

[Working Paper No. 154](#)

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.

AUTHOR OR EDITOR

Rodrigo Suescun

This paper develops a model to study the design, characterization and dynamic implications of stabilization policies in a dynamic general equilibrium model of the business cycle for an economy tainted by the Dutch disease. The model incorporates a stabilization scheme for the producer price of an export crop in a three-sector RBC model. Stabilization funds have been very popular instruments in developing countries to deal with export price instability. This paper shows that such schemes cannot improve the functioning of the economy, notwithstanding the assumed sub optimality of private outcomes and the possibility of having welfare enhancing policies.