Blog BanRep | Central Bank Independence and Inflation

Blog BanRep | Central Bank Independence and Inflation

A common feature of modern central banks is their independence from the government. This autonomy is justified because the goals of the government and the central bank can differ. Typically, governments prioritize short-term growth and therefore favor low interest rates to boost demand and ease debt financing, even if this, in the long term, leads to higher inflation and may harm economic growth. On the other hand, central banks with macroeconomic stability mandates have an interest in low, predictable inflation that ensures the highest possible long-term growth.

Continue reading

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/news/blog-central-bank-independence-inflation