

[Download](#)

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

Parra-Polanía, Julián Andrés

Vargas-Riaño, Carmina Ofelia

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 the 16th of April, 2024

## Abstract

Models with an occasionally binding credit constraint have been used to analyze financial crises and previous literature has highlighted that the specific form of this constraint is decisive for policymaking conclusions. What are the welfare effects of implementing a policy that is appropriate for a specific type of constraint when the economy is actually facing a different one? We provide an answer by analyzing the implementation either of ex ante (or macroprudential) vs. ex post debt taxes in four possible collateral constraint cases (depending on whether creditors assess current or future and total or disposable income of debtors). Our main conclusion is that a debt tax applied only during potentially constrained periods (i.e., ex post) is a more favorable intervention if the policymaker does not know which credit constraint is facing or if it is more likely to be facing a disposable-income constraint (either for current or future income).