



Macroeconomic imbalances in Colombia and by institutional sectors, 1975-2021: Who saves and who dissaves?

Download 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 Rincón-Castro, Hernán Moreno-Barrera, María Angélica

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). 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.

Publication Date: Tuesday, 1 of November 2022 Abstract

The objectives of the study are, first, to build homogeneous and consistent series of macroeconomic savings and investment and their balances for the economy and institutional sectors of Colombia for the period 1975-2021. Second, describe the economic context in which they were observed, narrate, and present possible reasons for their behavior, and report and explain who saved and who dissaved and why. Statistics indicate that between 1975 and 1998 the Colombian economy experienced savings deficits followed by surpluses, which allowed it to maintain a sustainable macroeconomic dynamic, in the sense that years with excess investment were subsequently offset by years with excess savings. Between 1999 and 2003, the economy experienced a relative macroeconomic balance. However, since 2004 it has supported a continuous and growing imbalance, which worsened in 2021. During the study period, households and financial corporations were generally the savers, while the government was the saver until 1994 and from that year on, permanently dissaving. Non-financial corporations were dissaving, except in 1999 and 2021. The general results hide sectoral dynamics that have been little analyzed, and this study goes a step further to reveal them.