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Association for
Research on
Banking and the
Economy



Central Banking Executive Programme

Linacre College, University of Oxford
3-7 September 2018



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Welcome

Dear Participant,

It is with great pleasure that I welcome you on the 2nd Central Banking Executive Programme, which we are delighted to be delivering at Linacre College, University of Oxford in early September.

The programme is organised at Oxford by the Association for Research on Banking and the Economy, a UK-registered educational charity, in association with the Centre for Banking, Finance and Sustainable Development. This year the programme also benefits from collaboration with the Fanhai International School of Finance at Fudan University, and the China Institute of Economics and Finance at Fudan University.



Macroeconomics and monetary economics are currently undergoing a revolution: Many experts have realized that the models and theories used for the past 50-or-so years have been insufficient: The recent experience of banking crises has shown that important factors had been neglected. Capital adequacy-based bank regulation has not performed well. Moreover, the latest research indicates that interest rates work differently from the way conventional theories assume. Many experts now agree that banking needs to be at the heart of macroeconomic models and policy deliberations, and it needs to be properly understood how banks operate. Also, models that do not assume equilibrium appear more in line with the empirical evidence. Very high East Asian economic growth had in fact been based on a different paradigm in economics, one that recognised disequilibrium and credit creating banks and that deserves a reconsideration in the light of the latest empirical findings.

The 2nd programme is being held in England at a time when the UK government has called for a new appreciation of the importance of industrial policy. Long neglected as allegedly being unnecessary (as unregulated markets were supposed to deliver the best outcomes), other governments have also concluded that the fictional theoretical models within which no industrial policy is necessary have little to do with the reality that top-level decision-makers are facing.

The Central Banking Executive Programme is unique in that it is designed specifically for central bankers, high-level policy-makers, including at government ministries, as well as selected senior finance professionals from the private sector. The programme provides participants with a comprehensive understanding of the challenging issues involving government economic policy, monetary and fiscal policy, the banking system in the post-2008 world, and policies to create sustainable, stable and inclusive economic growth and prosperity. We are confident that the rewards from completing the programme will be substantial. These will be derived, not only from an enhancement of your understanding of most important and challenging issues on central banking, but also from the development of a strong network of senior international contacts at the programme.

We are pleased to introduce you personally to a leading group of experts who will present and engage with you on the programme. Expert presenters include Professor **Kern Alexander** (Cambridge and Zurich universities and one of the co-authors of the Basel II framework at the BSBC), Dr **James Forder** (Vice-Master, Balliol College, Oxford), the leading expert on central bank independence, credibility and transparency policies, Professor **Charles Goodhart** (LSE), the Bank of England's leading central bank and monetary economics expert, **Charles Haswell**, former adviser to the chairman of HSBC and leading expert on bank regulation policy, **Baron Karl-Theodor zu Guttenberg**, a former senior government minister and political star from Germany who is leading a strategic policy and advisory think tank in New York and Professor **Dariusz Wójcik** (Oxford University), a top expert on international financial centres, in addition to fellow central bankers from Hungary and Japan, who will speak about their experience with very challenging circumstances. You will have the chance to meet these leading lights, discuss with them, benefit from their insights – and often join them for lunch or dinner at Linacre College.

The programme also features my work, which includes my original proposal for a new monetary policy in the mid-1990s, when I was chief economist of an investment bank in Tokyo, which I called “Quantitative Easing”. It will feature my policy design to boost domestic growth quickly without extra government expenditure, by simply switching the public sector funding method (“Enhanced Debt Management”). And of course it will feature the first empirical tests I conducted in the 5000-year history of banking on hitherto widely disputed but crucial details about how banks actually operate and fund their loan extensions. It turns out that no prior savings are needed for banks to fuel business investment through their lending. Moreover, in my latest empirical research, published in a top-rated peer-reviewed journal, I demonstrate that foreign investment, including FDI, does not actually boost economic growth of the receiver country. Instead, domestic bank credit policies determine and can significantly enhance economic growth and deliver sustainable and stable prosperity for all.

As participants, you too will play an important role in the success of the programme. Contextualising the programme material in the day-to-day experiences of participants is an integral ingredient of the Central Banking Executive Programme. Active participation and discussion, where participants can draw on each other's experiences, will be encouraged and facilitated by lecturers.

I look forward to seeing you in early September up at Oxford.

Warm regards,

A handwritten signature in blue ink, appearing to read 'Richard A. Werner'. The signature is fluid and cursive.

