

May 2019

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**INSTITUTE OF  
INTERNATIONAL  
MONETARY RESEARCH**  
Analysis and insight into trends in money and banking,  
and their impact on the world's leading economies

## SAVE THE DATE

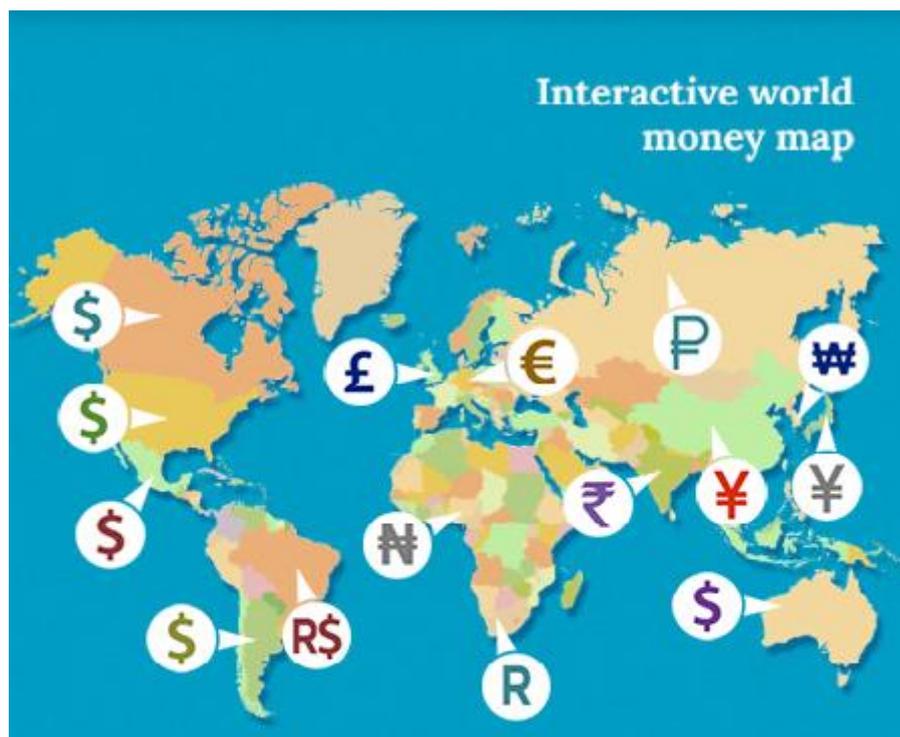
**Lord Skidelsky** will give a public lecture on fiscal policy on the evening of **12th November 2019** at the Royal Automobile Club, Pall Mall, London

On **13th November 2019** a one-day conference on '**Fiscal policy vs. monetary policy; which is best?**' is to be held at the IEA, 2 Lord North Street, Westminster, London.

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## Updated World Money Map

We have updated the data on broad money and nominal income growth included in our tables and calculations. We have also added two more economies, Indonesia and Venezuela. We therefore now cover 17 developing economies. For all nations – whether they have well-developed, emerging or developing economies, and regardless of their location on a map of the world - a relationship between trends in money growth and in nominal GDP (or nominal national income) holds consistently over the medium to the long term. You can access the charts and data that show the inflationary effects resulting from an excessive rate of money in the economy using data up to 2018 [here](#).



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## Continued fall in money growth in the UK

Amidst all the discussion of Brexit, the sluggish rate of growth of broad money has been largely overlooked. This is worrying as such a serious deceleration in the amount of money (with a meagre annualised quarterly rate of only 0.7% in March) will harm output growth regardless of the outcome of the 'Brexit deal' (or no deal) negotiations in Parliament. With the Government searching for a replacement for Mark Carney as the Governor of the Bank of England in January 2020, it should impose as a *conditio sine qua non* that candidates acknowledge the pivotal role played by changes in the amount of money in explaining macroeconomic outcomes. As obvious as it sounds, the institution in

