



**BANK OF ENGLAND**

# News release

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## **The MPC Ten Years On**

In a lecture in London to the Society of Business Economists to mark the tenth anniversary of the Monetary Policy Committee, Mervyn King, Governor of the Bank of England, examines the improvement in the UK's economic performance over the past 10 years and the role played in that by the MPC.

He discusses the changes in the UK economy over the past decade and considers the challenges to the MPC for the next ten years, asking what can be learnt from the experience of the first decade to help it to improve over the next. In particular he examines the role of money and credit in the MPC's analysis of the economy and also the MPC's communications and how they can be improved.

He concludes: "There has been a sea change in the way monetary policy is conducted in the UK. That is evident in the changing dynamics of inflation and in the stability of the economy more generally. It is not, I believe, credible to dismiss that solely as the result of luck."

"All this amounts to a revolution in the way interest rate decisions are made in this country. It is hard now to imagine policy being set in any other way."

Mr King adds: "The crucial achievement of the MPC is to have anchored inflation expectations. But, as the saying goes, we are only as good as our last meeting. ...There is no more important challenge than keeping inflation and inflation expectations anchored on the target."

<http://www.bankofengland.co.uk/archive/Documents/historicpubs/speeches/2007/speech309.pdf>