



House of Commons
Treasury Committee

Appointment of Professor Randall Kroszner to the Financial Policy Committee

Twelfth Report of Session 2022–23

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

*Ordered by the House of Commons
to be printed 24 January 2023*

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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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

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Committee staff

The current staff of the Committee are Morenike Alamu (Committee Operations Officer), Bayley Hockham (on secondment from the Bank of England), Timothy Holmes (on secondment from HM Revenue & Customs), Dan Lee (Senior Economist), Adam McGee (Senior Media and Communications Officer), Adam Mellows-Facer (Clerk), Aruni Muthumala (Senior Economist), Charlotte Swift (Second Clerk), Sam Upton (on secondment from the Financial Conduct Authority), Adam Wales (Chief Policy Adviser), Maciej Wenerski (Committee Operations Manager), Richard Whisker (on secondment from the Bank of England), and Marcus Wilton (Senior Economist).

Contacts

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You can follow the Committee on Twitter using [@commonstreasury](https://twitter.com/commonstreasury).

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Introduction

1. Professor Randall Kroszner was appointed an external member of the Financial Policy Committee (FPC) by the Chancellor on 21 December 2022 and is due to start the role in February 2023.¹
2. We took evidence from Professor Kroszner on 24 January 2023. He provided a full CV and answered our questionnaire prior to giving oral evidence. We thank him for his evidence.
3. In this Report, we have considered the suitability of Professor Kroszner against two criteria—whether he has the personal independence and appropriate professional competence to undertake the role of an external member of the FPC.

1 [HM Treasury, Randall Kroszner appointed to the Financial Policy Committee, 21 December 2022](#)

1 The appointment of Professor Kroszner

Background on Professor Kroszner

4. Professor Randall Kroszner has been appointed for a three-year term starting in February 2023.²

5. Professor Kroszner is the Norman R. Bobins Professor of Economics at the University of Chicago's Booth School of Business, where he was also Deputy Dean, Executive Programs, from 2018 to 2022. Prior to this, Professor Kroszner served as a Governor of the Federal Reserve System from 2006 to 2009, where he chaired the Committee on the Supervision and Regulation of Banking Institutions.³ He was a member of President George W. Bush's Council of Economic Advisers from 2001 to 2003. Since 2018, Professor Kroszner has served as Chair of the Financial Research Advisory Committee at the US Treasury's Office of Financial Research, having served as Vice-Chair from 2015 to 2018. He first joined the Booth School of Business in 1990 as an Assistant Professor, having been awarded a PhD from the Department of Economics in Harvard that same year. He has held a number of posts as a visiting Scholar or Professor.

Our evidence

6. In oral evidence, we questioned Professor Kroszner about his personal suitability for the post and the UK's financial stability. Topics covered during the session included:

- His motivation for taking the position;
- How he was approached for the role;
- His knowledge of the UK economy, and how it differs to the US;
- His other ongoing commitments;
- The time he will spend in the UK;
- Possible conflict of interests in the future;
- His expected physical attendance at FPC meetings;
- His expected travel and subsistence costs;
- Potential financial conflicts;
- Protecting confidential UK information;
- His knowledge of the UK's current macroprudential position and outlook, and differences to the US;
- How he will keep updated on the UK outlook while in the US;

² [HM Treasury, Randall Kroszner appointed to the Financial Policy Committee, 21 December 2022](#)

³ [HM Treasury, Randall Kroszner appointed to the Financial Policy Committee, 21 December 2022](#)

