



House of Commons  
Treasury Committee

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# Appointment of Dr Adam Posen to the Monetary Policy Committee of the Bank of England

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Twelfth Report of Session 2008–09

*Volume I*

*Report, together with formal minutes*

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to be printed 14 July 2009*

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## The Treasury Committee

The Treasury Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of HM Treasury, HM Revenue & Customs and associated public bodies.

### Current membership

Rt Hon John McFall MP (*Labour, West Dunbartonshire*) (Chairman)  
Nick Ainger MP (*Labour, Carmarthen West & South Pembrokeshire*)  
Mr Graham Brady MP (*Conservative, Altrincham and Sale West*)  
Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)  
Jim Cousins MP (*Labour, Newcastle upon Tyne Central*)  
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Mr Andrew Tyrie MP (*Conservative, Chichester*)  
Sir Peter Viggers MP (*Conservative, Gosport*)

### Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the Internet via [www.parliament.uk](http://www.parliament.uk).

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at [www.parliament.uk/treascom](http://www.parliament.uk/treascom).

A list of Reports of the Committee in the current Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Dr John Benger (Clerk), Sian Woodward (Second Clerk and Clerk of the Sub-Committee), Adam Wales, Jon Young, Jay Sheth and Aliya Saied (Committee Specialists), Phil Jones (Senior Committee Assistant), Caroline McElwee (Committee Assistant), Gabrielle Henderson (Committee Support Assistant) and Laura Humble (Media Officer).

### Contacts

All correspondence should be addressed to the Clerks of the Treasury Committee, House of Commons, 7 Millbank, London SW1P 3JA. The telephone number for general enquiries is 020 7219 5769; the Committee's email address is [treascom@parliament.uk](mailto:treascom@parliament.uk).

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## Summary

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The Treasury Committee has established a practice of holding hearings with persons appointed to the Monetary Policy Committee (MPC) of the Bank of England and reporting on those hearings. This practice enhances the transparency of the appointment process and increases the level of information available to the public and to Parliament about the functioning of the MPC. We have held a hearing with Dr Adam Posen on his appointment to the MPC. We are satisfied that Dr Adam Posen fulfils our two criteria for appointment to the Monetary Policy Committee of professional competence and personal independence. He will bring a wide international perspective to the role. We wish him every success as a member of the MPC.

# 1 Introduction

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## Background

1. In this Report we continue with the practice of holding hearings and issuing short Reports on appointments to the Monetary Policy Committee (MPC) of the Bank of England.<sup>1</sup>
2. We have resolved to restrict questioning to issues of the appointee's personal independence and professional competence. We have also focused on Dr Posen's opinions. We have also decided to send a preliminary questionnaire to each appointee prior to the hearing requesting information about the appointee's career and views on relevant economic issues.<sup>2</sup>
3. In this Report, we have considered the suitability of Dr Adam Posen for his role as a member of the MPC.
4. We took evidence from Dr Adam Posen on 14 July 2009. This evidence, for which we are most grateful, will be published shortly, together with Dr Posen's answers to our questionnaire and his curriculum vitae.

## Current vacancy

5. The current vacancy on the MPC arose from the departure of Professor Tim Besley. We would like to thank Professor Tim Besley for his valuable contribution to the work of the MPC, and wish him well in the future.

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1 Treasury Committee, First Report of Session 2005-06, *The Monetary Policy Committee of the Bank of England: appointment hearings*, HC 525-I

2 Treasury Committee, Third Report of Session 1997-98, *Confirmation Hearings*, HC 571

## 2 Dr Adam Posen

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### Background on Dr Adam Posen

6. Before his appointment to the MPC, Dr Posen was deputy director and senior fellow at the Peterson Institute for International Economics. He will remain a paid non-resident senior fellow at the Peterson Institute for International Economics while an external member of the Monetary Policy Committee. He was appointed in May 2007 as a member of the Panel of Economic Advisers to the US Congressional Budget Office, and will retain this position while an external member of the MPC, having been reappointed in April 2009. He will also retain a position on the Board of Directors of the Brussels-based think tank Bruegel. Dr Posen has prior experience of the Bank of England, having been a Houbton-Norman Senior Fellow at the Bank from January to July 2006. Before working with the Peterson Institute for International Economics, Dr Posen was an economist with the Federal Reserve Bank of New York. Dr Posen received his doctorate from Harvard University in Political Economy and Government in 1997.

### Our evidence

7. In oral evidence, we asked Dr Posen about his preparation for taking up his post as a member on the MPC. We also questioned him about key issues in monetary policy, including—

- The shape of the economic recovery;
- Whether this is a balance sheet recession;
- The outlook for the US and Eurozone economies;
- Monetary Policy reform;
- Macroprudential tools;
- Quantitative easing;
- The exit strategy from the crisis;
- The value of financial innovation;
- Dealing with asset price bubbles;
- Deflation.

## **Conclusions**

**8. We are satisfied that Dr Adam Posen fulfils our two criteria for appointment to the Monetary Policy Committee of professional competence and personal independence. He will bring a wide international perspective to the role. We wish him every success as a member of the MPC.**

# Formal Minutes

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**Tuesday 14 July 2009**

Members present:

John McFall, in the Chair

Nick Ainger

Mr Graham Brady

Mr Colin Breed

Mr Michael Fallon

Ms Sally Keeble

Mr Mark Todd

John Thurso

Mr Andrew Tyrie

Sir Peter Viggers

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Draft Report (*Appointment of Dr Adam Posen to the Monetary Policy Committee of the Bank of England*), proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.

Summary agreed to.

*Resolved*, That the Report be the Twelfth Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

[Adjourned till Tuesday 21 July at 9.30 am



# Witness

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**Tuesday 14 July 2009**

**Dr Adam Posen**, external member of the Monetary Policy Committee, Bank of England

# List of written evidence

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- 1 Dr Adam Posen: response to Treasury Committee questionnaire
- 2 Dr Adam Posen: curriculum vitae

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Fourteenth Report	Globalisation: prospects and policy responses	HC 90

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