

Inflation targeting: the UK experience

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In this paper I first review the background to the adoption of an inflation target in 1992 and the subsequent development of the regime, in particular the delegation of operational responsibility for monetary policy to the Bank of England in 1997 and the associated institutional framework. I then go on to explain some aspects of the way we formulate and conduct policy at the Bank, relating it to some of the burgeoning literature on inflation targeting. I then review some aspects of performance since the Bank's independence. I conclude with a discussion of some presently unsettled issues, including the topical question of how monetary policy should respond to asset price booms and high rates of debt accumulation.