominence (KRUGMAN; DOMINQUEZ; ROGOFF, 1998). They are not without critics and have not been considered in Brazilian laws. Under normal conditions this would not be a problem, because were they to happen, it would be resolved as a matter of taking the necessary fiscal measures (which is already difficult), if monetary policy proved to be unreliable. However, there is a further and specific complication in Brazil: a principle of legality whose interpretation is that public actors can only act strictly according to the law (BRASIL, 1988). Therefore, if a liquidity trap were to happen, even if a willingness to use expansionary fiscal policy existed, it would likely be legislatively

blocked, with penalties specified in law for those who ignore the rules (Act nº 1079 of 1950, Brazil). A legislative block would prohibit Brazil from adapting as other nations have been able to in reaction to a liquidity trap situation and this has remained underappreciated by the literature.

So what stands before us is a scenario of an economic situation not being considered by Brazilian legislation with two further problems: (1) a legal principle together with legislation in essence prohibiting measures which, according to part of the literature, could ameliorate the situation if it happened and (2) the idea of a liquidity trap having its critics. We delineate this scenario to alert one that it is a situation meriting reflection. Anticipating problems is not an endeavor often undertaken, however in some cases leaving the future to chance is not advisable. A liquidity trap will not appear quickly, as so often happens with economic issues it takes a significant time for it to settle in and an even longer time for the economy to be clearly analyzed as suffering from a determined problem, plus consensus does not happen. Therefore, one can enter a problematic situation with a legislative block, making it difficult to be resolved without realizing the issue.

It is often argued that fierce legislation toward austerity is much needed and a step forward for Brazil (NUNES; NUNES, 2009) and we find such a conclusion to be understandable. Given the imprudence of decision makers, public finances have often been ravaged by too much spending and, considering this, it is easy to understand why significant effort was put into legislatively blocking or least hindering spending. Some argue that even if one takes the stand of being pro-austerity, such as some thinkers are, and we respect them, a situation of liquidity trap warrants a legal consideration to let expansionary fiscal policy be used, even if solely in extraordinary circumstances, because, without doing so, Brazil could inadvertently end up in a worrisome situation. The problem is basically a legislative build-up of strict fiscal policy legislation since the Federal Constitution of 1988 which does not permit significant deviations from it, therefore in the specific case of a liquidity trap happening, the legislative edifice does not adapt itself to the situation.

The issue is specified, and afterward, an argument of the literature is set forward. It is then introduced the Brazilian principle of legality and its interpretation. Subsequently, the fiscal legislation of the country is discussed. The intertwining of the two previous topics towards a liquidity trap gives rise to what arguably is a problematic situation, in the intersection of economics and law, because

the law through various dispositives favors fiscal prudence and does not easily allow expansionary fiscal policy to be used should a liquidity trap happen. It is also proposed, though briefly and inconclusively, a possible manner of handling the problem. Our primary goal here is alerting the reader of a possible economic problem, related to liquidity traps, which may appear in the future applied specifically to the case of Brazil and its current legislative framework and to ask the question, are legislative adaptations necessary and prudent? There is a belief, based on researched and known premises, that there is a need for legislative adaptation should a liquidity trap appear in Brazil. Thus, foreseeing the possible problem is advisable.

2. A Brazilian difficulty toward a liquidity trap

Since the Japanese depression and low nominal interest rates in the United States and Europe in the 1990s, the significance of the liquidity trap has been rekindled in literature, however in a modern sense, which observes the zero lower bound on interest rates (BOIANOVSKY, 2004). Nowadays, with significant studies on the subject of a liquidity trap, such as Krugman (2008) and Eggertsson and Woodford (2004), and considering it may happen anywhere, the exercise of wondering how a certain nation would fare toward such an economic situation becomes apropos, to avoid or minimize the damage should the situation develop. The case of Brazil, with specificities such as a strong legislative system and an influential principle of legality, deserves attention toward a situation not considered when building the legislative edifice of the country.