Professor Richard A. Werner, Programme Director

The Central Banking Executive Programme will also cover:

- Quantitative Easing, and options to end it
- Rising interest rates – causes, consequences, implications
- Bank regulation for stability and growth
- The mechanics of international banking and the implications for capital flows, economic growth and development policies
- Development and sustainable growth – The secrets of the East Asian Economic Miracle Model
- Monetary and fiscal policy for stability and prosperity
- The new European monetary infrastructure and political implications
- Challenges to the petro-dollar system and alternatives
- The One-Belt-One-Road initiative and Shanghai Cooperation group.
- Digital currencies and likely scenarios for monetary reform
- Banking for the community and regional growth
- Risk management and financial stability – what the experts don't tell you

We believe our approach to central banking and banking system and lifelong learning will contribute to continuing high standards of bank governance and will provide opportunities for participants to network and share information.

In conceptualising and devising the Central Banking Executive Programme, our objective was to raise professional standards and knowledge within the banking sector at board level. The spirit of this objective is reflected in the assessment methodology applied for the programme. Through learning, participants will be required to reflect on what they have taken from each module and how this knowledge will be applied in their role as a senior finance professional going forward.

We hope that you find the Central Banking Executive Programme to be professionally rewarding and look forward to meeting and engaging with you on the programme.



Selected Speakers



Prof. Charles Goodhart

Prof. Charles Goodhart is Director of the Financial Regulation Research Programme at the LSE. He is the developer of Goodhart's law, an economic law. He served at the Bank of England and was member of its Monetary Policy Committee from June 1997 to May 2000. He has published extensively in high-ranking economics journals.



Dr. James Forder

Dr. James Forder is Deputy Warden of Balliol College, Oxford, and also its Andrew Graham Fellow and Tutor in Political Economy. Dr. Forder is a known expert in the history of economics in the 20th century, on central bank independence, the economics of European integration and the political economy of European Monetary Union.



Prof. Richard Werner

Prof. Richard Werner is a leading macro and development economist, and banking expert. Pioneering the discipline of 'scientific economics', he developed new macroeconomic models that have an outstanding empirical track record. In his book "New Paradigm in Macroeconomics" (2005) he warned of the recurring banking crises and the wrong post-crisis policies. His book "Princes of the Yen" (2003), a top best-seller, warned of the creation of new asset bubbles and banking crises in the eurozone. In 1995, Prof. Werner proposed the original "quantitative easing" post-crisis recovery policies.



Daniel Palotai

Daniel Palotai is an executive director and the chief economist of the Hungarian central bank (Magyar Nemzeti Bank). His professional career started in the monetary strategy division in 2004. From 2007, he worked as an economist at the European Central Bank. From November 2010, he was head of the macroeconomic policy department of the Ministry for National Economy and was actively involved in the development of Hungary's structural reform programme. In March 2013 Daniel Palotai re-joined the Magyar Nemzeti Bank to become executive director responsible for monetary policy and chief economist. Since September 2015, he has been responsible for international and priority matters. He is also a member of the Monetary Policy Committee of the European Central Bank and of the Economic and Financial Committee of the European Union.



Prof. Kern Alexander

Prof. Kern Alexander was appointed to the Chair for Law and Finance at the University of Zurich in 2010. He is also a Senior Research Fellow in Banking and Financial Regulation at the University of Cambridge Centre for Risk Studies and is Academic Programme Director for the Cambridge Judge Business School's Executive Education Programme 'Understanding the Regulatory Environment'.



Prof. Dariusz Wójcik

Prof. Dariusz Wójcik is Professor of economic geography at the University of Oxford. He has published three books and over forty articles and book chapters in leading journals and edited volumes. He co-leads one of the largest ever research projects on financial centre development in co-operation with lawyers and economists, funded by the Hong Kong government.



Baron Karl-Theodor von und zu Guttenberg

Baron Karl-Theodor von und zu Guttenberg is a German businessman and politician of the Christian Social Union (CSU). He served as Minister of Defence (2009-2011) and Minister for Economics and Technology (2009). In 2011, he joined the Centre for Strategic and International Studies, USA, as a Distinguished Statesman. He is also an advisor to the EU Commission on the promotion of internet freedom regarding questions of foreign affairs. Karl-Theodor is the chairman and founder of Spitzberg Partners, New York.



