Does Brazil exercise its monetary sovereignty? An analysis of the Brazilian macroeconomic policy from 2011 to 2022 in light of the MMT

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Abstract

In recent decades, Brazilian economic policy has been conducted under the agenda of fiscal austerity. However, in times of crisis - such as the COVID-19 pandemic that affected the entire globe - governments find themselves obliged to loosen their restrictions and pursue an expansionary fiscal policy. This article sought to discuss, in light of Modern Money Theory, the exercise of monetary sovereignty by Brazil from 2011 to 2022. First and foremost, an analysis was conducted on the constraints that can effectively limit the country's monetary sovereignty and the pursuit of an active fiscal policy. For that purpose, it was conducted an analysis of the Brazilian context within an examination of selected macroeconomic indicators during the period. The evidence suggests that the country did not face external constraints during this period, nor did it encounter any objective difficulties in honoring its domestic public debt. These results suggest that ideological, political, and institutional factors have been the most challenging barriers to overcome for the country to break free from fiscal austerity.

Keywords: monetary sovereignty; monetary policy; Modern Money Theory; Brazil.

Introduction

Since 2014, when a deceleration cycle began in the Brazilian economy, the dominant thesis in the economic policy debate has been that the contraction, subsequent GDP decline and poor growth since then are the result of fiscal irresponsibility. In this context, agendas for public sector reform and dismantling have come into play, always under the pretext of seeking fiscal balance. After the impeachment of President Dilma, in 2016, the Constitutional Amendment 95 was approved in Congress, which froze primary public spending for up to 20 years. In 2019 the Pension Reform was also approved, which, among other things, aimed to reduce expenses by increasing the minimum retirement age for public servants and private

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sector workers. Also in 2019, the first year of President Bolsonaro's government, the Constitutional Amendment Proposal for Administrative Reform was presented with the goal of reducing the cost of state operations. All of these proposals were based on the assumption that the state's presence in the economy should be reduced, and they sought to decrease certain categories of public sector spending, notably social and investment expenses, while always preserving interest expenses.

In 2020, with the crisis caused by the COVID-19 pandemic, the debate about the role of the state in the economy took on new contours. Until the development and distribution of vaccines, the most important method to control the virus's spread was social isolation. As a result, not only were the supply conditions of the economy affected, with global and local production chains disorganized, but also demand was heavily impacted due to isolation and the loss of work and income for many families in a context where many people could not go out to work. As Carvalho (2020, p. 17, own translation) states, "the pandemic causes a macroeconomic short-circuit because the distancing between producers and consumers turns into a negative shock for both supply and demand simultaneously." The global GDP fell by 3% in the first year of the pandemic. The debt-to-GDP ratio, on the other hand, increased in all countries[2]. In Brazil, the government spent R$ 524 billion in actions aimed at addressing the pandemic and its effects in 2020 alone, including emergency assistance, credit to companies and banks, and support to the healthcare system, with no difficulties in financing it all during the period (Conceição and Dalto, 2022).

At a time when it became evident that government spending was crucial to keep the economy functioning and ensure the minimum well-being of the population, it was impossible to pursue fiscal balance as recommended by the dominant macroeconomics in textbooks and the mainstream media, which often claim that governments always lack funds to spend. However, if an increase in public deficits of unprecedented proportions was possible during a crisis to meet the necessary healthcare and social protection expenses, what prevents the government from maintaining deficit budgets to guarantee full employment and the well-being of the population permanently by providing high-quality public goods and services? If this does not pose problems in the external sector or lead to demand-driven inflation why is there so much struggle in accepting active fiscal policy?

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[2] Available on the Fiscal Monitor of the International Monetary Fund: https://data.imf.org/?sk=4BE0C9CB-272A-4667-8892-34B582B21BA6

According to Modern Money Theory (MMT), governments that issue sovereign currency do not face fiscal or financial constraints on spending (Wray, 2019). For a country to be monetarily sovereign, it needs to issue its own currency, collect taxes in that currency and issue bonds in the same currency. Additionally, for a country to be monetarily sovereign, it cannot adopt a fixed exchange rate regime or any form of currency board. By adopting a flexible managed exchange rate regime (dirty floating), the government gains autonomy to implement monetary and fiscal policies aimed at achieving full employment, without the need to maintain a fixed exchange rate for its currency (DALTO *et. al.*, 2020).

In contrast, countries that renounce their monetary sovereignty — whether by adopting a currency issued by another country or by adopting a fixed exchange rate regime — face very narrow limits in their macroeconomic policy space (DALTO *et. al.*, 2020). Kaboub (2015), for instance, shows how the arrangement in the Eurozone affects the ability of member countries (such as Greece and Spain, for example) to implement fiscal policies for job creation, improvement in the quality of life, and economic prosperity for their citizens, as they have given up their monetary sovereignty.

When discussing public finances, it is necessary to dissociate from the senseless comparison that orthodoxy commonly makes between the finances of a government and those of a family. A sovereign government, following the principles of Chartalism[3] first defines its fiat currency, spends (issues) that currency, and then retrieves it (destroys it) through tax collection (WRAY, 2003). In the case of families, their level of consumption spending will have no impact on how much income they will receive. Thus, assuming the macroeconomic validity of the principle of effective demand - where spending determines the level of income in the economy - we can assert that the revenue the state will obtain through taxes is a dependent variable on its own spending, while in the case of families, spending and income are independent of each other. Additionally, when looking at the economy from the perspective of the balance of its different sectors, taking into account income flows and financial wealth (savings), there is necessarily a compensatory relationship between the outcomes in the public sector and what happens in the private sector[4]. In the simplified case of an economy with only a public sector and a private sector, if the public sector

[3] As defined by Knapp (1924), money is a payment token (charta) that expresses a unit of value. The 'tokens' do not necessarily need to be denominated in a fixed and limited material (as was done with gold), as long as they have a conversion rate announced by the State - hence the chartalist theory is also called the State Theory of Money.