It takes three premises or assumptions to follow the argument that Brazil has a legislative problem towards a liquidity trap: *Premise 1*: A liquidity trap is an existing phenomenon. Although there is not unanimity among authors, the idea is well established in the literature, appearing from Hicks (1937) onward. A situation of low-interest rates with inadequate demand does not suffer from being implausible, even if some appear to reject the idea altogether, such as Alesina and Perotti (1995). *Premise 2*: In a liquidity trap, expansionary fiscal policy is one of the main tools to adjust the aggregate demand of an economy, since monetary policy is nearly ineffective, that is, “fiscal policy can eliminate most of the distortions

associated with the liquidity trap” (EGGERTSSON; WOODFORD, 2004), which is an argument agreed by a significant number of researchers (CHRISTIANO; EICHENBAUM; REBELO, 2011; BUTTER; PANIGIRTZOGLU, 2003; TAMBAKIS, 2015; KRUGMAN, 2008; EGGERTSSON; WOODFORD, 2004; SVENSSON, 2003; COOK; DEVEREUX, 2011). *Premise 3*: Brazilian legislation is fiercely regulated toward fiscal austerity. This can be noticed by there being important legislation in the country named the “Fiscal Responsibility Act”. Furthermore, some comprehension of Brazilian legislation subsequently discussed seems to confirm the same premise, as the country, facing high inflation for a long period, deemed austerity fundamental and signed legal documents with such in mind.

If and only if there is agreement with the premises, then it follows that: there is a problematic situation which Brazil faces, a legislative difficulty in relation to expansionary fiscal policy and that, according to a portion of the literature, it would be unwise to ignore it should Brazil move towards a liquidity trap. There is awareness that several researchers argue that the premises do not follow and that austerity is expansionary (GIAVAZZI; PAGANO, 1990; ALESINA; PEROTTI, 1995) and the problem situation does not exist. Thus the legislation should remain unchanged. However, it is believed that even in such a scenario of generating a certain degree of discussion, it is useful to put forth this work, because if a significant part of the literature is considered correct, Brazil may possibly face a problematic situation in the future.

The argument is simple and requires very few premises to be followed, however, it touches upon a topic in which there is disagreement among professionals. This situation is unfortunate but discussing the subject in the scenario of Brazil is an endeavor wise to undertake, considering expansionary fiscal policy does not appear as a viable policy option in the country. Brazil may be the country with the most significant problem toward a liquidity trap, and if the topic remains untouched, a possible worrisome situation can take form.

3. Conceptual Considerations

To develop the argument that Brazilian legislation would impede the acts of the country should a situation creating a liquidity trap arise, one must first understand the concepts of fiscal and monetary policy and the definition of a liquidity

trap. Overall, this work rests upon the principle that “government policies can change spending” (KRUGMAN, 2012). Fiscal policy can be understood as “the policies of the government in relation to the level of public purchases, level of transfers and the taxation structure” (DORNBUSCH, 2010) and monetary policy as “measures employed by governments to influence economic activity, specifically by manipulating the supplies of money and credit and by altering rates of interest” (ENCYCLOPAEDIA BRITANNICA, 2016). Branson et al. (2001) emphasizes that fiscal and monetary policies can be considered policies which control the aggregate offer. He also states that “the goal of fiscal and monetary policies, taken together, is to keep the level of the product in the economy close to full employment and to guarantee the stability of the level of prices”. He continues by saying that excess demand may lead to inflation; in an inverse scenario, there would be unemployment and deflation.

Sandroni (2005, p. 350) defines liquidity trap as:

[...] process identified by Keynes and that constitutes in the following: a situation in which the rise in the offer of money does not have as a consequence a fall in interest rates, but simply causes a buildup in idle monetary values. The explanation of the phenomenon is that, under normal conditions, a rise in the monetary base would result in a rise in the price of bonds and securities, as individuals would seek to acquire assets and not stay with the currency, and that would cause a tendency for interest rates to drop. But, in the situation as described by Keynes, individuals believe that the price of securities is too high, and will certainly diminish, just as the price of interest rates is too low, and certainly will rise in the immediate future. As such, they believe that the acquisition of securities will cause a loss, and so they keep money in liquid form. As a consequence, the expansion of the monetary base just causes an increase in idle monetary values, not affecting the level of interest rates.