Charles Haswell

Charles Haswell - before 11 years in Finance, Charles was a Diplomat with a China focus. From 2008-2015 he set up HSBC's Global Policy function to work on the reform of financial regulation after the financial crisis. He developed an approach to macroprudential policy to accommodate money creation, the shortcomings of traditional economic models, and the inability of central banks to create new economic assets (growth) through Quantitative Easing. His team also set up the Business Growth Fund (BGF) and developed the concept of Sustainable Finance. Since 2015 Charles has focused on the challenges of financing new technologies.

Draft Programme Timetable

Module	Time	Presenter
Day 1 - 3rd September		
1. Bodleian Library	09:20	
Induction at the Bodleian Library and issuance of Oxford Library ID card.	09:30	
Tour of the Bodleian Library	10:30-11:30	
2. Welcome and opening remarks at Linacre College	12:00 – 12:15	Prof. Richard Werner
3. Developments in Central Banking: past, present and future	13:45 – 15:30	Prof. Charles Goodhart
4. The three theories of banking and economic methodologies	16:00 – 18:00	Prof. Richard Werner
Day 2 - 4th September		
1. Basel IV and the latest regulatory challenges	09:00 – 10:30	Prof. Kern Alexander
2. The changing map of the financial world	10:45 – 12:00	Prof. Dariusz Wojcek
3. The determination of the money supply	13:45 – 15:30	Prof. Charles Goodhart
4. Digital currencies and cybercash challenges	16:00 – 17:45	Baron Karl-Theodor zu Guttenberg
Day 3 - 5th September		
1. Towards a Quantity theory of credit	09:00 – 10:30	Prof. Richard Werner
2. Applied macro policies in Hungary, lessons to learn	10:30 – 12:00	Daniel Palotai
3. Innovations in Monetary Policy	13:45 – 15:30	Daniel Palotai
4. Time off for library visit	15:30 -	

Module	Time	Presenter
Day 4 - 6th September		
1. Central Banking and economic development	09:00 – 10:30	Prof. Richard Werner
2. Philips curve, monetarism and its implications for today	10:30 – 12:00	Dr. James Forder
3. Bank regulation - Issues with Basel and Implications	13:00 – 14:30	Prof. Kern Alexander
4. Asia 1997, the World 2008. Who did what, and who got it right?	14:30 – 16:00	Charles Haswell
5. Experience of a senior central banker with an innovative policy programme	16:00 – 17:45	The Governor of the Central Bank of Hungary
6. Formal dinner at Linacre College with the Principal	19:00 - 21:00	
Day 5 - 7th September		
1. The end of the Washington consensus & challenges ahead	09:00 – 10:30	Prof. Richard Werner
2. Monetary policy and risks ahead, Japanese perspective	10:45 – 12:00	Ms Tokiko Shimizu, Bank of Japan
3. Monetary reform to end asset bubbles?	13:45 – 15:30	Dr. Josh Ryan-Collins
4. Guided tour of Blenheim Palace - England's largest palace	15:35 – 18:00	
5. Dinner at Woodstock	19:00 - 21:00	

Programme Logistics and Other Information

Certificate of Completion from Linacre College, University of Oxford

There will be a Certificate of Completion issued by the Principal of Linacre College, University of Oxford, and Professor Richard Werner, the Convenor of ARBE, a registered UK educational charity specializing in banking. The five-day programme of seminars, lectures, work-shops and discussions will be followed by a joint excursion on Friday afternoon. Outside class, all participants have the chance to taste the diverse range of Oxford social, cultural and sporting life.

Venue

The programme takes place in the Tanner Room of Linacre College, located at St. Cross Rd, Oxford OX1 3JA. Lunch and dinner will be provided in the Linacre College dining room. Formal Oxford dinner, with the Principal of Linacre College, will be held for participants on 6 September at Linacre College.

Dress code

Dress code is smart casual during the daytime sessions and formal dress code for Formal Oxford dinner on 6 September.

Accommodation

Brasenose College (Radcliffe Sq, Oxford OX1 4AJ) is delighted to provide rooms for the Central Banking Executive Programme. Unlike a hotel, the bedrooms are filled with the wonder and majesty of over 500 years of College history. Brasenose offers the atmosphere of a traditional Oxford college, right in the heart of Oxford and the university town. The Programme Fee includes accommodation, meals, and the tuition and participation fees, including a formal dinner on Thursday 6 September 2018.



Brasenose College accommodation includes single en-suite room per person on the basis of bed and breakfast. Double rooms can be booked on demand. For hotel accommodation requests, please let us know.

