



House of Commons
Treasury Committee

Appointment of Professor Silvana Tenreyro to the Bank of England Monetary Policy Committee

Second Report of Session 2017–19



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*Report, together with formal minutes relating
to the report*

*Ordered by the House of Commons
to be printed 18 October 2017*

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*)

[Charlie Elphicke MP](#) (*Conservative, Dover*)

[Stephen Hammond MP](#) (*Conservative, Wimbledon*)

[Stewart Hosie MP](#) (*Scottish National Party, Dundee East*)

[Mr Alister Jack MP](#) (*Conservative, Dumfries and Galloway*)

[Alison McGovern MP](#) (*Labour, Wirral South*)

[Catherine McKinnell MP](#) (*Labour, Newcastle upon Tyne North*)

[Kit Malthouse MP](#) (*Conservative, North West Hampshire*)

[John Mann MP](#) (*Labour, Bassetlaw*)

[Wes Streeting MP](#) (*Labour, Ilford North*)

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), David Hook (on secondment from HM Revenue & Customs), Tom Ludlow (on secondment from the Bank of England), Ruthanne Straughan (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 vacancy for an external member of the Bank of England’s Monetary Policy Committee (MPC) arose as a result of Professor Kristin Forbes ending her term on the MPC on 30 June 2017.¹
2. The Treasury announced the appointment of Professor Silvana Tenreyro as an external member of the MPC on 19 June 2017. Professor Tenreyro will serve for a three-year term with effect from 7 July 2017.²
3. In this Report, the Committee has considered the suitability of Professor Tenreyro for her role against two criteria—personal independence and professional competence—in line with the practice of previous Treasury Committees when considering appointments to the Bank of England’s Policy Committees.
4. We took evidence from Professor Tenreyro on 17 October 2017. She provided a full CV and answered our questions prior to giving oral evidence. The Committee thanks Professor Tenreyro for her evidence, which is appended to this Report.

1 <http://www.bankofengland.co.uk/about/Pages/people/biographies/forbes.aspx>

2 <http://www.bankofengland.co.uk/publications/Pages/news/2017/041.aspx>

1 The appointment of Professor Silvana Tenreyro

Background on Professor Tenreyro

5. Professor Tenreyro is a Professor of Economics at the London School of Economics (LSE), specialising in Macroeconomics and Monetary Economics. She has held this role since 2012, having previously held positions at the LSE as Associate Professor (2008–12) and Assistant Professor (2004–07). She has written on a range of topics including: the monetary transmission mechanism, the dynamics of productivity, trade, housing issues, wage dynamics, macroeconomic volatility, international trade, exchange rates and economic growth.³

6. In addition to her positions at the London School of Economics and as an external member of the MPC, Professor Tenreyro is an Elected Member of the Council of the Royal Economic Society, a member of the Advisory Board for the Rebuilding Macroeconomics Network, a member of Scientific Committee at the Banque de France, a Research Affiliate at the Centre for Economic Policy Research (CEPR) and a Research Fellow at the Centre for Economic Performance (CEP).⁴

7. Professor Tenreyro previously held the positions of an external member of the Bank of Mauritius MPC (2012–14) and Economist at the US Federal Reserve Bank of Boston (2002–04).⁵

8. Professor Tenreyro holds a BA in Economics from the National University of Tucuman and an MA and PhD in Economics from Harvard University. Her PhD advisors were Professor Alesina, Professor Barro and Professor Rogoff.⁶

Our evidence

9. In oral evidence, the Committee questioned Professor Tenreyro about the outlook for the economy, and the conduct of monetary policy. Topics covered during the session included:

- The role of monetary policy in transitioning to a new trading relationship with the EU;
- The substitution effect and the implications for monetary policy;
- Professor Tenreyro's expectations regarding the future path of interest rates, and the factors that might affect this;
- The implications of a premature increase in the Bank of England base rate;
- The implications of the Bank consistently signalling that an interest rate increase may be imminent;

3 Professor Tenreyro's CV, submitted to the Treasury Committee

4 Professor Tenreyro's CV, submitted to the Treasury Committee

5 Professor Tenreyro's CV, submitted to the Treasury Committee

6 Professor Tenreyro's CV, submitted to the Treasury Committee

- The effect of currency devaluations on the balance of trade;
- The implications of exchange rate volatility in the context of Brexit negotiations, and the Bank's response to this;
- Quantitative easing, including when it might be necessary to unwind and its distributional effects;
- The underlying causes of inflation;
- Monetary policy in exceptional circumstances;
- The equilibrium interest rate, and its current level;
- Professor Tenreyro's existing time commitments and her ability to devote sufficient attention to the MPC;
- Groupthink in the Bank of England; and
- Any potential conflicts of interest.

Conclusion

10. We are satisfied that Professor Silvana Tenreyro has the professional competence and personal independence to be an external member of the Monetary Policy Committee of the Bank of England. We wish her every success in her role.

Formal Minutes

Wednesday 18 October 2017

Members present:

The Rt Hon Nicky Morgan, in the Chair

Rushanara Ali Kit Malthouse

Charlie Elphicke John Mann

Stephen Hammond Wes Streeting

Alister Jack

Draft Report (*Appointment of Professor Silvana Tenreyro 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 10 read and agreed to.

Resolved, That the Report be the Second 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 24 October at 9.00am]

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the [inquiry publications page](#) of the Committee's website.

Tuesday 17 October 2017

Question number

Professor Silvana Tenreyro, Member of the Monetary Policy Committee

[Q1–32](#)

Published written evidence

The following written evidence was received and can be viewed on the [inquiry publications page](#) of the Committee's website.

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

- 1 Professor Silvana Tenreyro CV ([AST0001](#))
- 2 Professor Silvana Tenreyro questionnaire ([AST0002](#))

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.

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