



# Portada Ensayos sobre Política Económica (ESPE) - The Impact of Efficiency on the Economic Growth of Emerging Economies: the Case of 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.

AUTHORS AND/OR EDITORS Víctor Giménez Diego Prior Emili Tortosa-Ausina

In the journal *Ensayos sobre Política Económica - 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.

Publication Date: Tuesday, 11 of December 2018

## Abstract

As is well established (Robinson and Acemoglu, 2012), the economic performance of countries depends on the level of quality of its institutions. Referring to the economic performance, this paper establishes the aggregate efficiency of 133 countries in the generation of GDP by using the production theory framework and considering the participation of human as well as physical capital. Additionally, it is analyzed to what extent the aggregated performance depends on the level of quality and effectiveness of the subsequent national public institutions. It is also determined whether or not the size of the public expending, and its level of efficiency, have an impact on the rate of economic growth. To conclude, the conditions to favor the public expending as a driver for economic growth are determined. After a general overview, the specific situation of Colombia is analyzed. The results confirm the importance of the quality of the institutions on the respective levels of efficiency. It is also verified how the level of efficiency is a key factor to obtain economic growth from the public spending.