



House of Commons
Treasury Committee

Re-appointment of Donald Kohn to the Financial Policy Committee

Eleventh 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 April 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*)

[Charlie Elphicke MP](#) (*Independent, 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*)

[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), 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

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Introduction

1. The Treasury announced the re-appointment of Dr Kohn as an external member of the Financial Policy Committee (FPC) of the Bank of England on 7 February 2018. His re-appointment was effective from 1 April 2018 for a period of three years.¹
2. In this report, the Committee has considered the suitability of Dr Kohn for this continuing role against the criteria of personal independence and professional competence.
3. The Committee took oral evidence from Donald Kohn on 18 April 2018. He provided a full CV and answered a written questionnaire prior to giving oral evidence. The Committee thanks Dr Kohn for this evidence, which is appended to this Report.

1 HM Treasury, [Donald Kohn and Martin Taylor reappointed to the Financial Policy Committee](#), 7 February 2018

The appointment of Dr Donald Kohn

Background on Dr Donald Kohn

4. Alongside his role on the Financial Policy Committee, Dr Kohn's current positions include being the Robert V. Roosa Chair in International Economics and Senior Fellow at the Brookings Institution's Economic Studies Program, being a member of the Federal Deposit Insurance Corporation's Systemic Resolution Advisory Committee, and being a member of the Congressional Budget Office's Panel of Economic Advisors. He occasionally consults on US monetary policy. Dr Kohn was a member of the interim Financial Policy Committee from 2011, and has remained a member since it received a statutory footing. Dr Kohn was a member of the Federal Reserve System Board of Governors from 2002–2006, and Vice Chairman between 2006 and 2010.

Oral evidence

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

- Competitiveness and pressure for a lighter touch regulatory regime
- The UK system for promoting financial stability and international comparators
- His position on the setting of the countercyclical capital buffer
- The impact of the trade barriers on financial stability
- The risks from the build-up of Chinese debt
- Current pricing in global debt markets
- Consumer credit and household lending
- The impact on derivative market contract continuity of the UK exit from the EU
- The financial stability indicators
- Public understanding of financial stability
- The risks from the US fiscal stimulus
- The risks from unwinding the current position of monetary policy
- Whether the FPC has discussed the strategy for unwinding Quantitative Easing in the UK

Conclusion

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

Formal minutes

Wednesday 18 April 2018

Members present:

Nicky Morgan, in the Chair

Rushanara Ali

Stewart Hosie

Simon Clarke

Catherine McKinnell

Stephen Hammond

Draft Report (*Re-appointment of Donald Kohn to the Financial 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 6 read and agreed to.

Resolved, That the Report be the Eleventh 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 April at 9.45am.]

Witnesses

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

Wednesday 18 April 2018

Donald Kohn, Member, Financial Policy Committee

[Q1-27](#)

Published written evidence

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

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

- 1 Dr Donald Kohn ([DKF0001](#))
- 2 Dr Donald Kohn ([DKF0002](#))

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
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 Alex Brazier to the Financial Policy Committee	HC 937
Twelfth Report	Re-appointment of Alex Brazier to the Financial Policy Committee	HC 938
First Special Report	Transitional arrangements for exiting the European Union: Government Response to the Treasury Committee's Fourth Report	HC 850
Second Special Report	The Solvency II Directive and its impact on the UK Insurance Industry: Bank of England Response to the Committee's Third Report of session 2017–19	HC 863
Third Special Report	Autumn Budget 2017: Government and Office for Budget Responsibility responses to the Treasury Committee's Fifth Report	HC 757