

Abstract

After the default of the Investment Bank Lehman Brothers, in September 2008, the strong resilience of the Brazilian economy, both in general and, specifically, its financial system became quite clear against the worsening of international financial crisis. Indeed, Brazil's macroeconomic indicators and its financial system showed a quick recovery, much more evident than in other big economies, particularly in the developed world.

This study intends to show why Brazilian economy and, especially, its financial system, resisted so well to the international crisis when compared to other economies. Assuming that the deep restructuring in Brazil's financial system that occurred during the 90s had differentiated them from the other ones (which could, in a certain way, explain its different performance during the crisis), our research aimed at explaining, in the first place, the causes that made that restructuring process necessary, as well as the ways used to accomplish such an objective.

After a theoretical introduction where we present the main concepts of the economic theory regarding the main theme of this work, the Brazil's financial system in the face of the crisis, we examine the institutional framework that existed in this country (as well as its close economic environment) before the restructuring took place. This analysis focuses mainly on high inflation levels that were identified as one of the main macroeconomic problems, and which has later demanded the need for government intervention. Within this context (anti-inflation), the rational core of "Plano Real" is presented as well as its successful implementation. We assume that this policy also had deep implications for the Brazilian financial system.

Afterwards, we describe the main features of Brazil's financial system, and the way it has been conducted so far, aiming to give a more comprehensive knowledge of its physiognomy and functioning. This allows us to better explain the reasons that lie behind its ability to resist during the international crisis when we compare to other big economies' financial systems. Not only quantitative data on the Brazilian financial system are given, but also its regulatory structure that was set up in the 90s is presented, which is identified as an additional favorable factor to Brazil's resilience to the crisis. Moreover, some negative features of the financial system in study, and that still persist, were identified. However, these negative characteristics, as the previous ones, clearly

differentiate this system from the others, and do not match its greater ability to face the present crisis.

Finally, it is examined on a broader level the reaction of the Brazilian economy and more closely the financial system's reaction against the crisis. This was made through the analysis of several macroeconomic indicators and of the government's counter-cyclical measures. It is concluded that the deep restructuring to the financial system that occurred in the 90s as a consequence of the implementation of "Plano Real" gave this system some characteristics that reduced its vulnerabilities to the international financial crisis, which facilitated the resilience of the country's economy since the international crisis started. The measures taken by the government were also important and have contributed to deal with the immediate effects of the crisis, but their efficiency would not have been so strong if the structure of the financial system that resulted from the "Plano Real" did not exist.