



HOUSE OF COMMONS
LONDON SW1A 0AA

November 2017

Dear Constituent,

Thank you for contacting me about the Bank of England and monetary policy.

The independent MPC of the Bank of England has a hugely important role to play in maintaining monetary stability in this country. It has taken a range of steps to achieve this objective and continues to closely monitor the impact of this action.

The vote to leave the EU has created uncertainty for some, which will be followed by a period of adjustment as the shape of our new relationship with the EU becomes clear and the economy responds to that. It is right that monetary policy is used to support the economy at this time.

Following the financial crisis in 2009, the Bank of England was authorised to begin quantitative easing. In August this year, the MPC judged that in the absence of monetary stimulus (quantitative easing and a lowering of the bank rate), there would be negative consequences for growth and employment.

The best possible protection for pensions comes from a strong, buoyant economy, so it is important that action is taken to support normal growth.

Obviously savers will be concerned by low interest rates. Building a strong economy is in everyone's interests, and the MPC's remit makes clear that management of inflation is the prerequisite for economic prosperity and has therefore kept interest rates at an historic low.

Meanwhile the Government has taken radical steps to support savers. The Lifetime ISA launched in April 2017 means people under 40 can now save for their first home and retirement and receive a 25 per cent bonus from the Government. All savers are also able to benefit from the largest ever increase in the annual ISA allowance in April 2017 from £15,240 to £20,000 per year.

Once again, many thanks for taking the time to contact me.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Chris'.

CHRIS HEATON-HARRIS MP
MEMBER OF PARLIAMENT FOR DAVENTRY