[4] For the purpose of simplification, and without any analytical loss, we are here omitting the external sector.

hypothetically runs a deficit, then the private sector, in aggregate terms, has a surplus. That is, it earns more income than it spent, or in other words, it saved. Thus, the private sector of the economy only saves when the public sector is running a deficit (Deos and Ultremare, 2022).

Because they have control over the issuance of their currency and debt securities that pay interest, governments of countries that have not renounced their monetary sovereignty do not need to adhere to a balanced budget rule - a policy of "sound finance," as Abba Lerner (1951) put it. Additionally, a sovereign government will never go bankrupt in its own currency, and therefore, fiscal policy can and should be used to ensure and maintain full employment. This does not mean that, in countries that issue sovereign currency, legal and/or policy restrictions on the full use of fiscal policy cannot be self-imposed.

With the goal of analyzing the exercise of economic policy autonomy in Brazil from 2011 to 2022, this article presents a discussion of Brazilian macroeconomic policy, both monetary and fiscal, with reference to Modern Money Theory, whose main pillars were outlined above. In this sense, this work contributes to the discussion about the limits of economic policy in peripheral economies (Prates, 2002; Vergnanini and Conti, 2017; Deos and Gerioni, 2022). To achieve this, the article is organized as follows: the first section discusses macroeconomic policy in Brazil from 2011 to 2022; in the second section, an analysis is conducted to determine the existence of effective constraints on the sovereign use of economic policy, either due to the external situation or because of the level of utilization of the country's real resources. Final comments and conclusions on the exercise, or not, of financial sovereignty during the period under consideration are condensed in the last section as a conclusion.

Macroeconomic Policy from 2011 to 2022

In 2011 the first term of President Dilma Rousseff began, inheriting an economy that had grown by 5.4% in 2010, at the end of Lula's second term, with an inflation rate of 5.1%. The economic policy choice made by President Dilma between 2011 and 2013 aimed at reducing private sector costs to encourage productive investment. Laura Carvalho refers to the economic policy agenda of this period as the "Fiesp Agenda," which involved "interest rate reduction, real depreciation, containment of public spending and investments, increasingly extensive tax exemptions, expansion of BNDES credit and the holding back of

energy tariffs" (CARVALHO, 2018, p. 59, own translation). The results in terms of GDP variation and the investment rate (Gross Fixed Capital Formation - GFCF) can be observed in the Graph 1, which shows a downward trajectory from 2011 to 2016, with a modest increase between 2012 and 2013 but a sharp decline from 2014 until mid-2016.

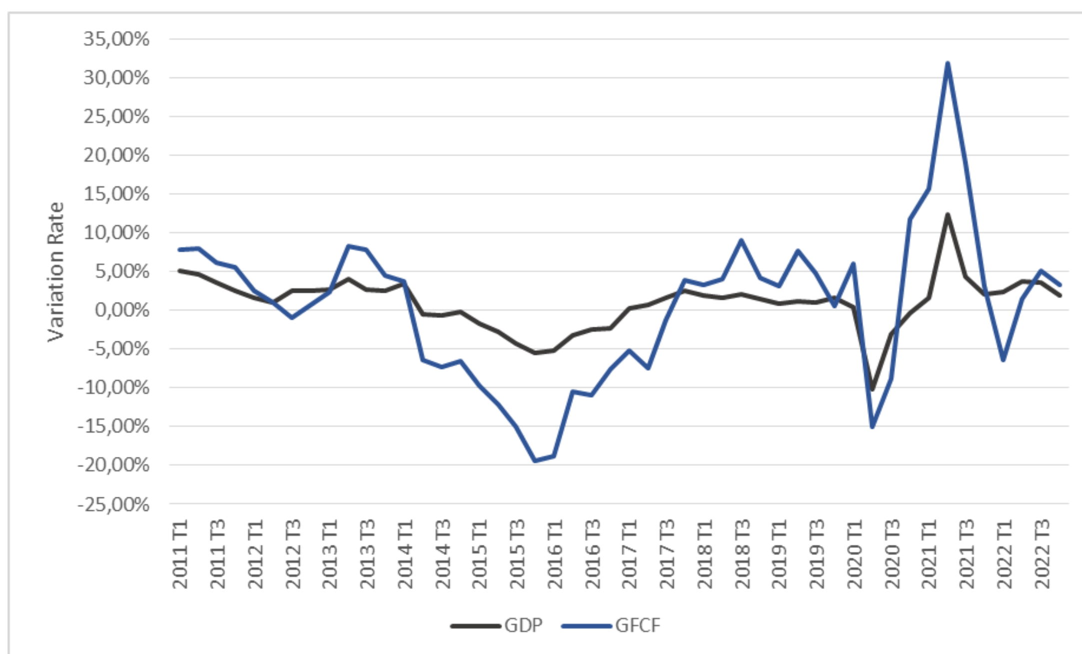
However, this policy did not achieve the expected objectives, possibly due to a decline in both household and government consumption, as evidenced by graph 2. Sá (2021) demonstrates that from 2000 to 2019, the composition of autonomous expenditures in Brazil was as follows: 60.5% public expenditures (consumption, government investment, investment by public enterprises, and consumption from transfers); 23.2% net exports, and 16.3% private expenditures (household consumption and residential investment).