Further information on Brasenose College can be seen on its website: www.bnc.ox.ac.uk

Here to get to Brasenose College:
https://www.bnc.ox.ac.uk/downloads/prospectus/getting_to_brasenose_hires.pdf



Linacre College



Linacre is a graduate College of the University of Oxford, situated next to the University Parks, and close to all the University's main libraries and laboratories.

It is wholly interdisciplinary and international in its student body, academically rigorous and environmentally aware in its ethos, and consists of a genuine community of intellectual and social equals.



The College, which was founded in 1962 to offer the best facilities and a suitable environment specifically for doctoral researchers, consists of about 50 Fellows (including some of Oxford's most distinguished scholars in arts, humanities, social sciences and sciences), about 14 Junior Research Fellows and around 450 students. A key feature of Linacre academic life is interaction between disciplines. The Linacre Seminars offer both students and Fellows an opportunity to present their work to a supportive College audience, and an introduction to the wide-ranging research interests of other College members.

University of Oxford



Oxford is a world-leading centre of learning, teaching and research and the oldest university in the English-speaking world.

While there is no clear date of foundation, but teaching existed at Oxford in some form in 1096 and developed rapidly from 1167, when Henry II banned English students from attending the University of Paris.

There are 38 Oxford colleges, which are financially independent and self-governing, and they together constitute and control the central University in a kind of co-operative system. There are also six permanent private halls, which are similar to colleges except that they tend to be smaller and were founded by particular Christian denominations. The colleges and halls are close academic communities, which bring together students and researchers from different disciplines, cultures and countries. This helps to foster the outstanding research achievement that has made Oxford a leader in so many fields, as each college ensures small size, human scale and face-to-face interaction between students and scholars.

The colleges and the University work together to organise teaching and research, and many staff at Oxford will hold both a college and a University post.

The Central University

The central University is made up of many different sections, including academic and administrative departments, libraries and museums. There are roughly 100 major academic departments, which are overseen by the four academic divisions: Medical Sciences; Mathematical, Physical and Life Sciences; Humanities and Social Sciences. Each department organises teaching and research in a different subject area, from Anthropology to Zoology. There are also many smaller, specialist research centres and sub-departments.

Facts and Figures

- Oxford was ranked first in the world in the Times Higher Education (THE) World University Rankings for 2017 and 2018.
- There are over 23,000 students at Oxford, including 11,728 undergraduates and 10,941 postgraduates.
- Oxford is very competitive: more than 19,000 people applied for around 3,200 undergraduate places for entry in 2016. That means that Oxford receives, on average, nearly 6 applications for each available place.
- The majority of Oxford's UK undergraduates come from state schools. The latest figures show that, of places offered to British students attending schools or colleges in the UK, over 59% of undergraduate places went to students from the state sector.
- Oxford offers more than 300 different graduate degree programmes. 5% of all the UK's graduate research students are studying at Oxford University.
- 40% of total student body - over 9,300 students - are citizens of foreign countries. Students come to Oxford from over 140 countries and territories.
- According to the 2014 Research Excellence Framework, the official UK-wide assessment of all university research, Oxford has the largest volume of world-leading research in the country.
- The University, including the colleges and Oxford University Press, is the largest employer in Oxfordshire, supporting around 17,000 jobs and injecting more than £750 million annually into the regional economy.

Bodleian Library

The Bodleian Library is one of the world's oldest public libraries at the heart of Oxford's historic University and possibly the most impressive one you'll ever see. It is now the second largest library in the UK (after the British Library in London).

The Bodleian has its roots in a 15th-century collection of books, and its present state is largely due to the efforts of Sir Thomas Bodley, a 16th-century fellow of Merton College. He founded the library in 1602 and, in 1610, came to the agreement with the Stationers' Company of London that it would receive a copy of every single book published in the UK – an agreement that still stands today, so the library contains an unrivalled 400-year record of British literature. The library started off with 20 books; it currently holds more than 12 million items, contains 117 miles of shelving and has seating space for up to 2500 readers. A staggering 5000 books and articles arrive every Wednesday, all of which need to be catalogued and stored.

The oldest part of the library surrounds the Jacobean Gothic Old Schools Quadrangle, which dates from the early 17th century and sports some of Oxford's odder architectural gems. On the eastern side of the quad is the Tower of Five Orders, an ornate building depicting the five classical orders of architecture. On the western side is the exquisite Divinity School, the university's first teaching room. Completed in 1488, it is renowned as a masterpiece of 15th-century English Gothic architecture and has a superb fan-vaulted ceiling sporting the initials of its many benefactors. It featured as the Hogwarts hospital wing in the Harry Potter films.

