



BANK OF ENGLAND

News release

Press Office

Threadneedle Street

London EC2R 8AH

T 020 7601 4411

F 020 7601 5460

press@bankofengland.co.uk

www.bankofengland.co.uk

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Target 2 Point 5 - The Bank of England/Times Interest Rate Challenge

The Bank of England, in conjunction with The Times, today launches a major new competition for schools and colleges. It will invite teams to decide what should be done about interest rates and then to put their case to members of the Monetary Policy Committee, which sets interest rates for the UK.

The Bank of England/Times Interest Rate Challenge will give 16 to 18 year olds the chance to take on the role of the MPC, to assess economic conditions and the outlook for inflation, and set an interest rate to achieve the inflation target of 2.5%.

The 'Challenge' will give students a chance to learn more about how the economy works, how interest rates affect inflation, and the issues and uncertainties facing the MPC as it goes about its task of delivering price stability. The 'Challenge' will also enable students to develop and demonstrate key skills such as team-working, communication, interpreting data and using IT – all now part of the curriculum.

Supported by resources and information provided by the Bank and regular features in The Times, teams will be asked to bring together their understanding and thinking in a live presentation to a panel of Bank of England judges. The presentations will be organised in three rounds – regional heats, area finals and a national final at the Bank of England in London, hosted by the Governor, Eddie George.

The 'Challenge', which will be an annual event, will appeal mainly to students of economics and business though it is open to all 16 to 18 year old students. It is hoped that local and regional media will take a keen interest in teams from their respective areas.

Launching the 'Challenge' at his former school – Wolverhampton Grammar School – Mervyn King, the Bank's Deputy Governor for Monetary Policy, said:

It is a privilege to be announcing our Interest Rate Challenge at the school where I spent my formative years. We have called it "Target 2 Point 5" to emphasise the MPC's objective when setting interest rates - the inflation target of 2.5%. Today I am asking schools and colleges the length and breadth of the United Kingdom to have a go for themselves. Our 'Challenge' offers students the chance to experience monetary

policy for themselves. There will be no right or wrong answer. The 'Challenge' will be about using the information available and presenting a reasonable case. I guarantee it will be challenging, stimulating and, I hope, fun. Working with a successful team is one of the most rewarding things to do in any walk of life. And, who knows, perhaps a future member of the Monetary Policy Committee will be among this year's entrants."

Teachers across the United Kingdom are being invited to enter teams of four students to take part in the 'Challenge' which will commence in the Autumn and run to the Spring of 2001. The Bank will be producing additional material to explain more about the 'Challenge' over the coming months. Economic and business teachers interested in taking part should reply to the leaflet being sent out today.