Thus, despite the government's efforts to encourage private investment by reducing costs, the decline in demand did not motivate entrepreneurs to invest, as can be observed in the mentioned graphs. What actually occurred was an increase and appropriation of profit margins. Incidentally, when Kalecki (1944)[5] pointed out the three means of government intervention to induce full employment, he noted that the option of encouraging private investment was the least effective, since there is no reason to expect companies to invest their profits, as evidenced during the first Dilma government (Deos, *et. al.*, 2021).

On the monetary policy side, from 2012 to 2013, taking advantage of a period of relatively stable inflation, the Brazilian Central Bank (BCB) reduced the interest rate in the context of the mentioned "Fiesp Agenda." However, even though the acceleration of inflation in 2014 and 2015 was largely caused by changes in administered prices of fuels and energy (which raised production costs), the chosen option to combat it was through interest rate hikes, as seen in the Graph 3.

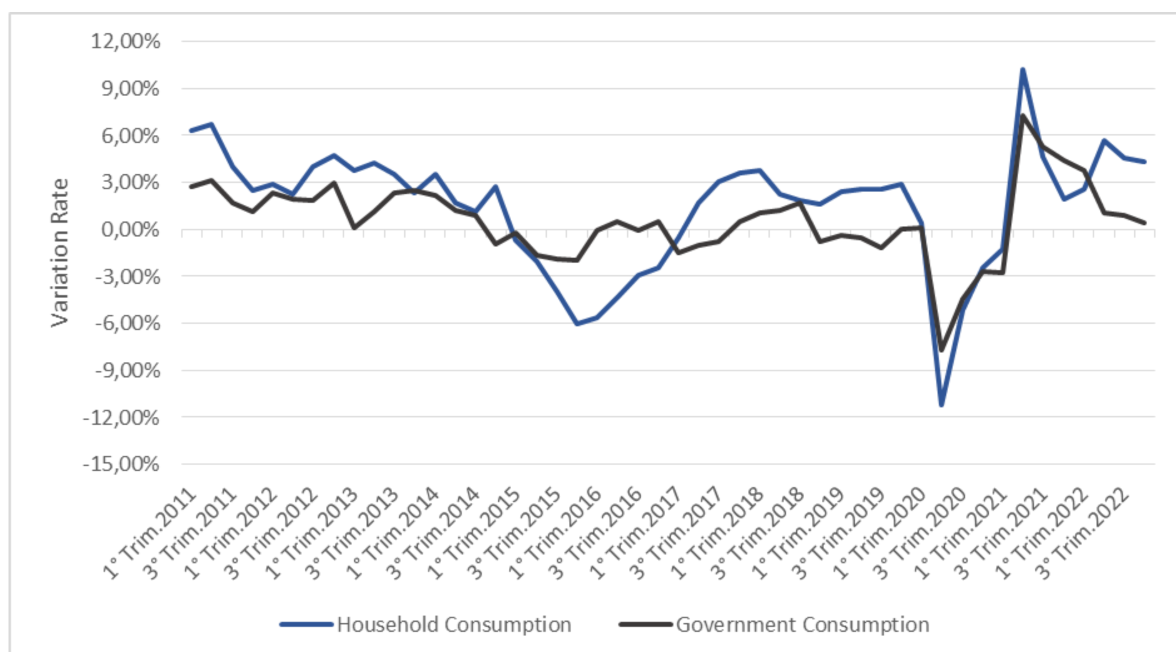
[5] The three government intervention measures that can be used to stimulate job creation are: i) increasing government spending on public investment or consumer subsidies financed through loans or taxation; ii) encouraging private investment through a reduction in interest rates or a decrease in taxation; and iii) redistributing income from higher-income classes to lower-income classes through taxation.

Graph 1 - Quarterly Variation Rate of GDP and GFCF. Brazil. 2011 to 2022.



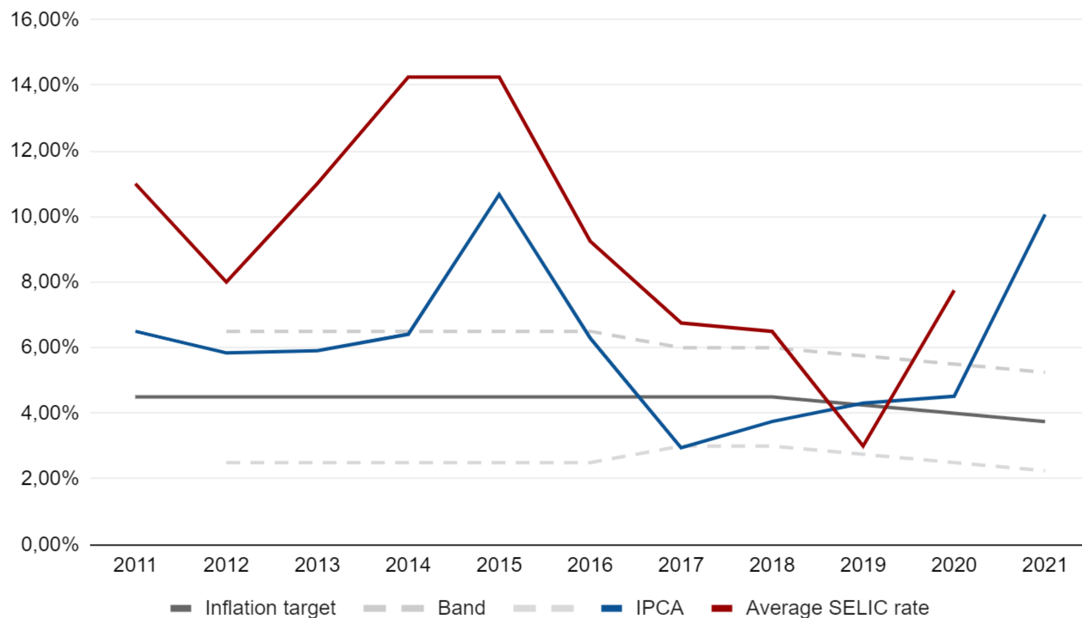
Source: Brazilian Central Bank.

