
[Download](#)

[Other Working Papers](#)

Keep in mind

The series Working Papers on Economics is published by the Office for Economic Studies at the *Banco de la República* (Central Bank of *Colombia*). It contributes to the dissemination and promotion of the work by researchers from the institution. This series is indexed at Research Papers in Economics (RePEc).

On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. The works published are provisional, and their authors are fully responsible for the opinions expressed in them, as well as for possible mistakes. The opinions expressed herein are those of the authors and do not necessarily reflect the views of Banco de la República or its Board of Directors.

AUTHOR OR EDITOR

[Ligia Alba Melo-Becerra](#) [Jorge Enrique Ramos-Forero](#) [Camilo Gómez](#)

The series Borradores de Economía (Working Papers on Economics) contributes to the dissemination and promotion of the work by researchers from the institution. On multiple occasions, these works have been the result of collaborative work with individuals from other national or international institutions. This series is indexed at Research Papers in Economics (RePEc)

Publication Date:

Wednesday, 7 of October 2020

The opinions contained in this document are the sole responsibility of the author and do not commit Banco de la República or its Board of Directors.

Abstract

This paper presents a review of the theoretical literature on the political economy of the government budget, describes the budget process in Colombia with its problems and limitations, and explores in detail the transfer and investment components of the General Budget of the Nation, whose composition is more complex to evaluate due to the nature and variety of its items. These two components represent close to 60% of the budget and show great in exibility of public spending, especially in transfers. The in exibility stems from the diversity of appropriations with legal backing, which limits the margin of maneuver for governments when formulating the budget. The investment is made up of a wide range of social programs, subsidies and infrastructure projects, which in some cases correspond to commitments acquired in previous periods, through so-called "vigencias futuras", which also contribute to the in exibility of the budget. The rigidity of the budget deepens with the frequent approval of laws that generate additional spending on a temporary or permanent basis.