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WP/88/68

Subject: Empirical Analysis of High-Inflation Episodes  
in Argentina, Brazil, and Israel

CORRIGENDUM

The attached title page of WP/88/68 (7/22/88) has been printed on the appropriate masthead.

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Empirical Analysis of High-Inflation  
Episodes in Argentina, Brazil, and Israel

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Abstract

Although accommodative policies and widespread indexation may account for the persistence of high inflation, they cannot explain changes in the inflation rate. This paper examines the causes of such changes for the high-inflation episodes immediately preceding the recent "heterodox" attempts at stabilization in Argentina, Brazil, and Israel. An attempt is made to distinguish between the "fiscal" and "balance of payments" views of the causes of high inflation by computing historical decompositions of these episodes based on vector autoregressions. In all three cases, the results indicate that nominal exchange rate shocks played the dominant role in triggering an acceleration of inflation.

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