[Speech: PM speech at 20th anniversary of Bank of England independence event]

Thank you, Governor, for that introduction.

As one who began her professional life at the Bank of England some forty years ago, it is a great pleasure to address this conference today.

When I first started working for the Bank, back in 1977, it was a very different institution from the one we see today. Central banking then was a profession shrouded in secrecy.

The spirt of that time is captured in a story which the former Governor Mervyn King tells.

When Lord King first joined the Bank of England, he asked Paul Volcker, the eminent Chairman of the Federal Reserve under Presidents Carter and Reagan, what quality a central banker should seek to embody: 'mystique' was his reply.

Much has changed in the years since, and for the better.

You, Governor, have contributed to that improvement, through the reforms you have led at the Bank of England. Today, openness and transparency are defining characteristics of a modern central bank.

20 years of independence

And this conference celebrates an important milestone in the evolution of this institution: the granting of operational independence.

The newly elected Labour Government decided shortly after the 1997 general election that they would do what successive Governors, and indeed some Conservative Chancellors, had long talked about: give the Bank responsibility for setting the official short-term interest rate.

As a newly-elected MP at that time, I remember those debates well. Looking back on them now, after 20 years in which independent monetary policymaking has become the norm around the world, the disagreements which then divided the House of Commons on the issue seem rather academic.

The successful adoption of inflation targeting in 1992 had already taken much of the political heat out of rate setting.

And fears that the absence of a formal dual mandate to protect employment as well as target inflation might put jobs at risk have proved unfounded.

I would like to pay tribute to you, Governor, to your predecessors Lord King of Lothbury and the late Lord George, and to all the members who have served on the Monetary Policy Committee over the last two decades.

You have been a dedicated group of public servants, motivated to serve the public interest and to discharge the responsibility which Parliament has given you to the best of your ability. There is much to be proud of over the last twenty years.

Whatever the debates at the time, there was never any real disagreement about what the central aim of monetary policy should be – to eliminate the high inflation which had bedevilled the British economy for decades.

From the start of inflation targeting in 1992, and operational independence in 1997, that is what the Bank has helped to achieve.

As it has in other countries, central bank independence has helped improve credibility and accountability, has successfully anchored inflation expectations and has contributed to low and stable inflation.

The results have been impressive.

Since independence, UK inflation has been much more stable than it was in the previous twenty years, when it fluctuated from 1% to 22%.

We know that high inflation hurts ordinary people, and that low and stable inflation benefits households and businesses.

The fact that inflation of 22% sounds outlandish to us today is a tribute to your success.

Ten years on from financial crisis

But as we reflect on the undoubted successes of the last twenty years, we cannot do so with any complacency. Yes, inflation targeting and operational independence contributed to a period of steady growth, low and stable inflation, and general expansion in the ten years after 1997.

But problems were developing which would later become apparent during the financial crisis of 2007-08.

The Great Recession which followed that crisis brought some of the most challenging economic times our country has known.

The Bank was inevitably caught up in the dramatic events of 2007 and 2008. The tripartite regulatory system, of which the Bank was a part, did not prove to be a success.

It failed the country during the financial crisis and we have had to live with the consequences of that failure ever since.

Our GDP fell by more than 6%, as the UK endured our deepest recession since the Second World War. Successive Governments have been forced to take difficult decisions to restore the public finances to order. These have been decisions which no government would ever want to take.

The British people, who played no part in causing the financial crisis, have had to make sacrifices in order to return the economy to health and ease the burden of debt on future generations.

Real progress has been made over the last seven years.

The Bank has played its part, using its independent monetary policy tools of interest rates and Quantitative Easing to support our economy through the crisis and into the recovery.

The Government has worked to repair our country's finances and the latest public sector borrowing figures show that the deficit has been reduced by more than two thirds, from a post-war high of 10% of GDP in 2009-10 to 2.3% of GDP in 2016-17.

But in truth, much work remains ahead of us, and for all our progress, we should neither forget nor underestimate the scale of the sacrifices which have been necessary to get us this far.

A well-regulated free market

The impact those sacrifices have had on ordinary working people has led some to lose faith in free market capitalism.

And globalisation, which has brought us a great many benefits, has also brought changes which have contributed to a wider sense that our economy is not working as it should for everyone in our society.

These are understandable responses. There are genuine problems with our economy which need to be addressed.

But as we do so, we should never forget the immense value and potential of an open, innovative, free market economy which operates with the right rules and regulations.