Graph 2 - Quarterly Variation Rate of Household Consumption and Government Consumption. Brazil. 2011 to 2022.



Source: Brazilian Central Bank.

Graph 3 - Inflation Target, IPCA, and Average SELIC Rate[6]. Brazil. 2011 to 2022.



Source: IBGE and Central Bank. The inflation target and IPCA are annual accumulated data. For the SELIC rate, an average was calculated based on the daily values for each year. Own elaboration.

In Brazil, as well as in the rest of the world, the short-term interest rate (SELIC) is determined by the monetary authority through monetary policy operations – hence, this interest rate is considered exogenous. In Brazil, since 1999, the monetary policy regime has been inflation targeting, where the central bank's main role is to steer inflation towards its target. It's crucial to note that the central bank cannot directly act on the inflation rate. Instead, it uses the adjustment of the basic interest rate as an instrument, expecting that indirectly the interest rate will influence price levels, either through its impact on the exchange rate or through its effects on credit and the consumption and investment decisions of economic agents.

Starting in 2015, at the beginning of Dilma's second term, there was an ultra-liberal shift in economic policy to address what the government then perceived as macroeconomic imbalance — low growth and accelerating inflation. However, more than an economic challenge, it was a period of significant political tension. The main measures included public tariff adjustments, interest rate hikes (Graph 3) and cuts in public spending, accentuating a trend that had started in 2014, as observed in Graph 2. While inflation began to decrease, the growth trajectory was not restored, as indicated by the data in Graph 1. Ultimately, the

[6] The Brazilian basic interest rate is named SELIC, while the price index that measures national inflation is named IPCA.

change in economic policy during Dilma's first term — reducing fiscal stimulus and choosing private investment as the driver of growth — led to a severe economic downturn, laying the groundwork for the deepening political crisis that culminated in the president's impeachment (DEOS *et. al.*, 2021).

The Temer government, albeit short-lived, implemented a liberal reform agenda that the market not only anticipated but actively pushed for and politically operated to achieve. The main reference for his government was the program "A Bridge to the Future" (*Uma Ponte Para o Futuro*, PMDB, 2015), which identified a supposed fiscal crisis as the root of all problems: recession, high inflation, high-interest rates, rising unemployment and a halt in investments. The three pillars of any lasting fiscal adjustment were supposed to be the structural reduction of public expenditures, the reduction of the cost of public debt and GDP growth. The conviction was that it would be possible to resume growth, this time in a sustainable manner, while maintaining a balanced budget:

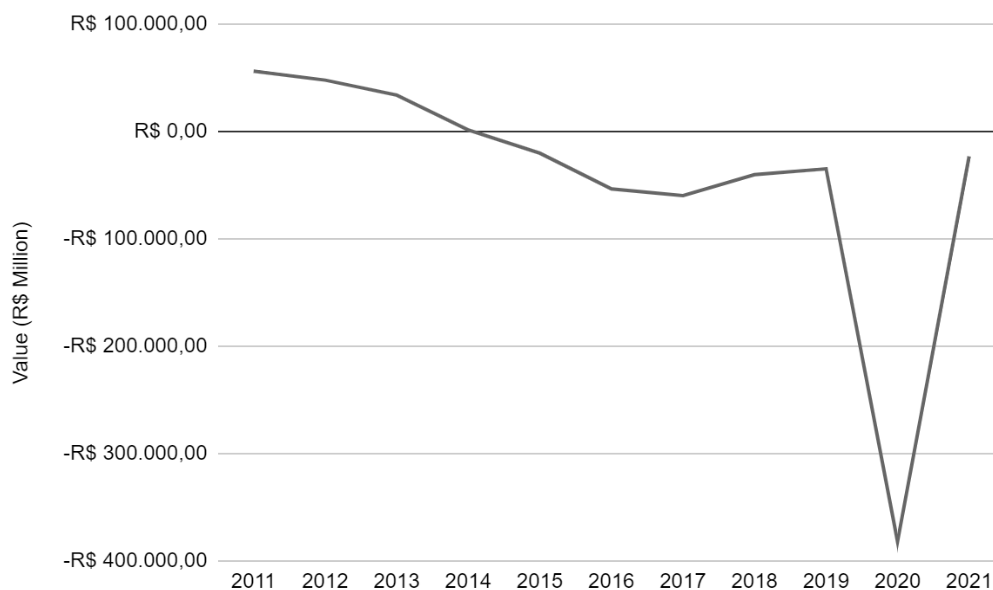
> "There is no contradiction between true fiscal balance and true economic growth. There is, indeed, a contradiction between ad hoc and short-term corrections and true growth. Therefore, long-term fiscal balance and lasting economic growth are not incompatible goals and can perfectly be pursued simultaneously." (MDB, 2015, p.6, own translation)

However, and in contrast to the view expressed in the above-mentioned document, from the perspective of effective demand, autonomous expenditures determine short-term income and long-term income growth. They consist of government, private sector and external sector expenditures, with government spending (consumption, investment, investment by public enterprises, and consumption from transfers) having an average weight of 60% in the total autonomous expenditures of the economy during the period in question. Therefore, according to Sá, "it is unlikely that exports or private autonomous expenditures alone can drive growth for several years, given their relatively small weight in the total autonomous expenditures" (SÁ, 2021, p. 12, own translation).

