Analysis and insight into trends in money and banking, and their impact on the world’s leading economies
In his 1970 Institute of Economic Affairs pamphlet on *The Counter-Revolution in Monetary Theory* Milton Friedman, who was to be awarded the Nobel prize for economics six years later, wrote,

“Inflation is always and everywhere a monetary phenomenon in the sense that it is and can be produced only by a more rapid increase in the quantity of money than in output. … A steady rate of monetary growth at a moderate level can provide a framework under which a country can have little inflation and much growth. It will not produce perfect stability; it will not produce heaven on earth; but it can make an important contribution to a stable economic society.”
Money and national income in the G20

Chart shows the average annual % changes in quantity of money, broadly-defined, and nominal national income in the various countries, 1980 - 2018.

Why did inflation reach its highest-ever peacetime levels in the 1970s? Why did inflation fall in the 1980s and 1990s? Why has deflation become widespread in the leading advanced nations in 2015? The 20 years from the mid-1980s saw good economics outcomes – with steady growth and rising employment – in most countries. How is this period of ‘the Great Moderation’ to be explained? By contrast, in late 2008 and early 2009 demand and output collapsed across the world. What were the causes of this downturn, widely known as ‘the Great Recession’?

These questions are central to business life and political debate everywhere. Most observers agree that any interpretation of the Great Recession must recognize the importance of banks and banking systems to the economy’s behaviour.

The Institute of International Monetary Research promotes research into how developments in banking and finance affect the wider economy. The Institute’s aims are to enhance economic knowledge and understanding, and to seek price stability, steady economic growth and high employment. Particular attention is paid to the effect of changes in the quantity of money on inflation and deflation, and on boom and bust.

The Institute is based in the United Kingdom and is associated with the University of Buckingham. However, the research and analyses are international in scope. Trends in the rate of growth of the quantity of money in the leading nations are monitored on a close and regular basis, but monetary analysis is useful in all economies, no matter how small.
The Institute’s work

The Institute promotes research into how developments in banking and finance affect the wider economy. Nowadays bank deposits are the main form of money and the principal constituent of the quantity of money. Economists have long recognised a strong relationship between changes in the quantity of money on the one hand, and changes in nominal national income and the price level on the other. This relationship is often seen as a key insight of ‘the quantity theory of money’, one of the oldest schools of economic thought. As noted by Mark Blaug, who wrote the authoritative text on Economic Theory in Retrospect, ‘painting with a broad brush, the quantity theory is supported by an overwhelming body of empirical evidence’. Further, ‘It is facts and not analytical rigour that make the quantity theory good economics’. The challenge for the Institute is therefore to provide rigour as well as facts to the analysis of banks and money, and their wider economic effects. It does both historically (by looking at data from the past) and internationally (by investigating evidence from around the world).

The Institute supports:

- Research projects on the relationship between money and other macroeconomic variables, in both the short and long runs, and in many countries,
- The publication of papers and books that incorporate the results of our research projects,
- Conferences and seminars to discuss monetary and macroeconomic research,
- Guest lectures, at which distinguished economists, policy-makers and leaders of thought present their views on the key macroeconomic issues of the day, and
- In collaboration with the University of Buckingham, a MSc programme in Money, Banking and Central Banking.

Changes in the price level - through either inflation or deflation - have diverging effects on different people and companies. They can result in arbitrary shifts in income and wealth distribution, and cause social upheaval. As the great economist, John Maynard Keynes, said in his famous 1923 Tract on Monetary Reform,

“…a change in the value of money…is important to society only in so far as its incidence is unequal. Such changes have produced in the past, and are producing now, the vastest social consequences, because, when the value of money changes, it does not change equally for all persons or for all purposes…Each process, inflation and deflation alike, has inflicted great injuries.”
The Institute is associated with the University of Buckingham. Its founder and first Director, Professor Tim Congdon CBE, has given talks and seminars in the university. The Institute’s staff participate in, and guide, the research of the University of Buckingham students. The Institute also offers research internships to students worldwide.

The University of Buckingham was originally founded as the University College at Buckingham in 1973 and received its Royal Charter from the Queen in 1983. The university’s funding is unlike that of other UK universities, as it does not receive state support. It has formal charity status as a non-profit making institution dedicated to the ends of research and education.

As published by both The Times/Sunday Times ‘Good University Guide for 2018’ and ‘Complete University Guide’, the University of Buckingham is top for Teaching Quality and 2nd for Student-Staff ratio.