When countries make the transition from closed, restricted, centrally-planned economies to open, free market policies, the same things happen.

Life expectancy increases, and infant mortality falls.

Absolute poverty shrinks, and disposable income grows.

Access to education is widened, and rates of illiteracy plummet.

Participation in cultural life is extended, and more people have the chance to contribute.

It is in open, free market economies that technological breakthroughs are made which transform, improve and save lives.

It is in open, free market economies that personal freedoms and liberties find their surest protection.

A free market economy, operating under the right rules and regulations, is the greatest agent of collective human progress ever created.

It was the new combination which led societies out of darkness and stagnation and into the light of the modern age.

In essence, it is very simple.

It consists of an open market place, in which everyone is free to participate, regulated under the rule of law, with personal freedoms, equality and human rights democratically guaranteed, and an accountable government, progressively taxing the economic activity which the market generates, to fund high-quality public services which are freely available to all citizens, according to need.

That is unquestionably the best, and indeed the only sustainable, means of increasing the living standards of everyone in a country.

And we should never forget that raising the living standards and protecting the jobs of ordinary working people is the central aim of all economic policy.

Helping each generation to live longer, fuller, more secure lives than the one which went before them.

Not serving an abstract doctrine or an ideological concept – but serving the real interests of the British people.

Restoring faith in a free market economy

And those of us who believe that the interests of the British people are best served through a successful open, free market economy need to be honest about where it is not currently working or delivering for ordinary working people today.

That is why the Government is leading a determined programme of wide-reaching economic reform.

We have already overhauled our system of banking regulation, to put the Bank of England at the centre of the new framework.

The Financial Policy Committee protects financial stability through macro-prudential regulation.

The Prudential Regulation Authority serves as a micro-prudential regulator.

And the Financial Conduct Authority regulates the conduct of businesses in our vibrant financial sector.

We implemented the recommendations of the Independent Commission on Banking and the Parliamentary Commission on Banking Standards, putting in place strict new rules on bank ring-fencing and enhancing individual accountability to raise standards.

Our economy has made great strides in the last few years, but we know that for too long, too many communities across the United Kingdom have not seen the benefits of economic growth and prosperity. That waste of potential is bad for the areas concerned and bad for our country’s wider productivity.

The Bank has always taken the economic health of our whole UK seriously, as your formidable network of local agents, based out in the nations and regions of the UK, testifies.

And through our Industrial Strategy, the Government is playing its part in promoting growth across the whole country. That strategy will help business invest in the latest technologies, turn local areas of excellence into national export champions, and support the skills and innovation we need to succeed in the industries of the future.

A thriving financial services sector, providing high-quality jobs right across the United Kingdom, is vital to our future prosperity. That sector benefits from a strong and respected framework of regulation, which incentivises innovation. And we will work with the sector to ensure the UK remains the world’s financial centre and the global hub of fintech.

Britain now has a record number of people in work and our flexible labour market has contributed to that success. Many people value the flexibility of our system, but that flexibility cannot be one-sided.

That’s why I commissioned Matthew Taylor to conduct a thorough review into modern employment practices in our economy. His report recommended that all work should be fair and decent, with scope for development and fulfilment. That is an ambition we fully share.

Britain has some of the world’s very best higher education institutions, researchers and engineers. But we know that our system of technical education leaves too many of our young people without the skills they need to get a job – that holds them back and hurts our economy.

So our new T-level qualifications will reverse decades of drift and create a new, high quality, vocational equivalent to A-Levels.

Britain sets the global standard for high quality corporate governance. International firms are attracted to the UK in part because of the strengths of our regulatory system. But we know that to stay competitive, we must keep our standards high and ensure that bad examples of corporate governance do not undermine the public’s faith in our market economy.

So our reforms to corporate governance will give workers and shareholders a stronger voice in the board room and ensure that our biggest firms are incentivised to take decisions which are in the right long-term interest of their businesses.

These reforms will bring greater transparency, openness and accountability to markets and to the corporate sector; the very same principles that the Bank has lived up to in its work through the Monetary Policy Committee.

The need to reform

Now, some argue that a free market economy is an end in itself, and that drawing attention to the downsides is somehow anti-business.

Others would use the imbalances which are now apparent as a justification for the total rejection of the free market economy, which has done so much to improve our lives.

Instead they advocate ideologically extreme policies which have long-ago been shown to fail, and which are failing people today in places like Venezuela.

