



House of Commons
Treasury Committee

**Appointment of Spencer Dale
to the Monetary Policy
Committee of the Bank of
England**

Sixteenth Report of Session 2007–08

Volume I

Report, together with formal minutes

*Ordered by the House of Commons
to be printed 16 July 2008*

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 & Customs and associated public bodies.

Current membership

Rt Hon John McFall MP (*Labour, West Dunbartonshire*) (Chairman)
Nick Ainger MP (*Labour, Carmarthen West & South Pembrokeshire*)
Mr Graham Brady MP (*Conservative, Altrincham and Sale West*)
Mr Colin Breed MP (*Liberal Democrat, South East Cornwall*)
Jim Cousins MP (*Labour, Newcastle upon Tyne Central*)
Mr Philip Dunne MP (*Conservative, Ludlow*)
Mr Michael Fallon MP (*Conservative, Sevenoaks*) (Chairman, Sub-Committee)
Ms Sally Keeble MP (*Labour, Northampton North*)
Mr Andrew Love MP (*Labour, Edmonton*)
Mr George Mudie MP (*Labour, Leeds East*)
Mr Siôn Simon MP, (*Labour, Birmingham, Erdington*)
John Thurso MP (*Liberal Democrat, Caithness, Sutherland and Easter Ross*)
Mr Mark Todd MP (*Labour, South Derbyshire*)
Sir 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/treascom.

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

Committee staff

The current staff of the Committee are Colin Lee (Clerk), Sïan Jones (Second Clerk and Clerk of the Sub-Committee), Adam Wales, Jon Young and Jay Sheth (Committee Specialists), Phil Jones (Committee Assistant), Caroline McElwee (Secretary), Tes Stranger (Senior Office Clerk) and Laura Humble (Media Officer).

Contacts

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Summary

In this Report we follow our practice of reporting on whether those appointed or re-appointed to the Monetary Policy Committee (MPC) of the Bank of England fulfil our criteria for appointments to the MPC of professional competence and personal independence. The Report relates to the appointment of Spencer Dale as Executive Director, Monetary Analysis and Statistics, and Chief Economist at the Bank with effect from 1 July 2008. We welcome the decision of the Governor of the Bank of England to make future appointments to the posts of Executive Directors of the Bank which carry membership of the Monetary Policy Committee subject to external advertisement, while noting that this procedure was not followed in the case of the appointment of Spencer Dale. Spencer Dale himself welcomed the move to external advertisement in his oral evidence to us, and this process may produce a better balance between internal and external candidates. We are satisfied that Spencer Dale meets our two criteria for appointment to the Monetary Policy Committee of professional competence and personal independence. We wish him every success as a member of that body.

1 Introduction

The appointment and our inquiry

1. On 19 June 2008 the Bank of England announced that Spencer Dale was to be appointed Executive Director, Monetary Analysis and Statistics, and Chief Economist at the Bank with effect from 1 July.¹ As such, Spencer Dale became a member of the Bank's Monetary Policy Committee (MPC). In accordance with our established practice for those appointed or re-appointed to the MPC, we decided to report on whether Spencer Dale fulfilled our criteria for appointments to the MPC of professional competence and personal independence. We asked Spencer Dale to complete a questionnaire and to provide a Curriculum Vitae and then we took oral evidence from him on 16 July. That oral evidence and his answers to our questionnaire will be published in Volume II of this Report. We are grateful to Spencer Dale for his evidence.

The appointment process

2. The vacancy filled by Spencer Dale was created by the appointment of Charlie Bean, the Bank's previous Chief Economist, as Deputy Governor for Monetary Policy, an appointment which was announced earlier on the same day as the announcement of Spencer Dale's appointment. The selection of the Chief Economist is a decision for the Governor of the Bank, after consultation with the Chancellor of the Exchequer.² On 19 June 2008, the day both appointments were announced, the Chancellor of the Exchequer

1 <http://www.bankofengland.co.uk/publications/news/2008/041.htm>

2 Bank of England Act 1998, c 11, section 13

reported in a letter to the Chairman of this Committee that the Governor had indicated to him that in future the Bank would “advertise externally the two Bank Executive Director posts which carry MPC membership”.³ This change will ensure that all future appointments to the MPC will be the subject of external advertisement, following the Government’s decision in 2007 to make external appointments to the MPC subject to such advertisement and the decision also announced on 19 June this year that the posts of the Governor and of the Deputy Governors will be subject to such advertisement.⁴ We have previously welcomed the Government’s decision to advertise for future vacancies for external members of the MPC, and the Government’s announcement about the posts of the Governor and of the Deputy Governor was a positive response to one of our recommendations.⁵ **We welcome the decision of the Governor of the Bank of England to make future appointments to the posts of Executive Directors of the Bank which carry membership of the Monetary Policy Committee subject to external advertisement, while noting that this procedure was not followed in the case of the appointment of Spencer Dale. Spencer Dale himself welcomed the move to external advertisement in his oral evidence to us, and this process may produce a better balance between internal and external candidates.**

3 Letter from the Chancellor of the Exchequer to John McFall MP, 19 June 2008, available at <http://www.parliament.uk/documents/upload/Chancellor08619F.pdf>

