Essays on Economic Policy (ESPE in Spanish) - Non-Linear Fiscal Multipliers for Public Expenditure and Tax Revenue in Colombia

Download Keep in mind

In the journal Essays on Economic Policy (ESPE) - we disclose the results and policy proposals that arise from academic research carried out at the *Banco de la República*. When you read us, always keep in mind that the content of our articles, as well as the analyzes and conclusions derived from them, are the sole responsibility of their authors. The material disclosed in our ESPE magazine does not compromise or represent the opinion of *Banco de la República* or that of its Board of Directors.

AUTHOR OR EDITOR López-Vera, Alejandro Pinchao-Rosero, Andrés D. Rodríguez-Niño, Norberto
Publication Date: Friday, 9 of November 2018

Abstract

This paper analyzes the non-linear and asymmetric effects of fiscal multipliers for expenditure and tax revenue for the Colombian economy. For this purpose, we use autoregressive vector models with smooth transition estimated with Bayesian methods between 1995-Q1 and 2015-Q4. The results show evidence of the existence of dependence on the impact (non-linearity) and none-asymmetry of fiscal multipliers. We found that expenditure and tax revenue multipliers are higher when the economy is in periods of a negative output gap than when it is positive. Also, the expenditure multipliers are slightly lower than the tax revenue multipliers regardless of the state of the economy.

Fuente: https://www.banrep.gov.co/en/publications-research/espe/non-linear-fiscal-multipliers-for-public-expenditure