My argument has always been that if you want to preserve and improve a system which has delivered unparalleled benefits, you have to take seriously its faults and do all you can to address them.

Not to do so would put everything we have achieved together as a country at risk.

It would lead to a wider loss of faith in free markets, and risk a return to the failed ideologies of the past. A return to protectionism in international trade, and to inflationary policies at home.

Far from somehow protecting the poorest and most vulnerable in our society, that outcome would surely hurt them the most.

New economic partnership with the EU

This is a crucial time to address these fundamental economic questions.

Last week in Florence, I set out my vision for the new economic partnership I want our country to build with the European Union in the years ahead.

That vision is rooted in a belief in a well-regulated, open, free market economy, with sound money and stable prices.

As I set out, in leaving the EU, the UK will no longer be members of its single market or Customs Union. That, of course, will mean changes. You cannot have all the benefits of membership of the single market without its obligations.

So, our task is to find a new framework that allows for a close economic partnership, but which holds those rights and obligations in a new and different balance.

In forging that new partnership, we start from an unprecedented position.

At the point of our exit, we will have exactly the same rules and regulations as the EU, as our EU Withdrawal Bill will ensure they are carried over into our domestic law.

The challenge, then, is not how to bring our rules and regulations closer together, but what to do when one of us wants to make changes.

That fact should give us confidence. And I believe there are further good reasons to be ambitious and optimistic about what lies ahead.

The UK is one of the largest economies in the world and EU’s biggest export market.

Businesses and jobs across the continent rely on our shared trade.

And, more fundamentally, we share a common commitment to the principles of an open free market economy, which I referred to earlier.

We believe in free trade, in rigorous and fair competition, in strong consumer rights, and in a rejection of protectionism.

And whether it is on goods or on services – including the excellent financial services for which the UK has a global reputation – creating needless new barriers to trade between the EU and its biggest market would benefit no one.

The UK’s financial markets provide support for businesses and consumers right across the EU, reducing the cost of capital and supporting choice and innovation for consumers. It is in neither the EU’s nor the UK’s interest to see these financial service markets fragment, and that is another reason I am confident we can agree a new partnership that enables us to continue to work together to bring prosperity for all our peoples.

A balanced approach

And that is a responsibility which democratically elected governments, and institutions dedicated to the public good, like the Bank of England, both share: to promote the prosperity of the people we serve.

For the Bank of England – strengthened and improved since the financial crisis – that means discharging its responsibilities to keep inflation on target and maintain the wider health and sustainability of the financial sector. For the Government, that means stepping up to its role, ensuring that the rules and regulations which define the free market are designed to make it serve the interests of ordinary working people.

Success in this mission must be underpinned by a balanced approach to public spending.

That means continuing to deal with our debts, so that our economy can remain strong and we can protect people’s jobs.

At the same time, it means investing in our vital public services, like schools and hospitals, which our successful management of the economy has made possible.

To abandon that balanced approach with unfunded borrowing and significantly higher levels of taxation would damage our economy, threaten jobs, and hurt working people.

It would mean paying even more in debt interest, which already costs us more each year than we spend on schools.

Ultimately, it would mean less money for the public services we all rely on.

Conclusion

So we can already see in outline the challenges and opportunities which will define the Bank’s third decade of independence.

Building a new economic partnership with the European Union, which will deliver prosperity for all our people, and making the most of the opportunities which Brexit presents.

Reforming our economy, so that the benefits of a well-regulated free market are felt in all parts of our country, and by everyone in our society.

And taking a balanced approach to public spending, so debt falls as our economy grows, and we can invest in the public services on which we all depend.

I have no doubt that Bank will continue its work to deliver the monetary and financial stability that is essential for a successful economy, as we make the most of the opportunities ahead.

Governor, I wish you and your distinguished guests well over the next two days as you explore what the future may hold.

News story: False Caliphate faces collapse as UK marks three year tackling Daesh

Daesh fighters are being pinned down by the Royal Air Force in their former stronghold of Raqqa as the UK marks three years of tackling the barbaric cult in Iraq and Syria.

Royal Air Force aircraft destroyed 17 targets in Syria in a single day last week as the air campaign intensifies, forcing Daesh to splinter and retreat from areas it ruled when the UK voted to begin air strikes in September 2014.

British aircraft have struck Daesh 1,340 times in Iraq and 262 times in Syria. In that time the group has lost territory, finances, leaders and fighters as the 73-member coalition has liberated cities in both countries.