It is not in the scope of this work to enter into lengthy discussions of how a liquidity trap can be derived, be it through axioms or from existing models, such as Hicks-Hanson or IS/LM (HICKS, 1937). A liquidity trap is well established, and one can look elsewhere for the ways it can be derived. What one needs for the present discussion is a basic understanding of the concepts. The understanding of a liquidity trap evolved in the literature (BOIANOVSKY, 2004), but most definitions follow that it is a situation of (I) low-interest rates with (II) insufficient demand for full employment. As long as the definition of a liquidity trap provided allows

the two characteristics, there is no problem in following the argument. A simple understanding of common definitions for the concepts suffices.

Until the 1990s rekindled discussions and we saw a modern form of a liquidity trap arise where there was a zero bound on interest, the most recognizable and discussed situation of a liquidity trap was the Great Depression in the United States. During this time, there was much argument over the proper use of fiscal and monetary policy necessary to pull the economy out of recession, and though policies were implemented to increase reserves and attempt to manipulate the economy, the recovery was a long one, and this situation caused the field of macroeconomics (BERNANKE, 1994). It was not until after the recovery that analysis of the actions, inactions and backtracking as far as fiscal and monetary policy were concerned that it was understood how the recovery happened. In 1934 and 1935, though the Federal Reserve was largely passive, gold inflows from Europe played an external force in the recovery, increasing the nation's reserves; however, the risk of increased inflation caused the reactionary measure of tightening fiscal policy (AUERBACH, 2009). This sent the country back into recession, and the recovery was stalled until 1938 when President Roosevelt directed the Federal Reserve to reverse the tightening of 1936 (ORPHANIDES, 2004). A contractionary policy worsened the recession whereas an expansionary one enabled a recovery.

Current Brazilian legislation leaves the nation unable to implement expansionary policies which would hinder a recovery should economic difficulties arise, and perhaps worsen it should the natural prudent reactions towards austerity and a tightening of the economy happen. Looking at the legislation helps make this connection, which is worrisome. The conceptual considerations to follow the argument, which is itself simple, hardly constitute any hardship. The definitions being commonly used are under the present work and with most of the ones proposed for them.

4. Principle of Legality

According to a classical definition of legislative principles:

Principle is a nuclear rule of a system, a true foundation, fundamental disposition which radiates upon different norms composing its spirit and serving as a criteria for its exact comprehension and intelligence, exactly to define the logic and rationality of the normative system, providing it its tonic and giving it harmonic sense (MELLO, 2004, p. 451).

The principle of legality states that “no one shall be obliged to do or not do something unless in virtue of law” (article 5º, clause II, Federal Constitution of Brazil) (BRASIL, 1988). Toward public actors, it is interpreted more restrictively, as they may only act according to the law (ALEXANDRINO; PAULO, 2008).

It is an important principle applied to the Brazilian state of law, where the exercise of government is limited by legislation. It is fundamental for the argument that there is a legal problem if a liquidity trap were to happen, because the current situation of Brazil’s laws, with the principle being formalized and applied, implies a legislative blockage of expansionary fiscal policy in most of its forms because one can only follow what the law specifies.

Meirelles states it didactically, considering how the principle affects the legislative framework of Brazil:

In public administration there is no liberty nor free will. While in private administration it is legal to do anything the law does not prohibit, in public administration it is only allowed to do what the law allows. The law to the particular means ‘it can be so’; to the public administrator it means ‘it must be so’ (MEIRELLES, 2000, p. 82).

This causes the situation of a liquidity trap in Brazil to have an outlook which merits analysis. Considering that if the law is not followed, the judiciary may nullify the acts, as “any state action without the corresponding legal basis, or that exceeds the law, is non juridical and subject to becoming null” (GASPARINI, 2001, p. 61), therefore restricting or eliminating the efficacy of any attempted resolutions.

The legal framework is clear in the intent of curtailing acts not stipulated in the laws and such has spent a relatively long while causing no major controversy. However, analysis seems to show that in the intersection of the principle with the fiscal legislation and the economic literature, a problem-situation arises.

