



**BANK OF ENGLAND**

# News release

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21 December 2007

## **Insiders versus Outsiders in Monetary Policy-Making**

Professor Timothy Besley, a member of the Bank of England's Monetary Policy Committee (MPC), today releases an External MPC Unit Discussion Paper, co-authored with Neil Meads and Paolo Surico. The paper investigates the sources of differences in the voting patterns of MPC members. It will be presented at the American Economic Association Meeting in New Orleans on 4 January 2008.

The research explores the implications of a distinctive feature of the UK monetary arrangements - the fact that the MPC comprises members with different professional backgrounds. Serving as an external or internal member is typically part of a different career path. The paper looks at whether backgrounds and careers are reflected in voting behaviour.

The paper also explores how the MPC's voting is influenced by their inflation forecasts which are published in the quarterly *Inflation Report*. These forecasts are a key part of the process of policy formation and communication by the MPC.

The two main findings of the work are: first, there is diversity in members' voting decisions, but little evidence of systematic differences depending upon whether the members are internal or external appointments, whether they have worked for HM Treasury or whether they have been academics; second, the weights placed upon the forecasts are fairly homogenous among MPC members - the inflation forecasts generally predict the behaviour of all committee members.

Insiders versus Outsiders in Monetary Policy-Making

External MPC Unit Discussion Paper No.20 by Timothy Besley, Neil Meads and Paolo Surico

<http://www.bankofengland.co.uk/publications/Documents/externalmpcpapers/extmpcpaper0020.pdf>