Defence Secretary, Sir Michael Fallon, said:

> Britain has made a major contribution to the campaign that has crippled Daesh since 2014, forcing this miserable cult from the gates of Baghdad to the brink of defeat in Raqqa. By air, land and sea UK personnel have played a tireless role in striking targets and training allies.

> As the second largest contributor to the Global Coalition’s military campaign, the UK has flown more than 8,000 sorties with Tornado and Typhoon jets and Reaper drones, providing strikes, surveillance and reconnaissance, refuelling and transport.

Since 2014 the UK has hit Daesh with over 1,500 strikes, bombarding targets including heavy machine-gun positions, truck-bombs, mortar teams, snipers and weapons stores.

RAF Typhoons, Tornados and Reapers have hounded Daesh day and night, striking from Raqqa and Dayr az Zawr in Syria to Qayyarah and Al Qaim in Iraq.

Air Chief Marshal, Sir Stephen Hillier, said:

> This has been an immense effort by RAF airmen and airwomen over the last three years of continued operations, countering Da’esh in Iraq and Syria. However, the tempo continues with RAF aircraft destroying 17 targets in Syria in a single day last week.

Three years ago Daesh was barely an hour from the gates of Baghdad, but today it has lost more than 73 per cent of the territory it occupied in Iraq and 65 per cent of its former territory in Syria.

The Royal Air Force has played an essential role to allies, helping Syrian Democratic Forces engaged in ground close combat and the Iraqi Security Forces who continue their advance having liberated Mosul and Ninewah province.

More than 5.5 million people have been freed from Daesh’s rule and over 2 million displaced Iraqi civilians have returned to their homes. In Mosul alone, it is estimated that over 265,000 people have returned.

On the ground, around 600 British soldiers are in Iraq, helping to train that country’s forces. UK troops have so far helped train over 58,000 Iraqi Security Forces in battle winning infantry, counter-IED, engineering and combat medical skills.

Recognising the valuable contributions made by many serving military personnel, Sir Michael announced an Iraq and Syria Operational Service Medal during his recent visit to Iraq.

The UK’s commitment from all three Services to the fight against Daesh across the region now numbers just over 1,400 military personnel, with the latest uplift of 44 Royal Engineers announced in September demonstrating the UKs contribution to the campaign.

News story: Help to Buy supports over 320,000 people in buying their own home

The government's Help to Buy schemes have continued their success, supporting over 320,000 people across the UK to buy a home. Over 1 million Help to Buy: ISAs have now been opened by first time buyers, offering government bonuses of up to £3,000 towards the cost of a first home.

Help to Buy statistics released today (Thursday 28 September) show that:

- over 320,000 completions have taken place using one or more of the Help to Buy schemes
- over 275,000 first time buyer households are now on the housing ladder thanks to Help to Buy
- the average house price across the schemes is £196,092, below the average UK house price
- over 90% of completions across the Help to Buy schemes have taken place outside of London

Stephen Barclay, Economic Secretary to the Treasury said:

> Help to Buy supports people who want to turn their dream of owning a home into a reality. The schemes have now helped over 275,000 first time buyers across the country achieve home ownership.
>
> This government is determined to help hardworking people across the UK get on in life and climb the housing ladder.

Housing and Planning Minister Alok Sharma said:

> This government is committed to fixing the broken housing market and to help more people find a home of their own, with the support of a range of low cost home ownership products.
>
> Our Help to Buy: Equity Loan scheme continues to make home ownership a reality for thousands of households, right across the country.

Stewart Baseley, executive chairman of the Home Builders Federation said:

> These latest figures are yet another sign that Help to Buy is achieving its objectives to support first time buyers, increase housing supply and boost the economy.
>
> This help for first time buyers is encouraging builders to invest, with permission being granted for more new homes than ever before. This investment by home builders is not just only giving tens of thousands of families a place to call home, it's generating jobs and driving local economic growth in communities around the country.

More than 130,000 completions have now taken place through the Help to Buy Equity Loan scheme, which offers buyers up to 20% in an equity loan so they only need to provide a 5% deposit.

The most completions using the Help to Buy: ISA have taken place in the North West, Yorkshire and The Humber, and West Midlands. In total, 83,686 completions have taken place across the UK using the ISA bonus since its launch in December 2015.

The London Help to Buy scheme provides an equity loan of up to 40% for buyers in the capital with a 5% deposit. It has helped over 4,500 buyers in the capital across 33 boroughs purchase their own property between February 2016 and June 2017.