Half-hour mini tours include the Divinity School and the medieval Duke Humfrey's library, where no fewer than five kings, 40 Nobel Prize winners, 26 British prime ministers, and writers such as Oscar Wilde, CS Lewis and JRR Tolkien studied amid rows filled with grand ancient tomes chained to the shelves. It also featured in the Harry Potter films as the Hogwarts library. Those wishing to read here (books may not be borrowed) to this day must swear Bodley's Oath, which involves vowing not to bring fire or flames into the library.

Hour-long standard tours also visit the 17th-century oak-panelled Convocation House, where parliament was held during the Civil War, and the Chancellor's Court, in which Oscar Wilde and Romantic poet Percy Bysshe Shelley were tried (for debt and promoting atheism, respectively). Extended 1½-hour tours include the Radcliffe Camera, the Upper Reading Room and the underground Gladstone Link.

Some of the library's collections are now housed in the newly renovated Weston Library (Broad St), which opened to visitors in 2015. The Weston branch of the Bodleian is home to their special collections, which houses some of the rarest and most expensive books in the world. The Bay Psalm Book, Shakespeare's First Folio, and even some papyri dating back to the 3rd century B.C. reside within the Bodleian's walls.

The Bodleian is unique in that it is not a lending library - no books can be borrowed, only read on the premises. The Bodleian takes this restriction seriously. The Bodleian collections are highly safeguarded. So secure are they, that even a King couldn't borrow a book. King Charles I tried in 1645 – and was denied.

In order to gain access to the library's collections, patrons are required to take an oath. For visitors not affiliated with the university, an oral oath is mandatory – university guests can sign a written declaration. However, oath ceremonies are still performed for nostalgic individuals wishing to remain more traditional. The statement, in English, reads:

“I hereby undertake not to remove from the Library, nor to mark, deface, or injure in any way, any volume, document or other object belonging to it or in its custody; not to bring into the Library, or kindle therein, any fire or flame, and not to smoke in the Library; and I promise to obey all rules of the Library.”

To obtain your Bodleian Card, which gives you access to the unrivalled resources of the Bodleian Library, delegates of the Central Banking Executive Programme will also need to swear this oath in a brief formal ceremony, before they are given their valuable Bodleian ID card.



The chains were removed from the library's books in 1757. "Nathaniel Bull, a blacksmith, unchained 1,448 volumes between 1760 and 1761 and for this was paid £3 0s 4d."

The Bodleian used to feature an underground bookstore. In 1914, the library's collection grew to over a million books. More room was needed so in 1909-1912 the area beneath Radcliffe Square was excavated to become the largest bookstore in the world at the time. The area is now called Gladstone Link and is being renovated to include a fully refurbished bookstore, two floors of open stack library space for patrons, as well as better access for disabled patrons.

The Bodleian has been the backdrop for 14 movies and television shows. Besides the three Harry Potter movies, some others are:

- Endeavour (2012-2016) Television drama
- Testament of Youth (2014) Movie adaptation of Vera Brittain's memoir
- X-Men: First Class (2011) Movie
- The Golden Compass (2007) Movie
- Inspector Lewis (2006-2015) Television drama
- Monarchy (2004-2006) Television documentary
- 12 Books That Changed the World (2006) Movie
- The History Boys (2006) movie
- William and Mary (2003-2005) Television comedy
- Pocahontas: The New World (2005) Movie
- Inspector Morse (1987-2000) Television drama



The Bodleian has an exceptional collection of... pins. Yes, mainly pins retrieved from manuscripts and books from the days before staples and paper clips. Its most distinguished pin, acquired in 2011, belonged to Jane Austen, who used it within her manuscript of "The Watsons."

The general public cannot enter the reading rooms; that right is reserved for members. Other parts of the library can be seen on one of the frequent guided tours. One of the highlights of these tours is the Divinity School, which possesses a remarkable vaulted ceiling. It is rightly regarded as a masterpiece of English Gothic architecture.

Each year, the collection grows by more than 100,000 books and nearly 200,000 periodicals; these volumes expand the shelving requirements by about 2 miles (3.3km) annually. Much of the library's vast storage space is in underground tunnels built in the early 1900s. A system of conveyor belts delivers volumes through the tunnels to 29 reading rooms in the various library buildings.

