House of Commons
Treasury Committee

Re-appointment of Dr Gertjan Vlieghe to the Bank of England Monetary Policy Committee

Fourteenth Report of Session 2017–19
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Dr Gertjan Vlieghe to
the Bank of England
Monetary Policy
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Fourteenth Report of Session 2017–19

Report, together with formal minutes relating
to the report

Ordered by the House of Commons
to be printed 23 May 2018
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 and Customs and associated public bodies.

Current membership

Nicky Morgan MP (Conservative, Loughborough) (Chair)
Rushanara Ali MP (Labour, Bethnal Green and Bow)
Mr Simon Clarke MP (Conservative, Middlesbrough South and East Cleveland)
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John Mann MP (Labour, Bassetlaw)
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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.

Publication

Committee reports are published on the Committee's website at www.parliament.uk/treascom and in print by Order of the House. Evidence relating to this report is published on the inquiry publications page of the Committee’s website.

Committee staff

The current staff of the Committee are Sarah Rees (Clerk), Peter Stam (Second Clerk), Gavin Thompson, Marcus Wilton and Dan Lee (Senior Economists), Adam Wales (Chief Policy Adviser), George James (Senior Committee Assistant), Nick Berry (Committee Support Assistant), Matt Panteli (Senior Media and Policy Officer), Anne Stark (on secondment from HM Revenue & Customs), Tom Ludlow (on secondment from the Bank of England), Carolyn Draper (on secondment from the Financial Conduct Authority), Alexander Knight (on secondment from the National Audit Office) and Mei Jie Wang (on secondment from the Prudential Regulation Authority).

Contacts

All correspondence should be addressed to the Clerk of the Treasury Committee, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 5769; the Committee’s email address is treascom@parliament.uk.
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Introduction

1. The Treasury announced the re-appointment of Dr Vlieghe as an external member of the Monetary Policy Committee (MPC) of the Bank of England on 30 January 2018. His re-appointment takes effect from 1 September 2018 for a period of three years.\(^1\)

2. In this report, the Committee has considered the suitability of Dr Vlieghe for this continuing role against the criteria of personal independence and professional competence.

3. The Committee took oral evidence from Dr Vlieghe on 22 May 2018. He provided a full CV and answered a written questionnaire prior to giving oral evidence. The Committee thanks Dr Vlieghe for this evidence.

\(^1\) HM Treasury, *Gertjan Vlieghe re-appointed to the Monetary Policy Committee*, 30 January 2018
The re-appointment of Dr Gertjan Vlieghe

Background on Dr Gertjan Vlieghe

4. Dr Vlieghe first joined the Monetary Policy Committee in September 2015. Prior to that appointment, Dr Vlieghe had been a partner and senior economist at Brevan Howard Asset Management from October 2007. He was a Director, European Fixed Income and Relative Value Research, at Deutsche Bank between 2005 and 2007. He worked at the Bank of England between 1998 and 2005, where one of his roles was as Economic Assistant to former Governor Mervyn King. He holds both a PhD and MSc from the London School of Economics. Alongside his role on the Monetary Policy Committee, Dr Vlieghe is an Executive Fellow of Economics at the London Business School where he teaches two postgraduate courses per year that cover the role of financial institutions and central banks in the global economy.

Oral evidence

5. In oral evidence, the Committee questioned Dr Vlieghe about the work of the Monetary Policy Committee. Topics covered during the session included:

- his experience as a member of the MPC;
- differences between his views and the collective MPC forecast, and whether any constraints restrict discussion;
- contact between the Financial Policy Committee and the Monetary Policy Committee;
- the framework for considering the effects of the UK leaving the European Union;
- potential further transparency around the MPC’s view of the future path for Bank rate;
- structural change in the UK economy, and its global position;
- forecasts around the UK’s exit from the European Union;
- the reasons why Dr Vlieghe has mostly not voted for a rise in interest rates in recent times;
- the effects of an extended period of low interest rates;
- the impact of quantitative easing;
- the impact of potential tariff changes on the forecast for the UK economy;
- explanations for the path of productivity growth;
- forecasting productivity growth; and
- mismeasurement of productivity growth.
6. The Committee also took account of evidence given by Dr Vlieghe during its hearing on the Bank of England’s May 2018 Inflation Report.

**Conclusion**

7. The Committee is satisfied that Dr Vlieghe has the professional competence and personal independence to be an external member of the Monetary Policy Committee of the Bank of England. We wish him every success in his continuing role.
Formal minutes

Tuesday 23 May 2018

Members present:

Nicky Morgan, in the Chair
Rushanara Ali
Stewart Hosie
Mr Simon Clarke
Mr Alister Jack

Draft Report (Re-appointment of Dr Gertjan Vlieghe to the Bank of England Monetary Policy Committee), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 7 read and agreed to.

Resolved, That the Report be the Fourteenth Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

[Adjourned till Tuesday 5 June at 9.45 a.m.]
Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the inquiry publications page of the Committee’s website.

Tuesday 22 May 2018

Dr Gertjan Vlieghe, Member of the Monetary Policy Committee, Bank of England

Published written evidence

The following written evidence was received and can be viewed on the inquiry publications page of the Committee’s website.

RGV numbers are generated by the evidence processing system and so may not be complete.

1 Gertjan Vlieghe (RGV0001)
2 Gertjan Vlieghe (RGV0002)
List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the publications page of the Committee’s website. The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

Session 2017–19

| First Report                        | Appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking at the Bank of England | HC 472          |
| Second Report                       | Appointment of Professor Silvana Tenreyro to the Bank of England Monetary Policy Committee          | HC 471          |
| Third Report                        | The Solvency II Directive and its impact on the UK Insurance Industry                               | HC 324 (HC 863) |
| Fourth Report                       | Transitional arrangements for exiting the European Union                                             | HC 473 (HC 850) |
| Fifth Report                        | Autumn Budget 2017                                                                                   | HC 600 (HC 757) |
| Sixth Report                        | Appointment of Elisabeth Stheeman to the Financial Policy Committee                                    | HC 758          |
| Seventh Report                      | Student Loans                                                                                       | HC 478 (HC 995) |
| Eighth Report                       | Appointment of Charles Randell as Chair of the Financial Conduct Authority and the Payment Systems Regulator | HC 838          |
| Ninth Report                        | Childcare                                                                                           | HC 757          |
| Tenth Report                        | Re-appointment of Alex Brazier to the Financial Policy Committee                                    | HC 936          |
| Eleventh Report                     | Re-appointment of Donald Kohn to the Financial Policy Committee                                   | HC 937          |
| Twelth Report                       | Re-appointment of Martin Taylor to the Financial Policy Committee                                    | HC 938          |
| Thirteenth Report                   | The Motability Scheme                                                                                  | HC 847          |
| Fourteenth Report                   | Re-appointment for Gertjan Vlieghe to the Monetary Policy Committee                                   | HC 1056         |
| First Special Report                | Transitional arrangements for exiting the European Union: Government Response to the Treasury Committee’s Fourth Report | HC 850          |
| Third Special Report                | Autumn Budget 2017: Government and Office for Budget Responsibility responses to the Treasury Committee’s Fifth Report | HC 757          |
| Fourth Special Report               | Student Loans: Government and Office for National Statistics responses to the Committee’s Seventh Report | HC 995          |