Of the reforms proposed by the Executive to the Legislative, during the Temer government, the Spending Ceiling (EC 95, in 2016) and the Labor Reform (Law 13,467/2017) were approved. There was also progress in the discussion of the Pension Reform, which was only approved in 2021, during the Bolsonaro government.

The Constitutional Amendment 95, known as the Spending Ceiling PEC, established that the Federal Government's primary expenses could not grow in real terms for twenty years and, to achieve this, could not increase more than the inflation of the previous period. The discourse was that the country's crisis was a result of the fiscal irresponsibility of previous governments, and by making cuts, it would be possible to regain the trust of economic agents and resume economic growth. However, and unsurprisingly, the Spending Ceiling was not effective in this regard, as the attempt to resume growth with fiscal balance was unsuccessful, as can be seen in the graph below (Graph 4).

Graph 4 - Primary Result of the Brazilian Federal Government. Real Values. R$ Millions. 2011 to 2022.



Source: Brazilian Treasury.

This agenda was continued and deepened during the Bolsonaro government. In his inauguration speech in 2019[7], his Economy Minister Paulo Guedes declared that public spending in the country had been rising continuously for forty years, leading to serious consequences for Brazil, such as hyperinflation, external default and recurring currency crises. He further stated that the country was breathing under the false tranquility of economic stagnation. In this context, the deepest neoliberal experiment in the country's history began. Key milestones of this government include the Pension Reform, the autonomy of the Central Bank, the significant reduction of BNDES and the privatization of Eletrobrás.

[7] See at DEOS *et al.* 2021.

However, the years 2020 and 2021 marked a unique historical moment not only in Brazil but worldwide, with the COVID-19 pandemic shaking the overwhelmingly prevailing economic certainties. This situation urgently reinstated the need for public spending expansion, as demonstrated by the data in Graph 2. It can be said that, from this point on, the narrative that "there is no money" became obsolete, as even Minister Paulo Guedes eventually acknowledged the necessity of spending to mitigate the negative effects of the pandemic.

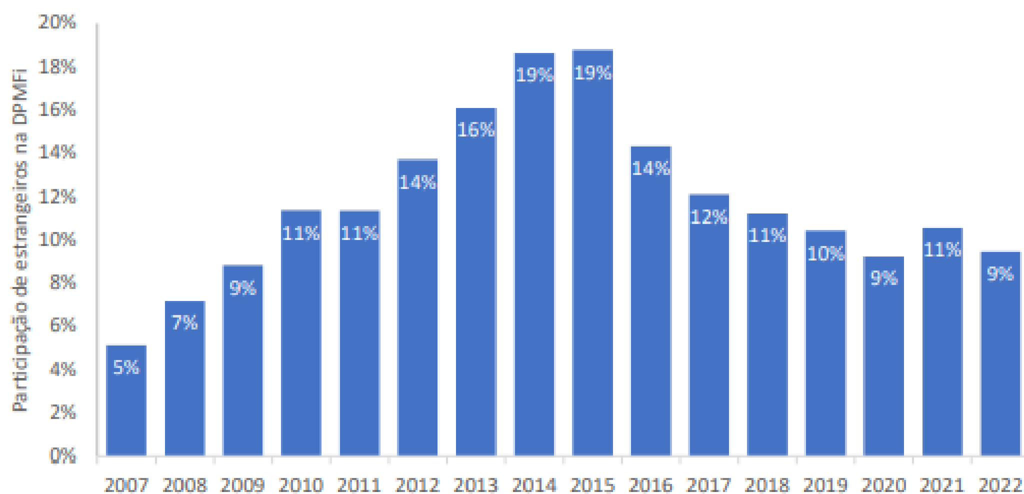
But how was it possible for a country supposedly in a severe fiscal crisis, according to economists and mainstream media, to increase spending to such an extent? How did the government of a "bankrupt" country manage to spend? Once the political and legal obstacles to spending were overcome, operationally, the National Treasury (NT) did what it always does when the government needs to pay for a purchased product or service – that is, it needs to spend. In Brazil, the National Treasury is responsible for making payments to non-governmental sectors, i.e., households and firms, and receiving tax payments from the non-governmental sector. To do so, it has an account (called a single account) at the Central Bank, which, on behalf of the NT, credits the bank accounts held by the suppliers of goods and services to the Treasury when they are due to receive payment. As the Treasury is legally required to maintain this account with a positive balance, if the balance approaches zero and the volume of debt securities scheduled for the current year is not sufficient to cover the new contracted expenses, the Treasury will be obligated to issue more debt securities.

Did Brazil face economic constraints on the use of monetary and fiscal policies between 2011 and 2022?

As previously mentioned, if we adopt the principle of effective demand and MMT as its corollary, the only strict economic constraints facing a sovereign currency-issuing country are external constraints and demand-driven inflation, the latter occurring only with full utilization of productive capacity and labor. Beyond these, there are indeed ideological, political, and legal constraints, which can be challenging to address. However, these constraints are of a different nature and have nothing to do with the quality of the country's currency.