The principle of legality guarantees that actors will not act in the absence of legislation nor against it, being the main postulate of a state ruled by the law (ALEXANDRINO; PAULO, 2008). Although it generally protects citizens, through determining limits for what a public actor may do, a problem appears once it is found to legally block actions which can be deemed as necessary. As the legislative system is developed, together with the principle, it invariably produces situations where a set of actions is prohibited, and expansionary fiscal policy has been legislatively turned, in the Brazilian system, into a situation to be generally avoided.

The way the principle and the fiscal legislation relate, however, has not been a topic which gathered attention, mainly because it is an abstract problem which Brazil is currently far from experiencing, due to its high-interest rates. However, only worrying about the short-term is an inadequate view considering laws as important as fiscal ones, which are in the center of all government expenditure and, therefore, have a significant standing in economic matters a country may face, because they dictate how fiscal policy is allowed or not allowed to happen. Positive laws, together with the principle, are very powerful in a state of law, as they clarify the manner of action which will be used, leaving little if any room for courts, if the matter is brought to them, to decide differently, because theoretically the citizens already decided and turned the matter into a legal document. However, when it happens to be so that certain situations are not predicted, a significant problem follows from the way the system is designed, because there may not be enough room to adapt to those scenarios, which is what is believed to be seen in the Brazilian situation in relation to a liquidity trap.

5. Fiscal Legislation

The fiscal legislation of Brazil mainly consists of dispositives in the Federal Constitution of 1988 (articles 163 to 169) and two acts (act n° 4320 of 1964 and act n° 101 of 2000). It is the Act number 101 of 2000, known as the Fiscal Responsibility Act (BRAZIL, 2000), which through a considerable number of dispositives, establishes fiscal prudence in law. First, we deem important to provide a brief historical overview of how the legislation came to have its current form, which makes us touch upon the subject of economic history because the subjects mutually influence each other.

Growth volatility in Brazil reached a positive 4.5% during the entire 20th century (VASCONCELLOS; GREMAUD; TONETO, 1999) and the Brazilian fiscal legislative system can be clearly seen due to the economic issues the country has historically faced: high inflation permeated the Brazilian economic outlook from the forties to the nineties of the last century (VASCONCELLOS; GREMAUD; TONETO, 1999). The whole legislation was constructed by people inserted in such a scenario. Therefore the effort toward austerity should be understood as happening

where controlling expenses firmly was a welcome measure. The act nº 4320 of 1964 appears due to many efforts from diverse areas and various contributions, making it a hybrid document (GIACOMONI, 2012). The act was important in advancing fiscal legislation in Brazil and making the fiscal legislative system very regulated, creating a myriad of categories, rules of public finance law and the same budgetary model being applied to the three levels of government (PALUDO, 2018). It was signed months before the military coup d'état of 1964, which went on until 1985, when there was re-democratization and, consequently, a novel constitution appeared, with new public finance dispositives. The period, economically, had its ups and downs, with relative fiscal tranquility in the 1970's and, further on, constant very high inflation (with several failed attempts to contain inflation happening), especially from 1981 to 1994 (GIAMBIAGI; ALÉM, 2011). There was a phase of stabilization from 1995 to 1998 and then, in 1999, the fiscal adjustment happened, which was the year there was a very clear and profound turn toward fiscal austerity (GIAMBIAGI; ALÉM, 2011). Two years after, looking at New Zealand's success with its fiscal responsibility act, Brazil erected its own, with similar name and characteristics.

Brazil's Act nº 101 of 2000, the Fiscal Responsibility Act, has as a goal establishing public finance standards to ensure responsible fiscal management (article 1). "Responsible" is the keyword of the law, which attempts to reach prudence through means appearing in the first paragraph of the article 1, namely: (1) planned and transparent action; (2) prevention of risks and corrections of deviances which affect the equilibrium of public finances and (3) guarantees of equilibrium of the public accounts, through observance of the goals of result between revenue and expenditure, stipulating limits and conditions to renunciation of revenue and the creation of expenditures with personnel, social security, debt, operations of credit, concession of guarantees and inscription in remains to pay.

