

The Language of Inflation Traps in Translating Brazilian Portuguese

By Danilo Nogueira
(Professional translator, editor,
writer, consultant, trainer)
Brazil

Late in 1996 financial statement indexation was officially extinguished. That supposedly sounded the death knell for inflation. Inflation may be dead, but it has left its marks on our language—and they still haunt translators and users of translations alike. I have this hunch that dictionaries will never cope with them effectively.

The most egregious mark of inflation is *Correção Monetária (CM)*, the indexation system introduced in the mid 70s. Now most professionals appropriately translate that as *indexation*. However, you will also find the terms *monetary correction* or *monetary restatement*, which are improper because their meaning is difficult to pinpoint, as well as *price level accounting*, which is a misnomer because official CM indices seldom reflected anything like a price index. In fact, they were tools of economic policy. In other words, the index did not reflect past inflation, but was what the government thought convenient at the time. Often one or more increases were considered “abnormal” and thus excluded from CM computations. This was called *inflação expurgada—expurgated inflation*. Any accountant will tell how tax revenues could be manipulated in this way.

After CM came to life, *corrigir*, which literally means *to correct*, began to be used with the meaning of *to apply indexation*, thus creating a trap into which many a worthy translator fell.

Then, workers began to distinguish between *aumentos* (merit increases) and *reajustes* (cost of living adjustments). Everybody was protesting against *increases* so *aumento* became an ugly word. Consequently, everybody began to use *reajustes* to refer to their pay/price hikes—and *aumento* to refer to increases in what their neighbors received or charged. Union leaders demanded *reajustes salariais* (*salary adjustments*) to face *aumentos de preços* (*price increases*); employers justified their *reajustes de preços* as compensation for *aumentos de salários*.

Unfortunately, the prices we paid always seemed to increase a lot faster than the prices we could charge. Everybody claimed that their prices (or salary, wages, pension, or whatever) were *defasados* (literally: *out of phase*) meaning they *lagged behind inflation*. This, of course, called for a *reajuste para contrabalançar os*

aumentos—an adjustment to offset the increases. Which, in turn... well, you get the idea.

Once a year, a pay increase was decreed. That, of course, was *o aumento* or *o reajuste*, depending on which side of the fence you were on. However, during the year workers usually demanded an extra increase. Since at times the government tried to control inflation by putting a lid on wage increases (*o arrocho*—the squeeze), such an increase was plainly illegal, so workers and their employers usually agreed on an *antecipação* (advance) or a pay increase that would be deducted from the official increase to be decreed. Later on, pay hikes above inflation rates were allowed if productivity increased. So, workers began to demand their *produtividade*, which does not mean *productivity*, but a pay increase attributed to an alleged increase in productivity.

Prices were often controlled, and approved price lists were published. These are referred to as *tabelas de preços* (price lists). *Preço tabelado* then means *controlled price*. When controls were lifted, the price was said to be *liberado* (decontrolled, or literally: *released [from controls]*). Occasionally prices were *congelados* (frozen), in which case goods would disappear from the market (*desabastecimento*—literally *lack of supply*) and could only be bought at higher-than-official prices (*com ágio*). To evade controls and freezes, some products appeared under slightly new guises, a practice referred to as *maquiagem* (make-up). This should not be confused with the cognate term used in Mexico with a very different meaning.

This traditional meaning of *tabela* should not be confused with another meaning, current for a short period, and copied from the Argentine *tablita*. This was the *tabelinha*, or little table, one of the many panaceas attempted to cure the country of inflation. This was a table used to reduce the value of payments. For instance, you bought a widget on credit, to be paid in installments of \$100. Under the *tabelinha*, the amount of each instalment was to be reduced so as to eliminate the effects of inflation from it. This resulted in many disputes, because those who paid wanted to pay under the *tabelinha*, and those who received claimed that they had sold for credit without interest or inflation or nothing, to their great loss and all, and now comes that *tabelinha* to reduce their already meager earnings. Well, it did not work, and inflation went on as usual, *tabelinha* or no *tabelinha*.

