

Pérez Caldentey E., Vernengo M. (2019) The Historical Evolution of Monetary Policy in Latin America. In: Battilossi S., Cassis Y., Yago K. (eds) Handbook of the History of Money and Currency. Berlin: Springer.

Abstract: Recent monetary policy in Latin America has evolved in five different phases. The first one revolves around the monetary doctoring missions, mainly but not exclusively, from the United States that established the first central banks in the region in the 1920s and 1930s adhering to a gold standard regime. The second phase comprises the first attempts to adopt a proactive countercyclical monetary stance and the granting of ample discretionary powers to the central bank to protect economies from the effects of the international business cycle. The third phase consists in the generalized adoption of developmental and inward industrialization goals by central banks. The fourth phase is characterized by central bank's abandonment of developmental objectives placing the focus of their actions on price stability. The last phase in the evolution of monetary policy centers on inflation targeting. Currently, the most important and pressing challenges of monetary policy relate to its impact and pass-through on the real economy and to the relationships between monetary policy, fiscal policy, the financial system, and financial stability.

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