According to MMT, governments that issue sovereign currency do not face fiscal or financial constraints to spend – meaning, they are not financed by taxpayers or those who buy government debt (Wray, 2019). For a country to be monetarily sovereign, it needs to issue its own currency, collect taxes in that currency, and issue debt securities also in that currency. Additionally, the country cannot adopt a fixed exchange rate regime or any form of a currency board. By adopting a managed flexible exchange rate regime (dirty floating), the government gains autonomy to operate its monetary and fiscal policies to achieve full employment without worrying about maintaining a fixed exchange rate for its currency against foreign currencies (Dalto *et. al.*, 2020). Brazil adopted dirty floating in 1999. Additionally, the debt securities issued by the National Treasury are for the most part– 95.7% – denominated in reais, the domestic currency (i.e., it is domestic debt), and they are also mostly – over 90% – held by residents in Brazil, as seen in Graph 5 below. With this, can it be stated that Brazil has sovereign currency and macroeconomic policy autonomy? What does the literature indicate?

Graph 5 - Evolution of the participation of non-residents in the Domestic Public Debt Held by Individuals (DPMFi) (%)



Source: National Treasury, 2023, p. 25

There is a debate among heterodox economists on this issue. A set of authors argues that the hierarchically inferior position of the Brazilian currency in the international monetary system undermines the autonomy of the monetary policy practiced in the country. This is

because it needs to focus primarily on stabilizing the exchange rate, to the detriment of internal objectives (Verghanini and Conti, 2017). In essence, in a peripheral country, especially one with an open capital account, monetary policy needs to respond to constant exchange rate fluctuations to smooth them out (fear of floating) and, in order to achieve this, adjustments are made in the interest rate. This is because abrupt changes in the exchange rate, especially depreciations, have impacts on inflation - the so-called pass-through (Lima, 2021). From a similar perspective, Prates (2010) asserts that as a producer of a less liquid currency, Brazil lacks autonomy in monetary policy because the Central Bank (CB) would not have the capacity to completely sterilize the results of its interventions in the foreign exchange market. This is because it would affect its ability to maintain the interest rate. Similarly, these authors consider that fiscal policy needs to be passive (balanced or even surplus) in a peripheral country like Brazil. This is to prevent the CB from being in a situation where it can no longer sterilize excess reserves in the money market, losing control of monetary policy.

What is the main problem with the above argument? Its inconsistency with the daily practice of central banks, including the Brazilian Central Bank, which faces no difficulty in maintaining the Selic interest rate around the target, regardless of what happens in the foreign exchange market and fiscal results. For example, if the CB buys dollars in the foreign exchange market to prevent the real from appreciating, this operation results in excess liquidity in the domestic and interbank reserves. Banks, as holders of this excess liquidity, are expected to want to get rid of non-interest-bearing currency by buying CB bonds, which yield interest. To do this, the bank will use NT bonds it holds in its portfolio and carry out a passive monetary policy operation to maintain the Selic interest rate around the target and avoid instability in the financial system. A similar situation occurs in the case of a deficit government, which injects more currency into the system than it withdraws, increasing liquidity in the interbank market. The CB will necessarily meet the market participants' desire to exchange excess currency for NT bonds, thus keeping the interest rate around the target it set (Deos and Gerioni, 2022).

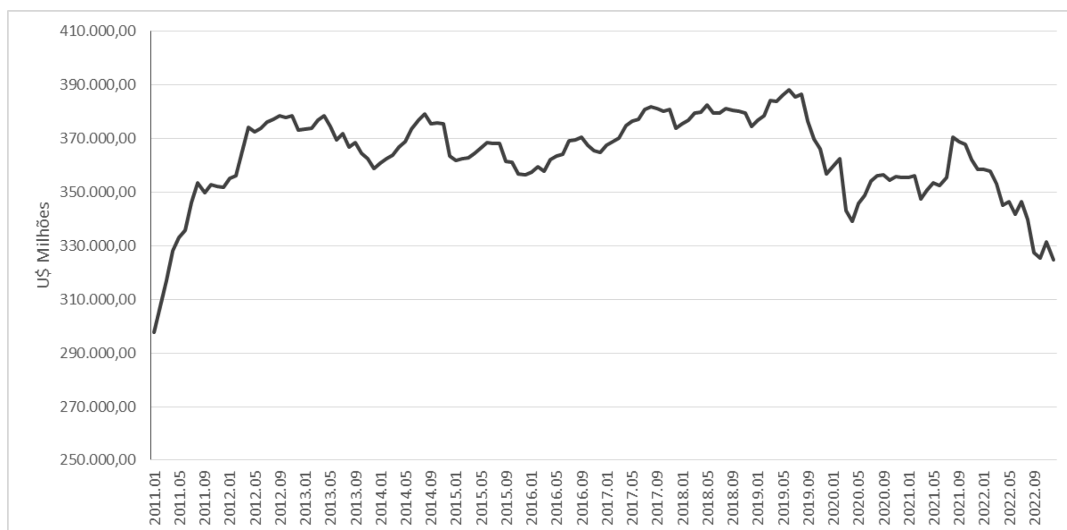
Indeed, Brazil is not an issuer of international reserve currency and, as such, faces external restrictions and suffers from the effects of exchange rate variations. However, admitting this important aspect does not imply stating that the country lacks monetary sovereignty due to the peripheral condition of its currency, nor it would hinder its autonomy over its macroeconomic policy. In terms of the domestic money market, as suggested above, the CB defines and maintains the interest rate at the level it wants, taking into account its

macroeconomic model. To avoid unnecessary elaboration on history, we can affirm that since 1999, there has never been - and there would be no reason for it - a single occasion when the CB had any difficulty in keeping the short-term interest rate at the level it defined. The CB is the monopolistic supplier of reserves in the market.

To assess the actual economic restrictions on the use of macroeconomic policy to achieve the goal of full employment, it is necessary to investigate the country's external situation in current transactions - the sum of the country's trade balance, services, and unilateral transfers with the rest of the world - as well as the stock of international reserves it holds. This is because a recurring problem for underdeveloped economies is that they face external restrictions - that is, a shortage of international reserves - over expansive cycles.

