

Macro-economically Adjusted Fiscal Balance: an application for the Bolivian case in the period 1990-2000

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ABSTRACT

The consolidation of processes of fiscal stabilization in European and Latin American countries called the attention of several studies about characterization of fiscal position in certain periods. To achieve this characterization it can be built the Macro-economically Adjusted Fiscal Balance (BMA), which isolates the short term effects of certain macroeconomic variables on fiscal accounts. This indicator allows a more real overview of fiscal policy to evaluate its situation in medium term. In this context, this study has as objectives, to identify macroeconomic variables that influence fiscal aggregates in Bolivia, to calculate BMA, and based on this last one, to obtain an indicator of fiscal impulse.

The income entries resulted to be sensible to macroeconomic variables such as product, consumption, and imports. The non-personal expenditure in goods and services was related to the evolution of the product, while the other expenditure entries could not be adjusted, due to rigidities and a discretionary component, at the moment of their implementation. Results point out that short term fluctuations in the Bolivian case, would be between -0,56% and 1,03% of trending GDP. BMA shows higher deficits compared with the conventional results, when selected macroeconomic variables are above their trend levels, and vice versa. The estimated fiscal impulse indicator shows mixed results regarding the character of the fiscal policy for the period of 1990-2000, being distinguished an important effort to reduce the deficit in 1994, 1995, 1999, and 2000.

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