News story: Fishing industry in 2016 statistics published

The Marine Management Organisation (MMO) has published its annual UK sea fisheries annual statistics report 2016.

It includes details on the UK fleet, the number of fishermen, the quantity and value of UK landings, international trade, worldwide fishing and the state of key stocks.

- the quantity and value of sea fish (which include shellfish) landed by UK vessels has decreased by 1 per cent and increased by 21 per cent respectively on 2015
- UK vessels landed 701 thousand tonnes of sea fish into the UK and abroad with a value of £936 million
- the increase in value was primarily driven by large increases in market prices, in particular, for key pelagic and shellfish species. Pelagic

landings are still far higher than they were a few years ago. Mackerel and herring accounted for 44 per cent of UK fleet landings but a lower share in value (26 per cent)
- the Scottish fleet caught mainly pelagic fish. Demersal fish account for the highest share of the English fleet’s catch and shellfish are predominately caught by the Welsh and Northern Irish fleets in 2016
- the UK fishing fleet remained seventh largest in the EU in terms of vessel numbers, with the second largest capacity and fourth largest engine power
- seventy two per cent of the quantity landed by the UK fleet was caught by vessels over 24 metres in length which accounted for 4 per cent of the total number of UK vessels. These vessels tend to catch lower value pelagic fish
- around 11,800 fishermen were active in the UK. Approximately 2,300 were part-time
- Scottish vessels accounted for 65 per cent of the quantity of landings by the UK fleet while English vessels accounted for 29 per cent.
- Peterhead remained the port with the highest landings – 145 thousand tonnes with a value of £158 million
- Newlyn had the highest quantity of landings in England – 14,100 tonnes with a value of £28 million, closely followed by Brixham with 13,300 tonnes but with the higher value of £31 million
- exports of fish were little changed at 441 thousand tonnes. Imports rose by 7 per cent to 730 thousand tonnes
- world figures for 2015 showed that China caught the largest amount of fish, 15.5 million tonnes. Indonesia had the second largest catch at 6.0 million tonnes

Economic Exclusive Zone (EEZ)

In addition to the annual report there will be a further breakdown of landings by Economic Exclusive Zone (EEZ).

The report highlights that in 2016, the:

- UK caught the majority of its fish, 81% by quantity, in its own EEZ. With other EU member states’ EEZs being the next most important zone of capture, at 11% by quantity
- UK fleet landed 571,000 tonnes of fish worth £774 million from the UK EEZ with Mackerel, Nephrops and King Scallop landings accounting for 43% of this total value
- Northern North Sea (ICES Area Iva), worth £308 million, was the most valuable fishing area for UK vessels in the UK EEZ

We are continually working with the fishing industry to improve day-to-day management with accurate catch limits and forecasts that secure longer fisheries, while safeguarding the welfare of fish stocks.

Further information

Telephone: 0300 123 1032
Email: media@marinemanagement.org.uk

[News story: Call for evidence: teacher involvement in developing exam papers]

Please contribute your views to Ofqual’s review by 31 October 2017.

PDF, 215KB, 3 pages

If you use assistive technology (such as a screen reader) and need a version of this document in a more accessible format, please email [publications@ofqual.gov.uk]. Please tell us what format you need. It will help us if you say what assistive technology you use.

We are conducting a review into current teachers being involved in the development of exams, such as writing papers or questions.

As part of this review we would like to hear from anyone who has relevant insights or experiences to share – your response will be treated in confidence.

We particularly wish to hear from people who:

- have been involved with developing exam materials
- have taught alongside colleagues who had access to confidential assessment materials before the exams were taken
- were taught by teachers who knew, or said they knew, what was going to be included in specific exams

We would particularly like to hear your views on:

- the relative benefits and risks of teacher involvement in developing exams for qualifications they teach
- the effectiveness of the safeguards used to prevent disclosure
- the ability of a teacher who knows the content of an exam to disregard that when preparing their students for the same exam
- how current safeguards could be strengthened

We would also like to hear from you if you have insights into, or experiences from, other sectors and/or other countries that you believe would be relevant to our review.

All information submitted in response to this call for evidence will be used only to inform our review. We will not investigate any specific complaints or allegations you raise. If you want us to look into a specific incident you should provide us with details using our normal complaints or whistle-blower procedures.

The closing date for this call for evidence is 31 October 2017 at 5pm.