Essays on Economic Policy (ESPE in Spanish) - Central Banks: Past, Present, Future

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This paper looks at the question of central bank mandate and design in a larger historical context with the goal of understanding the rationale for the design of the European Central Bank (ECB), and also of developing a better understanding of how central banks will evolve over the next few decades. Over the centuries, central banks have played four broad roles in the economy: fiscal support, financial stability support, monetary support and macroeconomic support. In different periods, different motives have taken pride of place. For example, in western economies the macroeconomic motive dominated after World War II; during the last two decades of the 20th century the monetary stability goal dominated; then in the early 21st century the financial stability role dominated. The mandates of central banks have evolved in response to three factors: the existence of alternative sources of funds for the sovereign, the prevailing economic theory or broader set of philosophical beliefs, and the technology of money and of financial instruments more broadly. All three factors remain in play, and it is likely that central banks will continue to change their colours as their environments change.

Fuente: https://www.banrep.gov.co/en/publications-research/espe/central-banks-past-present-future