



BANK OF ENGLAND

News release

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Target 2 Point 5 - UK Economy A Tough Challenge For Students

The UK economic scene presents a challenge for more than just the Bank of England's Monetary Policy Committee, which sets interest rates for the UK. Economics and business studies students across the UK are also grappling with the same issues of economic growth, borrowing, investment, employment and the host of other key economic information the Committee considers each month when assessing the outlook for the economy and inflation.

And their Challenge? To participate in a competition in which students take on the role of the Committee and decide the right interest rate for the UK to meet the Government's 2.5% inflation target. The Challenge provides a great opportunity for students to get a practical insight into the workings of the economy and the Bank's central role in keeping inflation low and stable.

Teams of four students, aged from 16 to 18 years, from more than 200 schools and colleges, are already preparing for their appearance before panels of Bank of England judges in the 42 Regional Heats to be held from 17 to 28 November. After each team has outlined the main issues they see as being most relevant to the inflation outlook, and then given their interest rate decision, the members are questioned by the judging panel.

The winning teams move on to the Area Finals, held in six centres around the UK in February. While the process is the same, the teams have to update their material, and their decision, to take account of any changes to the UK economic outlook since November.

The Bank of England's headquarters in London is the venue in March for the six finalists in the last stage of the battle for the Challenge Trophy and a cheque for £10,000 for their school. The runners-up receive £5,000, the third-placed team £2,000 and the three other teams £1,000 each.

Launching the fourth year of the Challenge, Bank of England Governor, Mervyn King, said, "Economics is often seen as a tough, dry subject. This competition instead shows students just how real and relevant the subject is to everyday life. It also helps participants develop team-work, and presentational and IT skills, in an atmosphere of learning and encouragement. So I am delighted that once again students from around the

UK have enthusiastically taken up the Challenge. I hope they all find the experience both educational and enjoyable, and I look forward to meeting the teams that reach the final."

Notes to Editors

Further information about the Challenge and a list of participating schools is available on the Target 2 Point 5 pages.