- The rules around expressing his views;
- His thoughts on regulators' secondary competitiveness objective;
- His thoughts on current financial stability issues;
- His thoughts on mitigating financial stability risks, such as Liability Driven Investment;
- His thoughts on the effectiveness of the FPC;
- The importance of international cooperation for the FPC;
- The impact of quantitative tightening on financial stability;
- The risks from the non-bank sector, and the impact of regulation of banks on those risks;
- Any concerns he has about the Edinburgh Reforms;
- Whether the lessons from the financial crisis may be forgotten;
- The risks from the national debt on financial stability;
- Academic work on the impact of quantitative tightening;
- How to better identify emerging financial stability risks;
- How to improve transparency in the financial system;
- The cost of living, household and corporate debt and financial stability;
- Any conflict between promoting financial and prudential stability and consumer welfare;
- The financial stability impact of events in China;
- The impact of climate change, and worldwide health crises on financial stability;
- His views on the Government's decisions on Solvency II;
- His thoughts on the countercyclical capital buffer and its future level;
- His views on the UK's current position in the macroeconomic cycle;
- The risks of cryptoassets to financial stability;
- The potential of blockchain technology;
- Should the Bank of England issue a Central Bank digital currency;
- Could the digital renminbi rival the dollar;
- The risk to financial stability from cyber-attack and quantum apocalypse.

Conclusion

7. Professor Kroszner has an eminent academic background and extensive international experience. He will bring a valuable trans-Atlantic perspective to the FPC. We note his plans to deepen his knowledge of the UK economy and financial system.

8. We are satisfied that Professor Randall Kroszner has the appropriate professional competence and personal independence to undertake the role of external member of the Financial Policy Committee. We wish him every success.

Formal minutes

Tuesday 24 January 2023

Members present:

Harriett Baldwin, in the Chair

Anthony Browne

Emma Hardy

Andrea Leadsom

Anne Marie Morris

Draft Report (*The appointment of Professor Randall Kroszner to the Financial Policy Committee*) proposed by the Chair, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 8 read and agreed to.

Resolved, That the Report be the Twelfth Report of the Committee to the House.

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

Adjourned until Wednesday 25 January at 9.30 am

Witnesses

The following witness gave evidence. A transcript can be viewed on the inquiry page of the Committee's website.

Tuesday 24 January 2023

Professor Randall Kroszner, appointee, external member of the Financial Policy Committee.

Published written evidence

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

- 1 Professor Randall Kroszner's appointment hearing questionnaire ([ARK0001](#))
- 2 Professor Randall Kroszner's CV ([ARK0002](#))
- 3 Letter from Professor Randall Kroszner ([ARK0003](#))

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.

Session 2022–23

| Number | Title | Reference |
|-------------|---|-----------|
| 1st | Future of financial services regulation | HC 141 |
| 2nd | Future Parliamentary scrutiny of financial services regulations | HC 394 |
| 3rd | The appointment of Dr Swati Dhingra to the Monetary Policy Committee | HC 460 |
| 4th | Jobs, growth and productivity after coronavirus | HC 139 |
| 5th | Appointment of Marjorie Ngwenya to the Prudential Regulation Committee | HC 461 |
| 6th | Appointment of David Roberts as Chair of Court, Bank of England | HC 784 |
| 7th | Re-appointment of Sir Dave Ramsden as Deputy Governor for Markets and Banking, Bank of England | HC 785 |
| 8th | Autumn Statement 2022 - Cost of living payments | HC 740 |
| 9th | Appointment of Ashley Alder as Chair of the Financial Conduct Authority | HC 786 |
| 10th | The work of the Sub-Committee on Financial Services Regulations | HC 952 |
| 11th | Furl Duty: Fiscal forecast fiction | HC 783 |
| 1st Special | Defeating Putin: the development, implementation and impact of economic sanctions on Russia: Government Response to the Committee's Twelfth Report of Session 2021–22 | HC 321 |
| 2nd Special | Future of financial services regulation: responses to the Committee's First Report | HC 690 |
| 3rd Special | Jobs, growth and productivity after coronavirus: Government response to the Committee's Fourth Report | HC 861 |