4 *Ibid.*; Treasury Committee, Twelfth Report of Session 2006–07, *The Monetary Policy Committee of the Bank of England: ten years on*, HC 299–I, para 78

5 HC (2006–07) 299–I, paras 79, 84

2 Spencer Dale

Background on Spencer Dale

3. Spencer Dale has worked as an economist at the Bank of England since 1989. From 1997 to 1999 he served as Private Secretary to Mervyn King, who was then the Deputy Governor for Monetary Policy. In that capacity, Spencer Dale participated in the design and implementation of the structures and processes established to support the newly-created MPC.⁶ From 2000 to 2006, he was Head of the Bank's Conjunctural Assessment and Projections Division, overseeing the production of the MPC's quarterly inflation projections and managing the development and implementation of the Bank of England Quarterly Model (BEQM). Since 2006, he has worked as a Senior Adviser at the Board of Governors of the Federal Reserve System in the United States of America, attending policy meetings of the Federal Open Markets Committee. He has an MSc in economics from the University of Warwick and has written or been co-author of articles relating to monetary policy strategy, central bank communications and financial markets.

Our evidence

4. In oral evidence, we asked Spencer Dale about his experiences relevant to his post as Executive Director, Monetary Analysis and Statistics, and Chief Economist, including—

- lessons he drew from working for the Federal Reserve System;
- reflections on the development of BEQM; and
- his knowledge of the world outside the Bank.

We asked him about his priorities in his new post, including ways in which he will seek to strengthen the Bank's links with professional economists. We also questioned him about current issues in monetary policy, including—

- inflation expectations and market expectations of interest rates;
- the potency of the MPC's interest rate decisions; and
- measurements of inflation.

Conclusions

5. We are satisfied that Spencer Dale meets our two criteria for appointment to the Monetary Policy Committee of professional competence and personal independence. We wish him every success as a member of that body.

⁶ See Spencer Dale's Curriculum Vitae available at <http://www.bankofengland.co.uk/publications/news/2008/spencerdale.pdf>

Formal Minutes

Wednesday 16 July 2008

Members present:

John McFall, in the Chair

Nick Ainger	Ms Sally Keeble
Mr Graham Brady	Mr Andrew Love
Mr Colin Breed	John Thurso
Jim Cousins	Mr Mark Todd
Mr Philip Dunne	Sir Peter Viggers
Mr Michael Fallon	

Appointment of Spencer Dale to the Monetary Policy Committee of the Bank of England
Spencer Dale, Executive Director, Monetary Analysis and Statistics, and Chief Economist, Bank of England, gave oral evidence.

Draft Report (*Appointment of Spencer Dale to the Monetary Policy Committee of the Bank of England*), proposed by the Chairman, brought up and read.

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

Paragraph 1 read and agreed to.

Paragraph 2 read, amended and agreed to.

Paragraph 3 read and agreed to.

Paragraphs 4 and 5 read, amended and agreed to.

Summary amended and agreed to.

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

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

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Tuesday 22 July at 9.30 am.]

Witness

Wednesday 2 July 2008

Spencer Dale, Executive Director, Monetary Analysis and Statistics, and Chief Economist, Bank of England

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List of written evidence

1 Spencer Dale

List of Reports from the Treasury Committee during the current Parliament

Session 2007–08

First Report	The 2007 Comprehensive Spending Review	HC 55
Second Report	The 2007 Pre-Budget Report	HC 54
Third Report	The Work of the Committee in 2007	HC 230
Fourth Report	Climate change and the Stern Review: the implications for Treasury policy	HC 231
Fifth Report	The run on the Rock	HC 56
Sixth Report	Financial Stability and Transparency	HC 371
Seventh Report	Administration and expenditure of the Chancellor's departments, 2006–07	HC 57
Eighth Report	Re-appointment of Dr Andrew Sentance to the Monetary Policy Committee	HC 454
Ninth Report	The 2008 Budget	HC 430
Tenth Report	Re-appointment of Mervyn King as Governor of the Bank of England	HC 524
Eleventh Report	Counting the population	HC 183
Twelfth Report	Inherited Estates	HC 496
Thirteenth Report	Budget Measures and Low-Income Households	HC 326
Fourteenth Report	Appointment of Lord Turner of Ecchinswell as Chairman of the Financial Services Authority	HC 916
Fifteenth Report	Appointment of Charlie Bean as Deputy Governor of the Bank of England	HC 917

Session 2006–07

First Report	Financial inclusion: the roles of the Government and the FSA, and financial capability	HC 53
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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
Seventh Report	The Monetary Policy of the Bank of England: re-appointment hearing for Ms Kate Barker and Mr Charlie Bean	HC 569
Eighth Report	Progress on the efficiency programme in the Chancellor's department	HC 483
Ninth Report	Appointment of the Chair of the Statistics Board	HC 934
Tenth Report	Private equity	HC 567
Eleventh Report	Unclaimed assets within the financial system	HC 533
Twelfth Report	The Monetary Policy Committee of the Bank of England: ten years on	HC 299
Thirteenth Report	Financial inclusion follow-up: saving for all and shorter term saving products	HC 504
Fourteenth Report	Globalisation: prospects and policy responses	HC 90

Session 2005–06

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

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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