Often indexation was based on official indices, but this was sometimes awkward. So we invented *correção monetária pré-fixada*, (*set in advance*), which is indexation based on a rate agreed on by the parties in advance without government interference. If you are a purist in matters of spelling, notice that *prefixada* means *prefixed*, i.e. provided with a prefix, whereas *pré-fixada* means *agreed in advance*. Of course,

correção monetária embutida means *indexation built into* the price on credit sales. In such cases, there was a discount on cash payments.

Indexation was introduced as a cure for inflation, but it failed mainly because it was habit-forming. Inflation rates accelerated and we had to index practically everything: salaries, installments, rent. This was done by pegging prices to something the price of which was widely publicized. For instance, Treasury Bonds. Treasury Bond par values were indexed and most people could tell you what the day's value was. Those Bonds were called *Obrigações Reajustáveis do Tesouro Nacional (ORTN)* - and all prices were quoted in ORTN terms. Many translators, for instance, charged 1 ORTN per standard page. Salaries were also quoted in terms of ORTN, of course. Household help was paid in ORTN. ORTN values were translated (*convertidos*) into ordinary currency at the time of payment. Of course, most people never saw an ORTN, we used ordinary money, and the indices were just "money of account." I am not mentioning the name of the actual currency unit in use, for we had half a dozen different units during the period.

With time, the ORTN was replaced by the *Obrigação do Tesouro Nacional (OTN)*, and that in turn (mis)begot *otenizar* (to quote using the OTN as a unit).

Informally, prices were also quoted in dollars. Since there were stringent exchange controls, most people had never seen a greenback, but almost everybody knew how much it was worth. Exchange controls brought the black market with them. This is referred to as *o black* and black-market dealers are called *doleiros*.

Because the official rate of exchange was also a tool of economic policy, it did not reflect market conditions. And because it was widely believed that such conditions were reflected by the black market, its rates became so important that even respectable newspapers quoted them—even the Central Bank was forced to follow suit in due time and discuss those rates in its bulletin. To avoid using *mercado negro*, which always reeks of something that nice people should not be associated with, we coined *mercado paralelo*, which was perceived to be a more appropriate term to be used by the authorities.

Then, CVM, the Brazilian counterpart to the American SEC, decreed that all organizations subject to its regulations—which included all financial institutions and publicly-held companies—had to apply indexation to practically all of their assets and liabilities. This deserves an explanation. Under the 1976 Business Corporation Act, only Property, Plant and Equipment, Long-term Investments and Deferrals were to be indexed, with contras to Shareholders' Equity. But when monthly inflation threatened to reach three digits, that was plainly not enough. I will spare you an explanation of how the new rules worked. As far as translators and readers are concerned, however,

they meant introduction of another term: *correção monetária integral*, which may be rendered as *full indexation*.

Because those organizations still had to publish their ordinary balance sheets with what should now be termed *partial monetary correction*, in practice they published statements with two columns of figures, one *pela legislação societária (pursuant to the Business Corporation Act, that is, partially indexed)* and *pela correção monetária integral (fully indexed)*. This has led many a translator to despair. Of course, foreign financial analysts, confronted with two columns of different figures did not feel much better.

There were at least 30 different inflation indices going. Pitched battles were fought about what index should govern an operation. The longest and most complex clause of any contract dealt with indexation. Most businesses subscribed to a periodical that published all the indices ever used for the previous ten years or more.

Cash management became all-important. Businesses kept enormous cash balances which were reinvested every day. This was often considered a better use of money than investing in production and was referred to as *ciranda financeira*. *Ciranda financeira* could perhaps be translated as *financial merry-go-round*, although *ciranda* is a dance in a circle. It did very little good to the economy.

The eroding power of inflation was so strong, that nobody could afford to wait for payments. Traditionally, wholesalers sold *30 d.f.m. (30 dias fora o mês)*, which means *30 days, not counting the current month*. In other words, if a retailer bought, say, cooking oil from a wholesaler on April 10, the bill was expected to be settled on May 31. This was gradually reduced to one week after delivery. Banks offered 7-day collection services. Checks were (and still are) cleared within 48-72 hours. Although inflation is now very low, we have kept this healthy custom. My clients still settle my bills within two weeks at most, to the envy of many colleagues abroad who must wait a couple months for a check.

