

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

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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.