Since 2005, Brazil has presented a more comfortable external position than it faced just after leaving the fixed exchange rate regime, when it maintained a reserve volume that corresponded, on average, to 4.5% of GDP. In 2005, the country paid off its debt to the IMF and, from then on, following an international trend triggered after the Asia crisis, it rapidly increased the volume of reserves held by the Central Bank (Laan, Cunha, and Lélis, 2012). The trend of growing reserves was maintained in the following years (Graph 6 below), so that the country reached, in 2020 and 2021, a reserve volume exceeding 20% of GDP. At the end of 2022, the country had a comfortable reserve cushion of approximately 15.5% of GDP.

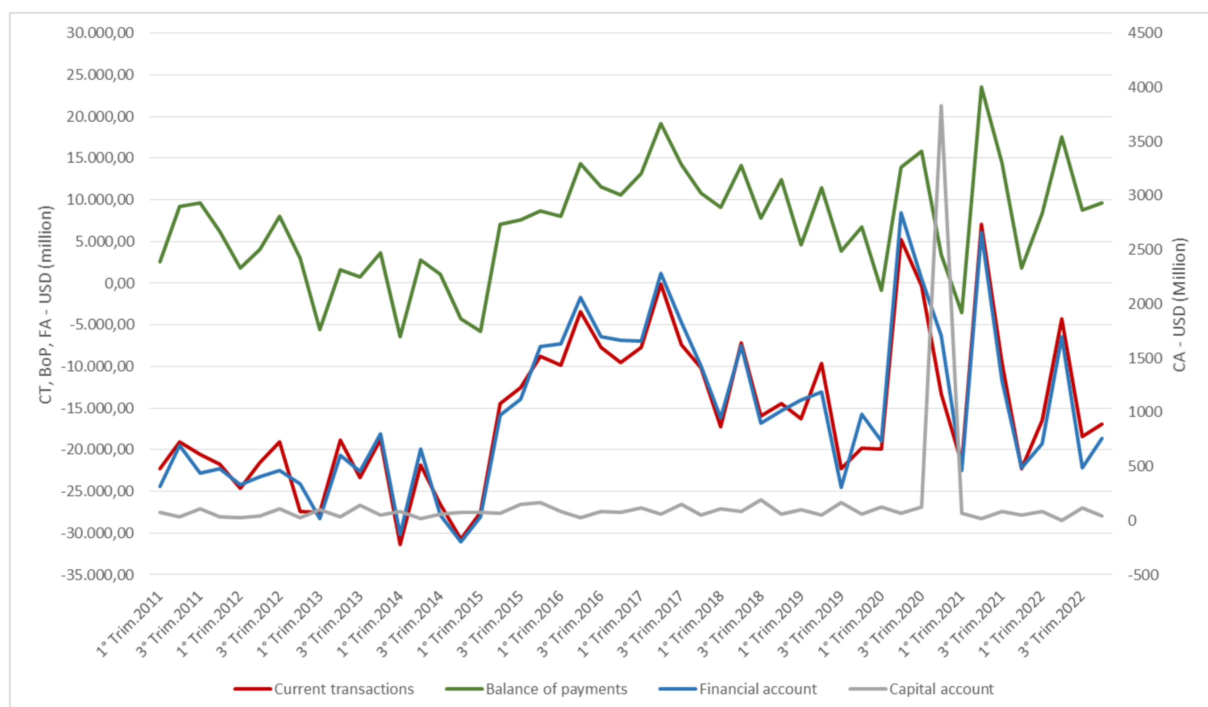
Graph 6 - International Reserves. Brazil. US$. Monthly. 2011 to 2022.



Source: Brazilian Central Bank.

On the other hand, the current account balance showed a small deficit in 2022 of US$ 55,959.20 - approximately 2.9% of GDP - and the trade balance had a surplus of US$ 4,144.20. What these pieces of information about the inflows and outflows of currency in recent years, combined with the information about the stock of reserves held, indicate is that Brazil's external situation is comfortable and has been so during the period under analysis - 2011 to 2022. Therefore, it cannot be considered that the external constraint has been an obstacle to the use of macroeconomic policies aimed at achieving full employment.

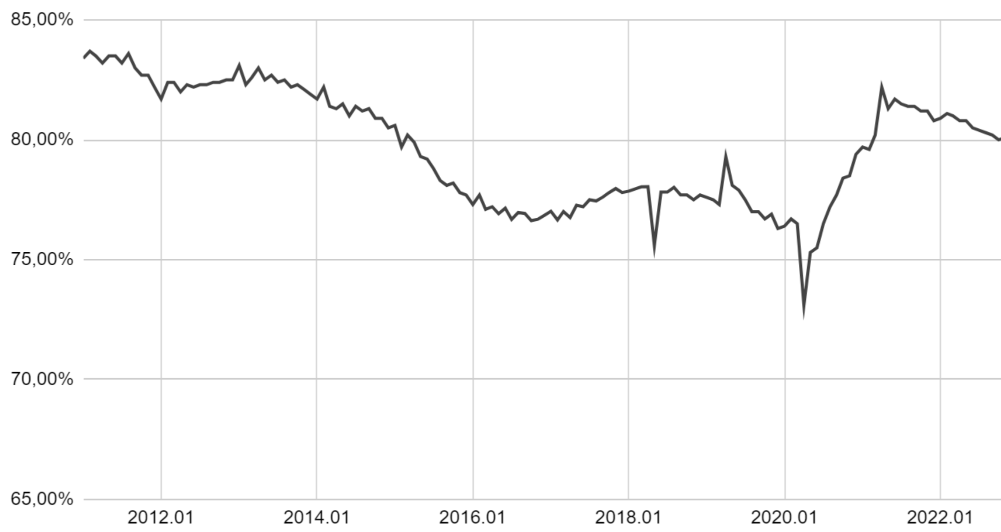
Graph 7 - Current Account. Brazil. US$ (millions). Annual. 2011 to 2022.



