
This paper characterizes fiscal policy in Colombia and discusses the government’s stance against the global financial crisis of 2008-09. Using a policy rule, the paper finds that discretionary fiscal policy has been procyclical, has reduced its volatility in recent years, and has been consistent with the intertemporal budget constraint. The evidence also indicates that the fiscal authority did not design a countercyclical discretionary program to offset the effects of the crisis. Instead, it expected automatic stabilizers to operate in the economic recovery, to rebalance public finances.

Key words: economic cycles, fiscal rule, fiscal policy, deficit, surplus, déficit forecasts, debt forecasts, Colombia. JEL: E32, E62, H62, H68.