

[Working Paper No. 759](#)

Keep in mind

La serie Borradores de Economía es una publicación de la Subgerencia de Estudios Económicos del Banco de la República. Los trabajos son de carácter provisional, las opiniones y posibles errores son responsabilidad exclusiva del autor y sus contenidos no comprometen al Banco de la República ni a su Junta Directiva.

Autor o Editor

Andrés González, Martha Rosalba López Piñeros, Norberto Rodríguez Niño, Santiago Téllez

In this paper we develop a dynamic stochastic general equilibrium fiscal model for the Colombian economy. The model has three main components: the existence of non-Ricardian households, price and wage rigidities, and a fiscal authority that finances government spending partly with public debt. The model is calibrated to capture the empirical evidence on the macroeconomic effects of government spending and it is used to study the effect of an oil price shock under different fiscal policy rules. Our results show that fiscal multipliers in Colombia are positive in a way consistent with the evidence. Our analysis also shows that a structural fiscal rule delivers a better outcome in terms of macroeconomic volatility relative to a balanced budget rule or a countercyclical fiscal rule.

The views expressed in the paper are those of the authors and do not represent those of the Banco de la República or its Board of Directors.

Documento actualizado a las 10:44 a.m. del 16/06/2013