Source: Brazilian Central Bank.

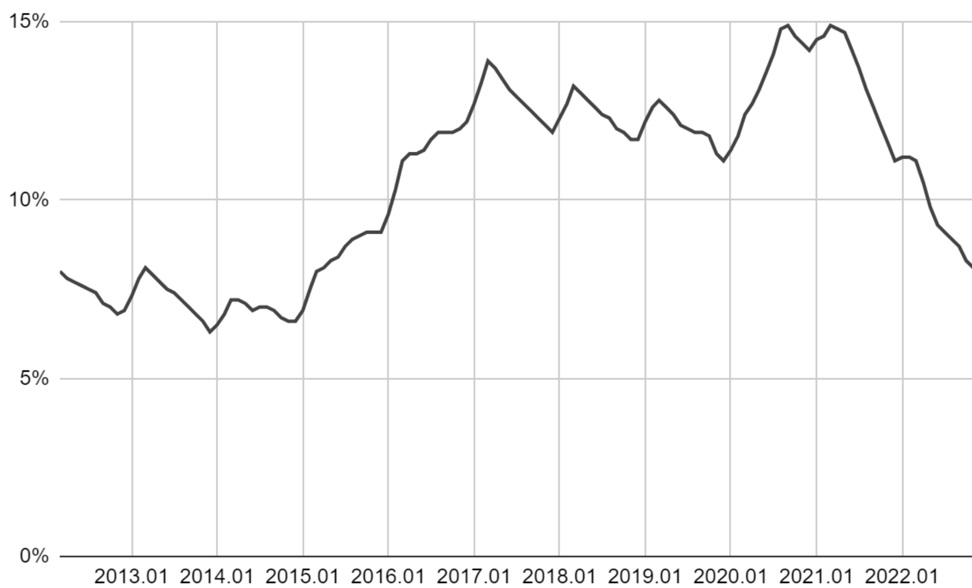
Let's move on to the next point and assess whether, in any way, full employment of installed capacity and labor might have posed an obstacle to the use of expansionary macroeconomic policies. Analyzing the information in the graphs below (Graphs 8 and 9), we can see that in the period between 2012 and 2015, the unemployment rate was relatively low - less than 10% for the entire period, staying around 7% for the 2014-2015 biennium. It then rose again, reaching approximately 15% in the pandemic years.

Graph 8 - Degree of utilization of installed capacity. Brazil. 2011 to 2021.



Source: IPEADATA.

Graph 9 - Unemployment Rate. Brazil. 2012 to 2022.



Source: IPEADATA.

The observed trend in the labor market parallels what is depicted in Graph 8, illustrating the dynamics of capacity utilization in the country (percentage of the industrial

capacity in operation) during the analyzed period. Indeed, the utilization of installed capacity declined from 2014 to 2017, stabilizing at a low level until 2019 when it decreased again. These data together suggest that, perhaps with the exception of the 2014-2015 period when unemployment rates were low, for the rest of the analyzed period, there was no possibility of macroeconomic policy stimulus resulting in demand inflation, given the existence of idle productive resources. Therefore, this set of evidence allows us to suggest that Brazil did not face, between 2012 and 2022, economic constraints on the use of fiscal and monetary policies to pursue full employment.

Concluding Remarks

The empirical evidence from the period indicates that discourses about the lack of fiscal space in Brazil do not rest on real economic constraints but on limits of another nature: ideological, political, and legal. On the other hand, we observed a significant correspondence between the movement of autonomous expenditures in general, and government spending in particular, especially due to the adoption of restrictive fiscal targets. In turn, inflation peaks — in 2015 and in 2021/22 — were caused by supply-side pressures rather than demand. Therefore, neither the policy to encourage private investment, fiscal austerity measures, nor the management of interest rates brought significant results for public accounts and economic growth.

The data on Brazil's external accounts did not initially indicate a restriction on the execution of fiscal and monetary policies. Indeed, the current account result shows a certain degree of dependence on the external sector (typical of peripheral economies), but this did not compromise public accounts, given that 95% of the public debt is denominated in reais and 90% of the holders are residents. Following the MMT framework, this means that Brazil is borrowing in its own currency, and since there is no demand-side pressure and there is idle productive capacity, there is no reason for the country to worry about demand-driven inflation acceleration or a debt trajectory hindering its economic growth.

Even with the real side of the economy presenting no obstacles to the use of a more active fiscal policy, we must assume that they were not implemented because there are strong ideological and institutional constraints, difficult to overcome. The orthodox discourse of the necessary condition for balancing public accounts is very strong, leading to the approval of

laws that reinforce its dominance, such as the autonomy of the Central Bank and the Public Spending Cap Constitutional Amendment.

In conclusion, it can be stated that there was room for Brazil to exercise its monetary sovereignty through a more active fiscal policy, with incentives for investment and consumption, as well as employment generation policies. As previously pointed out, the GDP growth rate accompanies the growth rate of public spending, and therefore, the result of public accounts should not be an end but an instrument of economic policy. Nevertheless, the leaders chose to adhere to the economic ideology that clings to balanced public accounts as the only way to achieve stability and economic growth. It is necessary to reflect on who actually benefits from austerity policies and whether they are a model that takes into account the specific characteristics of that society.

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