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I am writing concerning the timing of publication of the minutes of the Monetary Policy Committee. In its Report on the operation of the new monetary policy arrangements one year on, the Treasury Committee recommended that “the MPC should give serious thought to whether the minutes can be published earlier insofar as this can be done without lowering the quality of the minutes themselves or the quality of the debate they encapsulate”. As I said in my written submission to the Committee in June (in connection with the confirmation hearings), the MPC planned to review this issue over the Summer and reach a judgement on whether any change should be made. We have now had the opportunity to undertake that review, and I am writing to inform you of the result.

The MPC considered the issue very widely. In doing so, we paid particular attention to a number of what we consider to be important arguments. First, as the Treasury Committee recognised in its Report, it is vital that the minutes should continue to set out in a clear and transparent way the thinking that lies behind the decisions reached by the MPC. It is important that the MPC feels able to engage in full and frank discussion of the issues, and that the minutes should accurately reflect that discussion. Second, we considered carefully the risk that a full and early disclosure of our discussion, and particularly those parts where the MPC considers policy action conditional upon near-term future developments, might give rise to greater market uncertainty. In fact our experience since 1994 when we started publishing the minutes of the Chancellor-Governor meetings does not suggest that this is likely to occur at all frequently, and there would, on other occasions, be positive benefits if the markets were aware earlier of considerations that the MPC regarded as important in that the markets would be better able to anticipate MPC decisions. On balance, therefore, the MPC did not judge this to be an obstacle.

Third, the MPC also looked carefully at practices in other countries. As you know, we are already at the forefront of transparency in monetary policy, and so it is not really possible to use the experience of others to judge the merits of earlier publication here. Nevertheless, at a more general level, cross-country comparisons did help to inform our thinking on the principles underlying transparency.

Against this background the MPC concluded that there was no compelling reason why publication of the minutes should not be brought forward to a date prior to the next monthly monetary meeting. As a practical matter we cannot rely upon being able to produce adequate minutes and hold a meeting of the MPC to sign off on them in much under a fortnight, so we propose to advance publication to the Wednesday of the second week after the MPC's monthly meeting. We intend to start this new arrangement with the October meeting of the MPC.

The MPC also concluded that, in view of this new arrangement, which would give an early full and balanced account of the MPC's analysis, we would announce the policy decision at the conclusion of the meeting but not necessarily issue an abbreviated statement explaining the factors underlying the decision reached. The MPC would nevertheless make a statement when we considered that the circumstances warranted some more immediate explanation.

We do not intend to alter the publication schedule for the Inflation Report. This means that in months when the Report is published, the minutes of the most recent meeting will appear a week after the Report comes out. I hope that this will fit quite well with the Treasury Committee's preference for holding a hearing on the Inflation Report just over a week after it is published. It means that you will have the most recent minutes to hand for hearings on the Inflation Report, but you will still have just over a week to digest the Report itself.

I am copying this letter to the Chancellor of the Exchequer.