



House of Commons
Treasury Committee

**The Monetary Policy
Committee of the Bank
of England: re-
appointment hearing
for Ms Kate Barker and
Mr Charlie Bean
Seventh Report of
Session 2006–07**

Volume I

Report, together with formal minutes

*Ordered by The House of Commons
to be printed 28 June 2007*

HC 569-I
Published on 2 July 2007
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

The Treasury Committee

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

Current membership

Rt Hon John McFall MP (*Labour, West Dunbartonshire*) (Chairman)
Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)
Jim Cousins MP (*Labour, Newcastle upon Tyne Central*)
Angela Eagle MP (*Labour, Wallasey*)
Mr Michael Fallon MP (*Conservative, Sevenoaks*) (Chairman, Sub-Committee)
Mr David Gauke MP (*Conservative, South West Hertfordshire*)
Ms Sally Keeble MP (*Labour, Northampton North*)
Mr Andrew Love MP (*Labour, Edmonton*)
Mr George Mudie MP (*Labour, Leeds East*)
Mr Brooks Newmark MP (*Conservative, Braintree*)
Mr Siôn Simon MP, (*Labour, Birmingham, Erdington*)
John Thurso MP (*Liberal Democrat, Caithness, Sutherland and Easter Ross*)
Mr Mark Todd MP (*Labour, South Derbyshire*)
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.

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/parliamentary_committees/treasury_committee/treasury_committee_reports.cfm.

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

Committee staff

The current staff of the Committee are Colin Lee (Clerk), Fiona McLean (Second Clerk and Clerk of the Sub-Committee), Adam Wales, Jon Young, Harry Marin and Anna Leach (Committee Specialists), Lis McCracken (Committee Assistant), Michelle Edney (Secretary), Tes Stranger (Senior Office Clerk) and Laura Humble (Media Officer).

Contacts

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Contents

Report	<i>Page</i>
Summary	3
Introduction	5
Background	5
Ms Kate Barker	6
Background on Ms Kate Barker	6
Role as member of the MPC	6
Assessment of personal independence and professional competence	6
Mr Charlie Bean	7
Background on Mr Charlie Bean	7
Role as member of the MPC	7
Assessment of personal independence and professional competence	7

2 MPC re-appointment hearing for Ms Kate Barker and Mr Charlie Bean

Summary

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 hearings with both Ms Kate Barker and Mr Charlie Bean about their re-appointment to the MPC. We are satisfied that both Ms Kate Barker and Mr Charlie Bean continue to meet our criteria for appointment and wish them success in their continuing roles.

Introduction

Background

1. In our First Report of the Session 2005–06 we indicated our intention to continue with the practice of holding hearings and issuing short Reports on appointments to the Monetary Policy Committee (MPC) of the Bank of England.¹ 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.

2. We have resolved to restrict questioning to issues of the appointee’s personal independence and professional competence. We have also decided to send a preliminary questionnaire to each appointee prior to the hearing, requesting information about the appointee’s career and view on relevant economic issues.²

3. In this Report, we have considered the suitability of Ms Kate Barker and Mr Charlie Bean for their re-appointment as members of the MPC. We have not considered the appropriateness of the current appointment process for members of the MPC. We have also not commented on the overall composition of the MPC. These topics will be considered as part of our inquiry into the Monetary Policy Committee of the Bank of England: ten years on.³

4. We took evidence from both Ms Kate Barker and Mr Charlie Bean on 28 June 2007. This evidence, for which we are most grateful, will be published shortly, together with their answers to our questionnaire and their CVs.

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

³ Treasury Committee, Press Notice 3, 21 November 2006

Ms Kate Barker

Background on Ms Kate Barker

5. Kate Barker was appointed an external member of the Monetary Policy Committee by the Governor of the Bank of England, after consultation with the Chancellor of the Exchequer, with effect from 1 June 2001. The then Treasury Committee took evidence from her about her appointment on 1 May 2001 and was satisfied that Ms Barker fulfilled the Committee's criteria for appointment.⁴

6. On 23 April 2007 Ms Barker was re-appointed to the MPC for a further three year term with effect from 1 June 2007. This will be her third term as a member of the MPC. While in office, she has led the Barker Review on Housing Supply, whose final report was published on 17 March 2004, and the Barker Review on Land Use Planning, which provided its final report on 5 December 2006. She was appointed to the Board of the Housing Corporation in October 2005, and has recently been appointed as Chairman of Governors at Anglia Ruskin University. Before joining the MPC, Ms Barker was Chief Economic Adviser at the CBI between 1994 and 2001. Ms Barker holds a BA in Philosophy, Politics and Economics from Oxford University.

Role as member of the MPC

7. Given her previous experience on the MPC, we questioned Ms Barker on the housing market, the terms of appointment for MPC external members, the support external members receive from the Bank's staff, her re-appointment for an unprecedented third term and her independence from Government in the light of her two Government Reviews on Housing Supply and Land Use Planning. We welcome the re-appointment of Ms Barker, especially given her knowledge of the housing market.