Small grocers also sold on credit on the hallowed *caderneta* (booklet) tradition: customers had a *caderneta* and took it to the store whenever they wanted anything. The storekeeper sold them what they wanted and entered the price of the purchase in the *caderneta*. Once a month the account was settled. Gradually, *caderneta* entries started to reflect descriptions, not prices. At the end of the month, the account was settled based on the prices current at the date of settlement, not on the prices current at the time of the purchase.

Supermarkets never offered *cadernetas*. They offered lower prices. But as inflation became higher and higher, the busiest person in the supermarket was the one carrying a little hand-held contraption that printed price labels. This hated and unfortunate person went up and down alleys altering prices, always up. Sometimes you would find three or four labels with different prices on the same article. This was called *remarcar* (*marking again*). The strange side of it is that *remarcar* had always meant *to mark down*, during a sale, for instance, but it slowly became *to mark up*. Even now, when inflation seems to be over, it is difficult to know when *remarcar* means *to mark up* or *down*.

Traditionally, salaries were paid once a month. People in financial straits could ask for a *vale* (*advance—so called because the employee signed a “vale,” that is, an IOU*). Growing inflation made the *vale* automatic and the right to a *vale* became part of collective bargaining agreements. Often, bargaining failed and the parties went to court. The technical name of such a disagreement is *dissídio coletivo*. Slowly *o dissídio* became the name for the labor agreement itself or the pay hike it brought. By the way, *salário* means *wages* and *salário mínimo* is the minimum wage. *Mínimo* was perceived to be demeaning and was slowly abandoned in colloquial language. Today, when people say *o salário*, they often mean *o salário mínimo—the minimum wage*. Certain services are still priced in terms of *salários mínimos*. My bookkeeper, for instance, charges *um salário mínimo*, that is, a monthly fee equal to the monthly minimum wage.

Some people, however, could not get *vales*. Those included, for instance, the retired, who were—and still are—paid once a month. With inflation at 80%+ a month, purchasing power vanished so quickly that people who got paid once a month went straight to the supermarket and spent as much of their pay as they could before the bills became valueless. Someone then said that *inflation was the cruelest tax of all*, because it ate up the earnings of the poor who could not play in the *ciranda financeira*. That was the *imposto inflacionário*, which may be translated as *the hidden tax represented by inflation*.

Unable to play in the Ciranda, the poor put whatever they could spare in *cadernetas de poupança* (*passbook savings account*). This was considered sacred, something for a rainy day. Those accounts paid interest of 0.5% *a month*, plus *correção monetária*. Unfortunately, many people never noticed the difference between the two. All they knew was that *income on savings accounts* (*rendimento da poupança*) was high and on the increase. And they were happy. Too happy. Once a month, the eight o'clock news reporter told us that inflation for the month had reached 80% and that income on savings accounts would be 80.5%. Happy that their savings had almost doubled within a month—and unaware that most of that was just a paper gain—people felt wealthy

and freely spent their “income.” They took care to leave the principal untouched and in due time, inflation eroded their savings to nothing.

As time went by, more and more prices were quoted in dollars. The government tried to stop it as a matter of national pride, but it was to no avail. That was the *dolarização informal*.

Then the Government created the URV (*Unidade Referencial de Valor*—something like *Value Reference Unit*), and for a time all prices were quoted in URV terms. URVs were never issued, so they were solely money of account. The government never said the URV was equal to US\$1, but the “exchange” rate was always 1:1. So this was referred to as *dolarização envergonhada*. Literally—and in broken English—this would be *embarrassed dollarization*, which, I think, needs no further comment.

In July 1994 the URV became the Real, inflation disappeared seemingly by magic, and all those absurdities described above are slowly becoming a thing of the past. The nightmare is over—or so we hope—but we will long remember it in our language.

This article was originally published at Translation Journal (<http://accurapid.com/journal>).