Session 2021–22

| Number | Title | Reference |
|--------|---|-----------|
| 1st | Tax after coronavirus: the Government's response | HC 144 |
| 2nd | The appointment of Tanya Castell to the Prudential Regulation Committee | HC 308 |
| 3rd | The appointment of Carolyn Wilkins to the Financial Policy Committee | HC 307 |

| Number | Title | Reference |
|---------------|--|------------------|
| 4th | The Financial Conduct Authority's Regulation of London Capital & Finance plc | HC 149 |
| 5th | The Future Framework for Regulation of Financial Services | HC 147 |
| 6th | Lessons from Greensill Capital | HC 151 |
| 7th | Appointment of Sarah Breen to the Financial Policy Committee | HC 571 |
| 8th | The appointment of Dr Catherine L. Mann to the Monetary Policy Committee | HC 572 |
| 9th | The appointment of Professor David Miles to the Budget Responsibility Committee of the Office for Budget Responsibility | HC 966 |
| 10th | Autumn Budget and Spending Review 2021 | HC 825 |
| 11th | Economic crime | HC 145 |
| 12th | Defeating Putin: the development, implementation and impact of economic sanctions on Russia | HC 1186 |
| 1st Special | Net Zero and the Future of Green Finance: Responses to the Committee's Thirteenth Report of Session 2019–21 | HC 576 |
| 2nd Special | The Financial Conduct Authority's Regulation of London Capital & Finance plc: responses to the Committee's Fourth Report of Session 2021–22 | HC 700 |
| 3rd Special | Tax after coronavirus: response to the Committee's First Report of Session 2021–22 | HC 701 |
| 4th Special | The Future Framework for Regulation of Financial Services: Responses to the Committee's Fifth Report | HC 709 |
| 5th Special | Lessons from Greensill Capital: Responses to the Committee's Sixth Report of Session 2021–22 | HC 723 |
| 6th Special | The appointment of Professor David Miles to the Budget Responsibility Committee of the Office for Budget Responsibility: Government response to the Committee's Ninth Report | HC 1184 |
| 7th Special | Autumn Budget and Spending Review 2021: Government Response to the Committee's Tenth Report | HC 1175 |
| 8th Special | Economic Crime: responses to the Committee's Eleventh Report | HC 1261 |

Session 2019–21

| Number | Title | Reference |
|---------------|--|------------------|
| 1st | Appointment of Andrew Bailey as Governor of the Bank of England | HC 122 |
| 2nd | Economic impact of coronavirus: Gaps in support | HC 454 |
| 3rd | Appointment of Richard Hughes as the Chair of the Office for Budget Responsibility | HC 618 |

| Number | Title | Reference |
|---------------|--|------------------|
| 4th | Appointment of Jonathan Hall to the Financial Policy Committee | HC 621 |
| 5th | Reappointment of Andy Haldane to the Monetary Policy Committee | HC 620 |
| 6th | Reappointment of Professor Silvana Tenreyro to the Monetary Policy Committee | HC 619 |
| 7th | Appointment of Nikhil Rathi as Chief Executive of the Financial Conduct Authority | HC 622 |
| 8th | Economic impact of coronavirus: the challenges of recovery | HC 271 |
| 9th | The appointment of John Taylor to the Prudential Regulation Committee | HC 1132 |
| 10th | The appointment of Antony Jenkins to the Prudential Regulation Committee | HC 1157 |
| 11th | Economic impact of coronavirus: gaps in support and economic analysis | HC 882 |
| 12th | Tax after coronavirus | HC 664 |
| 13th | Net zero and the Future of Green Finance | HC 147 |
| 1st Special | IT failures in the financial services sector: Government and Regulators Responses to the Committee's Second Report of Session 2019 | HC 114 |
| 2nd Special | Economic Crime: Consumer View: Government and Regulators' Responses to Committee's Third Report of Session 2019 | HC 91 |
| 3rd Special | Economic impact of coronavirus: Gaps in support: Government Response to the Committee's Second Report | HC 662 |
| 4th Special | Economic impact of coronavirus: Gaps in support: Further Government Response | HC 749 |
| 5th Special | Economic impact of coronavirus: the challenges of recovery: Government Response to the Committee's Eighth Report | HC 999 |
| 6th Special | Economic impact of coronavirus: gaps in support and economic analysis: Government Response to the Committee's Eleventh Report | HC 1383 |