

EDITOR'S NOTE

MARÍA TERESA RAMÍREZ

The present issue of this journal contains five articles. In the first one, Ignacio Lozano and Jorge Toro review the close relationship between business cycle and public finances in Colombia. They find that cyclical movements in output systematically affect the balance of public finances. Therefore, the assessment of cyclical and structural components of the budget balance becomes an important tool in the analysis of fiscal policy.

In the second article, Andrés Murcia studies the determinants of credit access for Colombian households. He finds that income, wealth, geographical position, access to social security, education level and age affect the probability of credit use (mortgage loans and credit cards).

Then, Darío Maldonado considers the role of education policies in redistribution of income when individuals differ in ability and inherited wealth. The author finds that the same type of rules that determine optimal education policies when only ability heterogeneity is considered apply to the case where both parameters of heterogeneity are considered.

Next, Luis Eduardo Arango and Carlos Esteban Posada, using information of decrees on government posts and earnings, estimate the true wage of public servants in Colombia during the period 1978-2005.

Finally, Carlos Arango and Angélica Pachón analyze the behavior of minimum wage in Colombia to determine whether it may alleviate the living conditions of low income families and reduce income inequality. They find evidence that the minimum wage ends up being regressive, improving the living conditions of families in the middle and the upper part of the income distribution with net losses for those at the bottom.