House of Commons
Treasury Committee

The re-appointment of Michael Saunders to the Monetary Policy Committee of the Bank of England

Thirtieth Report of Session 2017–19

Report, together with formal minutes relating to the report

Ordered by the House of Commons
to be printed 11 June 2019
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

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Publication

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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 Gosia McBride (Clerk), Peter Stam (Second Clerk), Marcus Wilton, Aruni Muthumala and Dan Lee (Senior Economists), Adam Wales (Chief Policy Adviser), Matt Panteli (Senior Media and Policy Officer), Anne Stark (on secondment from HM Revenue & Customs), Emily Buckland (on secondment from the Bank of England), Ria Gill-Williams (on secondment from the National Audit Office), Sarah Goodwin (on secondment from the Prudential Regulation Authority), Yasmin Raza (on secondment from the Financial Conduct Authority), Maciej Wenerski (Senior Committee Assistant), Nicholas Berry (Committee Support Assistant) and Angel Anahui (Hansard Society Scholar).

Contacts

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1 Introduction

1. HM Treasury announced the re-appointment of Michael Saunders as an external member of the Monetary Policy Committee on 12 April 2019.¹ His current term will end on 9 August 2019. His second term on the Monetary Policy Committee will end on 9 August 2022.

2. In this Report, the Committee has considered the suitability of Mr Saunders for this role against the criteria of personal independence and professional competence.

3. The Committee took oral evidence from Mr Saunders on 11 June 2019. He provided a full CV and answered a written questionnaire prior to giving oral evidence. The Committee would like to thank Mr Saunders for this evidence, which has been published on the Treasury Committee website.

¹ HM Treasury, News story: Professor Anil Kashyap and Michael Saunders reappointed to Bank of England Policy Committees, 12 April 2019
2 The re-appointment of Michael Saunders

Background on Michael Saunders

4. Prior to his joining the Monetary Policy Committee in August 2016, Mr Saunders worked at Citigroup from 1990. Prior to his time at Citigroup, Mr Saunders had also worked at Greenwell Montagu (now part of HSBC) and the Institute for Fiscal Studies.

Oral evidence

5. In the oral evidence, the Committee questioned Michael Saunders about his prior experience and his suitability for the post. Topics covered during the session included:

- Market understanding of Monetary Policy Committee communications
- Differences in the outlook for monetary policy in the US and the UK
- The outlook for inflation
- Drivers of household spending
- Unemployment and productivity
- Developments in the labour market
- Labour market statistics and their formulation
- Foreign direct investment and business investment
- Links between monetary policy and productivity growth
- The conditioning assumptions around Brexit in the Monetary Policy Committee’s forecasts and their communication
- Global growth and the rise of trade tensions
- Potential options for monetary policy expansion
- Impact of a “no deal” Brexit and firms’ preparedness
- Household and business confidence
- The role of the Bank in providing economic analysis around Brexit
- The impact of uncertainty on UK growth
- Potential disruption in the market for Sterling
- Pass through of Bank Rate to mortgage and savings interest rates
- The effectiveness of monetary policy when Bank Rate is below two per cent.
Conclusion

6. The Committee is satisfied that Michael Saunders has the professional competence and personal independence to be re-appointed as an external member of the Monetary Policy Committee. We wish him every success in his continuing role.
Published written evidence

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

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

1. Michael Saunders CV (AMS0001)
2. Michael Saunders Questionnaire (AMS0002)
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.

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First Report  Appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking at the Bank of England  HC 472
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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
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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 (HC 1196)
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Twelfth 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
Fifteenth Report  Women in finance  HC 477 (HC 1567)
Sixteenth Report  Appointment of Bradley Fried as Chair of Court, Bank of England  HC 1319
Seventeenth Report  Appointment of Professor Jonathan Haskel to the Monetary Policy Committee  HC 1318
Eighteenth Report  Appointment of Andy King to the Budget Responsibility Committee of the OBR  HC 1340
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