Editor's Note

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The present issue of this journal contains six articles. In the first one, Juan José Echavarría, Andrés González, Enrique López and Norberto Rodríguez, using the FAVAR methodology, evaluate the impact of unforeseen changes in four international variables: short term interest rates, risk, the Colombian terms of trade and economic activity. Also, the authors use impulse-response functions and historic decomposition of shocks in order to assess the impact of external factors on economic activity in Colombia, with particular emphasis on the crisis at the end of the century. They find that international shocks are not independent and that, when they are expansionary, domestic economic activity is increased. The analysis of impulse-response functions concludes that the impact of *VIX* and the interest rate is higher than that of economic activity and the price of basic goods.

In the second article, José Eduardo Gómez, Luisa Silva, Sergio Restrepo and Mauricio Salazar study the relationship between capital flows and financial stability in Colombia during the period between the years 1995 and 2011. Using VAR models and impulse-response functions, the authors find that there is an indirect relationship between the two variables of interest, mediated by the indicator of credit / GDP. This way, increases in capital flows tend to favor significant rises in credit from financial institutions.

In the third article, Manuel Fernández attempts to establish a causal effect of the period of The Violence on the rates of informality in land tenure in Colombia over the long term. Specifically, he tries to identify and quantify whether, at present, there are variations in the rates of informality in the possession of private rural land that can be attributed to the violence experienced by some municipalities in the country between 1948 and 1953. In consequence, the author finds that the effects of violence can be maintained for a long time, even after the violence has ended, through indirect channels. Thus, the relationship between violence and property rights can degenerate into a vicious circle, where the poor definition of property rights creates conditions for the emergence of violent conflicts, and these conflicts, in turn, harm the condition of the property rights.

In the next article, Alexander Riveros studies how important the behavior of the real exchange rate has been for the Central Bank when determining the level of the interest rate during the period 2001:I-2011:VII. To do this, the author estimates a discrete choice model (dynamic *probit*), which allows the evaluation of discrete and sporadic changes in the interest rate, and serial correlation. The results show that the Central Bank, in the first years of implementation of inflation targeting, would have considered the real exchange rate when deciding the level of interest rates, but this variable has lost significance, which could be associated to the possibility of using additional tools to intervene in the foreign exchange market.

In the fifth article, Fernando Tenjo, Enrique López and Diego H. Rodríguez assess the lending channel of monetary policy in Colombia using a FAVAR model. The authors find that factors extracted from banks' liquidity, solvency and leverage ratios help explain the macroeconomic dynamics of the Colombian economy. However, this dynamics is affected by the monetary policy stance, which has an asymmetric effect on the economy, depending on whether it is contractionary or expansionary. They also find that banks' liquidity is a determining factor in the transmission of monetary policy.

Finally, Juan Pablo Zárate, Adolfo Cobo and José Eduardo Gómez present the main lessons regarding monetary and financial policy that can be drawn from the current crisis. They also draw a parallel with the Colombian crisis of the nineties and the actions derived from it. The authors propose some actions that could be adopted in the implementation of monetary and financial policies in order to reduce the risks associated with the behavior of the financial and credit systems, aimed at finding a more stable economy, reducing macroeconomic imbalances in the long term.