There are several pro-austerity legal dispositives in the Act nº 101 of 2000, including, but not limited to: (1) article 15: "will be considered non-authorized, irregular and damaging to public patrimony the generation of expense or assumption of obligation that does not follow articles 16 and 17 (which are, both, about providing formal rules one must follow to spend, limiting it)", (2) article 19: "total expense with personnel, in each period of determination and in each Federation entity, cannot exceed the percentages of net current revenue, as discriminated: Union (50%), states (60%), municipalities (60%)"; (3) article 30, forming section

II of chapter VII, which is about providing limits to public debt and credit operations through legislation; (4) article 31: “if consolidated debt of a Federation entity surpasses the respective limit [of spending] at the end of a semester, it must be reconducted until the end of the three subsequent ones, reducing the excedent in at least twenty-five percent in the first (the dispositive also states in its first paragraph that while the excess remains there are penalties such as the entity being prohibited from realizing internal or external credit operations and its expenditure commitment is limited)”;

(5) article 38 and 42, which, together, limit, respectively, budget revenue anticipation and obligation of spending which cannot be wholly fulfilled in the last two four-month period of the mandate.

Many legal dispositives make spending difficult and, consequently, turn expansionary fiscal policy towards a manner of acting which is impractical to say the least, as there is room for deficits but such is both limited and regulated, and impossible at worst, as acting against the law is a crime of responsibility (Act nº 1079 of 1950, Brazil). As it stands with the Fiscal Responsibility Act, erected at the beginning of this new century, the present legislation, through many dispositives, favors fiscal prudence, and predicts no possible liquidity trap. It is found that, if one agrees with the argument that expansionary fiscal policy may be needed and has a clear understanding of the fiscal legislation of Brazil, then a situation of a liquidity trap forming constitutes a problematic situation, which should not remain marginalized, because it can seriously impact the country’s future economic prospects if it comes to face such an issue. However, Brazil has arguably never been even close to a liquidity trap, and it also does not help that the idea has its critics. Therefore it will not be easy to legislatively consider it to undo the present situation of expansionary fiscal policy being difficult to put in practice in a moment of need.

6. Summary of the Brazilian Situation and Handling the Problem

The difficulty toward a liquidity trap can be framed as a problem of a roman, codified law legislative system. In a situation of common law, where disputes are decided by jurisprudence, and each situation is distinguished from others, or where the principle of legality is not framed as in the Brazilian case or does not exist,

there may not be a problem. Brazil has a structured legal system which sets its situation apart from others, and one must comprehend the internal structure of the legislative edifice to realize it. The intertwinement of codified law with a powerful principle which only lets public actors follow the law is a specific setting, which other countries may not experience and hence unless there is clear literature about it, hardly the Brazilian case will be mentioned. In summary, Brazil is whether purposefully or not, through legislation, blocked from most ways of utilizing expansionary fiscal policy should a liquidity trap occur.

It may be the case that Brazil does not come to face anything resembling close to a liquidity trap in the short or mid-term, but the long-term is time enough to raise concerns. The Brazilian scenario is arguably specific among countries, and the problem is in the intersection of economics and law. Therefore it takes knowledge of both, and yet it is still a debatable matter. If a liquidity trap happened in Brazil today, what would happen is that expansionary fiscal policy would not be easy to put in practice. How much of a problem that constitutes, however, is open for empirical questioning and beyond the scope of this work. What must be understood is there is an established argument in the literature whose premises, if agreed on, constitutes a serious problem for Brazil.

It is highly unlikely that the principle of legality will change: the principle is specified in the Federal Constitution, and toward most situations, it has come to be a useful device. The effort used in building the fiscal legislation is also unlikely to be reversed: a legal battle has already been fought to pass said legislation and those who support it will not be easily persuaded to reverse their work. Instead, the most viable option that appears in front of us is the one of neither attempting to change the principle nor of reversing the legislation, but simply adding to the law dispositives which allow, in specific situations, for expansionary fiscal policy to be acceptable.