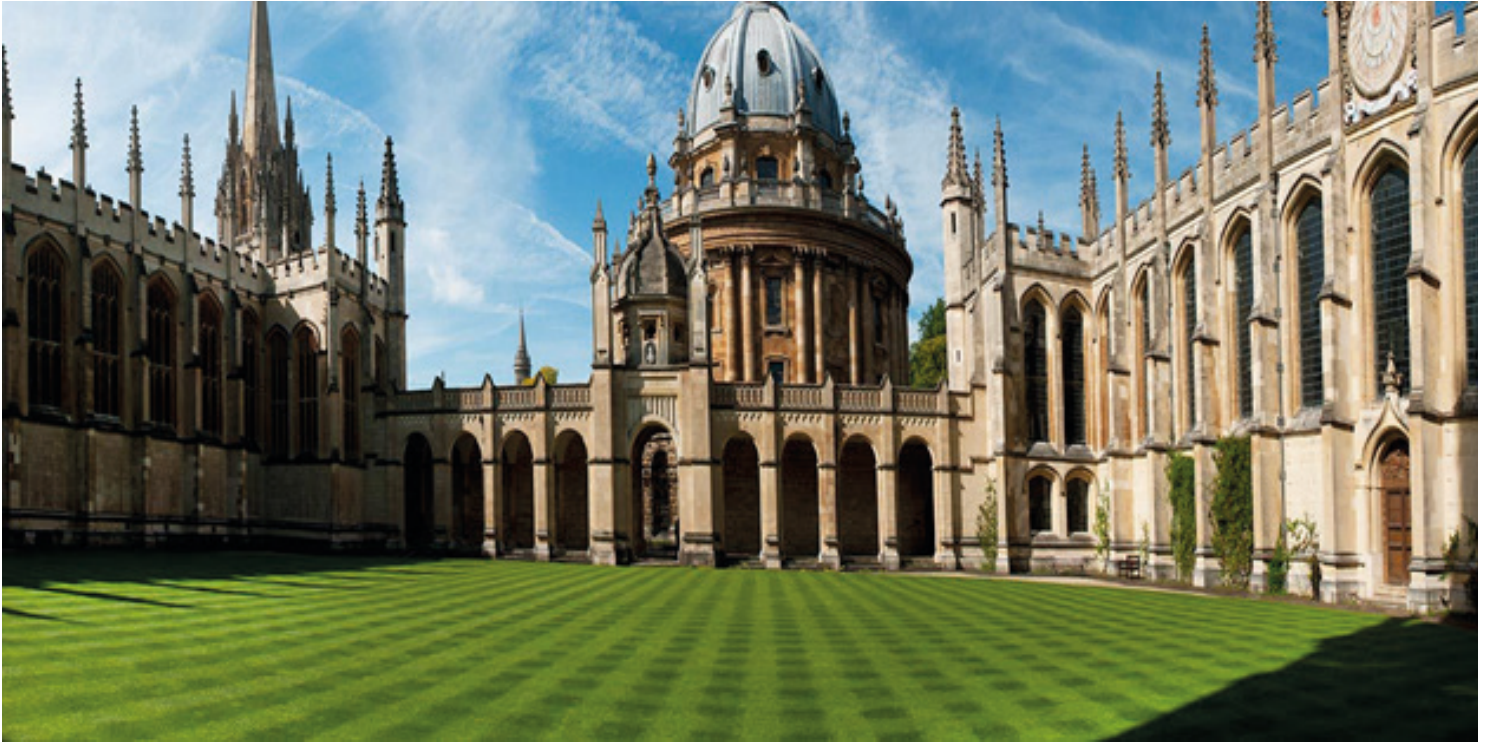
Interesting Facts

It was Bodley's innovation to store books on their ends rather than on their sides as had previously been the custom; this not only allowed more books to fit in a smaller space but also made them more easily accessible.

A strict policy of the library was that no fire may be brought into the library buildings. For this reason, the library was completely unheated until 1845, when Victorian engineers installed channels in the floor to carry hot water into the building after being heated in boilers outside.

The library also lacked artificial lighting until 1929. Reliance on the sun for light and heat kept the library's hours of operation quite short—as little as five hours per day during the winter.

In 1642 the Library was forced to loan the King, Charles I, £500. This 'loan' was kept on the books for 140 years before finally being written off as 'bad debts'.



Contact

To learn more or register, write to us at:

convenor@arbe.org.uk
or call Tel. (+44)(0)1962 859375 (Ms Elena Dvortsova).



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