Assessment of personal independence and professional competence

8. We are satisfied that Ms Barker fulfils our criteria for appointment, and wish her every success in her third term of office.

⁴ HC (2000-01) 449-I

Mr Charlie Bean

Background on Mr Charlie Bean

9. Mr Charlie Bean was appointed as Executive Director and Chief Economist at the Bank of England by the Governor of the Bank of England, after consultation with the Chancellor of the Exchequer, with effect from 1 October 2000. The then Treasury Committee took evidence from him about his appointment on 30 October 2000 and was satisfied that Mr Bean fulfilled the Committee's criteria for appointment.⁵

10. On 14 March 2007 Mr Bean was re-appointed to the MPC for a further three year term with effect from 1 June 2007. This will be his fourth term as a member of the MPC. Prior to joining the Bank, Mr Bean was a Professor of Economics at the London School of Economics. Between 1986 and 1990, Mr Bean also served as Managing Editor of the Review of Economic Studies, and he has had articles published for range of audiences. Prior to his appointment to the MPC fulfilled a number of public policy positions, including; a consultant to HM Treasury and a Specialist Adviser to the Treasury Committee. Mr Bean holds a PhD from the Massachusetts Institute of Technology and gained a BA at Cambridge.

Role as member of the MPC

11. Given his previous experience on the MPC, we questioned Mr Bean on his work as both Chief Economist and an Executive Director of the Bank, the transparency of the MPC to economists in the City and the Bank's relationship with the Office for National Statistics. We welcome the re-appointment of Mr Bean, and look forward to examining the output of the Bank's research in our future hearings.

Assessment of personal independence and professional competence

12. We are satisfied that Mr Charlie Bean fulfils our criteria for re-appointment and wish him every success in his fourth term of office.

⁵ HC (1999–2000) 940-I

Formal minutes relating to the Report

Thursday 28 June 2007

Members present:

John McFall, in the Chair

Jim Cousins	Mr Siôn Simon
Angela Eagle	John Thurso
Mr Michael Fallon	Mr Mark Todd
Ms Sally Keeble	Peter Viggers
Mr Andrew Love	

The Monetary Policy Committee of the Bank of England: appointment hearings for Ms Kate Barker and Mr Charlie Bean

The Monetary Policy Committee of the Bank of England: appointment hearings for Ms Kate Barker and Mr Charlie Bean: Ms Kate Barker and Mr Charlie Bean gave oral evidence.

The Committee considered this matter.

Draft Report (The Monetary Policy Committee of the Bank of England: appointment hearings for Ms Kate Barker and Mr Charlie Bean), 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 6 read and agreed to.

Paragraphs 7 and 8 read, amended and agreed to.

Paragraphs 9 and 10 read and agreed to.

Paragraphs 11 and 12 read, amended and agreed to.

Summary read and agreed to.

Resolved, That the Report, as amended, be the Seventh Report of the Committee to the House.

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

Ordered, That the Appendices to the Minutes of Evidence taken before the Committee be reported to the House.

[Adjourned till Tuesday 3 July at 9.30 a.m.]

Witnesses

Thursday 28 June 2007

Ms Kate Barker and Mr Charlie Bean, Monetary Policy Committee members

List of written evidence

Ms Kate Barker's completed Treasury Select Committee questionnaire

Ms Kate Barker's curriculum vitae

Mr Charlie Bean's completed Treasury Select Committee questionnaire

Mr Charlie Bean's curriculum vitae

List of Reports from the Treasury Committee during the current Parliament

Session 2006–07		Report
First Report	Financial inclusion: the roles of the Government and the FSA, and financial capability	HC 53
Second Report	The 2006 Pre-Budget Report	HC 115
Third Report	Work of the Committee in 2005–06	HC 191
Fourth Report	Are you covered? Travel insurance and its regulation	HC 50
Fifth Report	The 2007 Budget	HC 389
Sixth Report	The 2007 Comprehensive Spending Review: prospects and processes	HC 279
Session 2006–07		Report
First Report	The Monetary Policy Committee of the Bank of England: appointment hearings	HC 525
Second Report	The 2005 Pre-Budget Report	HC 739
Third Report	The Monetary Policy Committee of the Bank of England: appointment hearing for Sir John Gieve	HC 861
Fourth Report	The 2006 Budget	HC 994
Fifth Report	The design of a National Pension Savings Scheme and the role of financial services regulation	HC 1074
Sixth Report	The administration of tax credits	HC 811
Seventh Report	European financial services regulation	HC 778
Eighth Report	Bank of England Monetary Policy Committee: appointment hearing for Professor David Blanchflower	HC 1121
Ninth Report	Globalisation: the role of the IMF	HC 875
Tenth Report	Independence for statistics	HC 1111
Eleventh Report	The Monetary Policy Committee of the Bank of England: appointment hearings for Professor Tim Besley and Dr Andrew Sentance	HC 1595
Twelfth Report	Financial inclusion: credit, savings, advice and insurance	HC 848
Thirteenth Report	“Banking the unbanked”: banking services, the Post Office Card Account, and financial inclusion	HC 1717