One way would be having a legal dispositive such as “in case of near zero interest rate with unemployment above a given threshold, expansionary fiscal policy may be used if approved by a given body of authorities”. This could be possible, considering it requires several conditions. Therefore it could be agreed upon by more observers than wanting to ban or change pro-austerity legislation. It would also be easier to accept for pro-austerity observers, because it would, in a general scenario, keep the legislation which impedes spending effective. However, as the premises of the argument delineated are still not widely accepted – and they may

keep being controversial –, changing such important legislation is a very difficult endeavor. There is no reason, however, for alerts to not exist, and this is our goal here, albeit while understanding it takes action for the argument put forth to be effective and useful in practice.

7. Conclusion

Fiscal prudence is established in law in Brazil and, with a principle of legality, it makes expansionary fiscal policy difficult to put in practice. Some have argued that, if one follows the premises, the argument allows us to realize this is a problematic situation toward a liquidity trap. It is hoped that, if the logic of a part of the literature is correct, Brazil does not find itself in a situation of needing an expansionary fiscal policy with a legislative block. It may be the case it takes a long time for anything resembling a liquidity trap to happen in Brazil, but if it can happen elsewhere, it should not be a marginalized thought which does not merit attention in the Brazilian scenario. Brazil's ability to react to future crises should not be inhibited by the over-exercising of fiscal prudence, the law should not be written to put the nation in a corner, as no one knows what the future brings; they can only assume.

It should be understood that if the situation appearing occurs, handling it will not be above criticism and, with the current legislative framework, if the matter is brought to the judiciary, chances are stimulus will not be allowed, even if there is a will. This situation, even though there may be some limited room for deficit spending, means the expansionary fiscal policy is a very difficult endeavor to put in practice in Brazil. The fiscal legislation and the economic commentary of a country follows the problems of the economy, and there is little attention paid to possible future, mid or long-term, issues. However, when they seem to exist, envisioning them and raising questions is an activity which must take place, for handling future scenarios adequately. The argument of the literature provided is not above controversy, and that is unfortunate because it adds a significant layer of difficulty which will be complicated to surpass. Despite that, it is believed a warning of a possible problem should, in the very least, exist, so its merits can be inferred.

O Brasil e a armadilha da liquidez: são necessárias adaptações legislativas?

Resumo

Com altas taxas de juros sendo atualmente a norma, o Brasil tem poucos motivos para se preocupar com armadilhas de liquidez, que recentemente ressurgiram na literatura econômica internacional. A literatura entrelaçando o cenário brasileiro com elas tem sido esparsa. No entanto, o edifício legislativo brasileiro, frente a uma situação de armadilha de liquidez, levanta alarmes: a legislação fiscal em conjunto com o princípio da legalidade parecem formar uma situação problemática. O objetivo deste trabalho é alertar sobre possíveis efeitos indesejáveis, causados por legislação inadequada, se uma armadilha de liquidez ocorresse no Brasil. A metodologia é descritiva e bibliográfica. Nossa conclusão é que se o argumento de uma parte significativa da literatura é visto como aplicável, o país poderá, possivelmente, se encontrar num cenário preocupante no futuro.

Palavras-chave: Armadilha de liquidez. Lei. Princípio da legalidade. Brasil.

Brasil y la trampa de la liquidez: ¿son necesarias adaptaciones legislativas?

Resumen

Con las altas tasas de interés como norma, tal como está escrito, Brasil tiene pocas razones para preocuparse por las trampas de liquidez. Los estudios que entrelazan el escenario brasileño con ellos han sido escasos. Sin embargo, el marco legislativo de Brasil genera alarmas: la legislación fiscal con el principio de legalidad tal como se aplica en el escenario brasileño parece formar una situación problemática. El objetivo de este trabajo es alertar a uno de los posibles efectos indeseables, causados por una legislación miope en caso de que ocurra una trampa de liquidez en Brasil, aunque no parece ser una preocupación a corto plazo. La metodología que utilizamos es descriptiva y bibliográfica, a través de una revisión de la literatura. Llegamos a la conclusión de que si se cree que el argumento de una parte importante de la literatura sigue, el país puede encontrarse en un escenario preocupante.

Palabras clave: Trampa de liquidez. Ley. Principio de legalidad. Brasil.

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