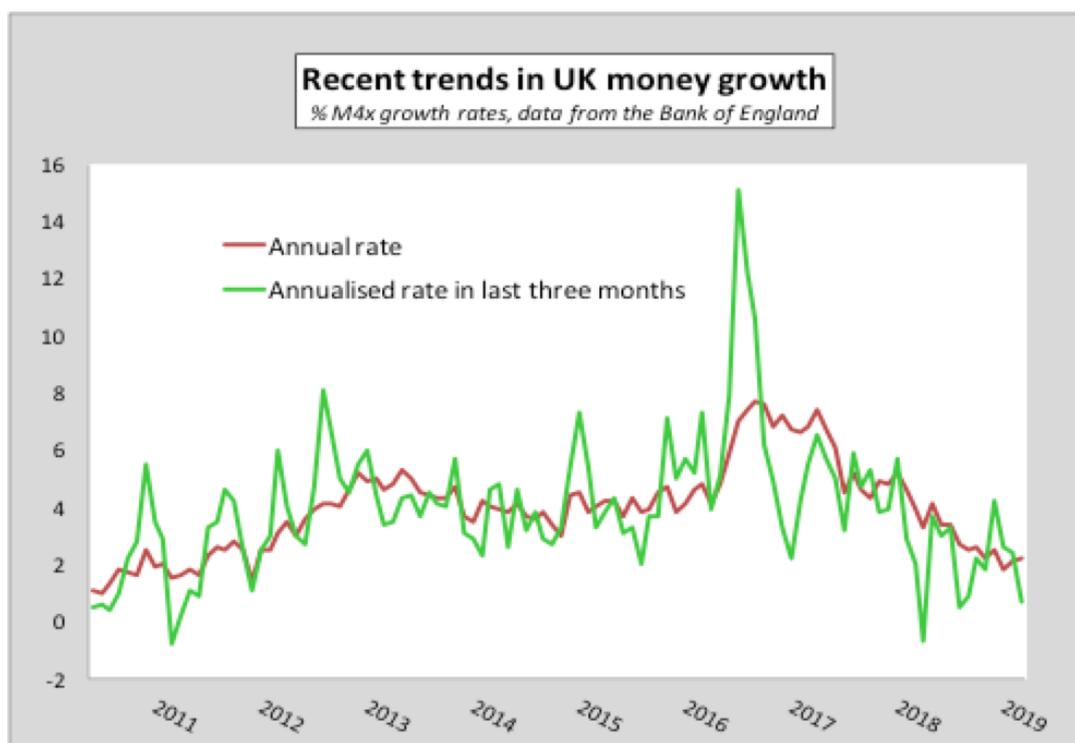
charge of preserving price and financial stability should pay much more attention to changes in money balances than it has done in the past.

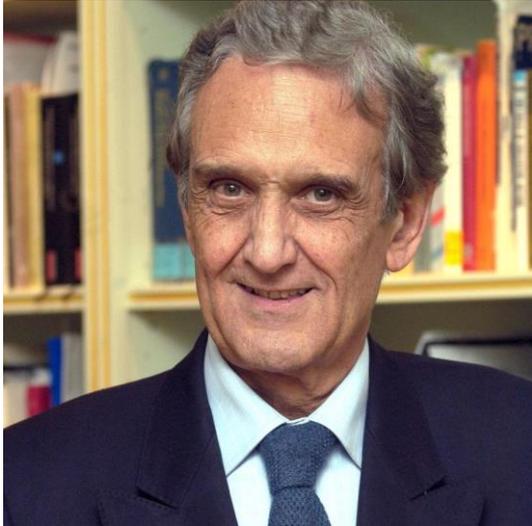
Source: From IIMR [May 2019 Money Update](#)

## UK

	% annual/annualised growth rate:	
	M4x/M4 before 1997	Nominal GDP
1964 – 2017	<b>9.8</b>	<b>8.2</b>
Seven years to 2017	<b>3.8</b>	<b>3.6</b>
Year to March 2019	<b>2.2</b>	<b>n/a</b>
Three months to March 2019 at annualised rate	<b>0.7</b>	<b>n/a</b>

Sources: Bank of England and Office for National Statistics





## **Pedro Schwartz gives four lectures on the *History of Monetary Thought through the eyes of the Classics***

Dates to be released next week

Vinson Building, University of Buckingham, MK18 1EG

The institution of money is not at the centre of the research programmes of mainstream macroeconomics. In most models used by the profession, money is only considered as an afterthought - if at all. This contrasts with the importance generally attributed to financial and monetary institutions when analysing the political economy of crashes such as the Great Recession and its aftermath. In contrast to most academic institutions, we believe that the study of monetary institutions provides the key to understanding macroeconomic developments past and present and Pedro Schwartz will prove the point in these lectures.

Lecture 1 - The institution of money

Lecture 2 - The 'Quantity Theory'

Lecture 3 - Money in an open economy

Lecture 4 - Central banking. Central banks and the government

More details on the programme and lectures' topics will be available on our website shortly.

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## **MSc Money, Banking and Central Banking**

### **New Funding Opportunities Available**

On top of the Santander Universities scholarship available (£2,500) for students applying for the September 2019 entry we have now **two more scholarships (£5,000 each) for September 2019 and January 2020 applicants**. Please see the [University of Buckingham website](#) for further details.

Applications for September 2019 and January 2020 are now open.



**Dr Juan Castaneda** gave a session to our students on how to use DataStream database for macroeconomic analysis and on Statistical Software to calculate the output gap and forecast interest rates

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