The University of Buckingham has come at the top of the rankings in the first-ever Teaching Excellence Framework (TEF) rankings.
The idea for an Institute of International Monetary Research arose in an informal conversation in 2011. Terence Kealey, then the University of Buckingham’s Vice-Chancellor, and Tim Congdon were both in London, attending that year’s Hayek Lecture by Professor Robert Barro (of Harvard University), given under the auspices of the Institute of Economic Affairs. Both found Barro’s remarks stimulating, but felt dissatisfied. They agreed that a new research organization – to understand better how banks and the financial system impact on the market economies of modern liberal democracies – was needed.

Tim Congdon spent most of his career as an economist in the City of London. Initially he advised brokerage firms and their clients, but in 1989 he set up Lombard Street Research as a consultancy business. At Lombard Street Research he maintained a tradition of research which had enabled him to forecast - correctly and uniquely - that the rapid growth in the UK’s quantity of money from 1986 to 1988 would lead to much higher inflation and a bust. From 1993 to 1997 Congdon served on the Treasury Panel of Independent Forecasters (also known as the ‘wise persons’), where he represented the so-called ‘monetarist’ point of view in advice to the Chancellor of the Exchequer. In 1997 he was appointed CBE for ‘services to economic debate’.

Congdon retired from the City in 2005, to have more time to write up books and papers. But he re-entered the fray at the start of 2009 when he started a small consultancy company, International Monetary Research Ltd., in response to the intensifying financial and economic crisis that became known as ‘the Great Recession’. Congdon is a prolific author of magazine and newspaper articles, academic papers and books on economic and financial topics. His most recent full-length book is *Money in the Great Recession*, 2017, published by Edward Elgar.

“The Institute’s founder and first Director

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“Tim Congdon has been Britain’s leading monetarist for about three decades... He has a sharp eye for statistics, for history, for the twists and flows of intellectual fads, and for the political arena where debate hardens suddenly into the stone of decision. He is subtle, practical, bellicose and highly articulate.”

Professor Peter Sinclair, in a review in *The Business Economist* of Tim Congdon’s 2007 collection of essays *Keynes, the Keynesians and Monetarism*
What we do

Monthly Monetary Note

Every month the Institute of International Monetary Research produces an e-mail note and an accompanying video, which analyse monetary trends and the banking situation in the world’s leading economies. The note includes a rigorous analysis of the latest monetary developments in the USA, China, the Eurozone, Japan, India and the UK, with projections on inflation and output for these economies.

Professional Courses

We provide professional training courses on money and central banking, which can be tailored to your organisation.

The courses are taught by professionals and academics with many years of experience at a very high policy level, including advisors to parliaments and central banks in different jurisdictions. The instructors include: Tim Congdon (Chairman, IIMR), Juan Castaneda (Director, IIMR), Geoffrey Wood (University of Buckingham), and Forrest Capie (Cass Business School).

We can provide specialised teaching on particular countries’ economies, both developed and emerging. The structure of the courses include 3-4 hours of seminar sessions in the morning and discussion sessions in the afternoon, where the attendees will be discussing case studies related to their economies.

The courses are run at the Institute’s premises at the University of Buckingham and can include accommodation and catering on campus, or alternatively they can be delivered at your organisation. The courses can be run over 2-10 days, depending upon your requirements and the topic of the course.

Some of the topics we cover:

- Monetary policy and development
- Central bank communication to the public
- Central bank independence
- Monetary policy and financial stability - central bank policies in a banking crisis
- Money, inflation and nominal income
- Bank regulation and supervision.

The courses include a visit to the relevant institutions on the field, such as Bank of England (with a talk on its functions and monetary strategy) or the London Stock Exchange (with specialised training sessions at the premises)*.

You can access more information on our courses at https://mv-pt.org/professional-training-courses/

*The visits are subject to availability of places and dates.
Our Events

The Institute holds conferences and seminars to discuss monetary, banking and macroeconomic research, including several international conferences in the UK. We invite speakers from the UK, continental Europe and the rest of the world to discuss key topics affecting money, banking and monetary policy. In the past we have benefitted from having among our speakers senior members of central banks, academics and practitioners working in these areas.

You can access more information on our past and future events at: www.mv-pt.org/events

Publications

The Institute publishes a research paper series. The papers are written mostly by the Institute’s staff. However, contributions from outside the Institute and the University of Buckingham are also welcome. Our research papers can be accessed fully on our website. In addition, the Institute publishes a version of the guest lectures given under its auspices. In 2017, the Institute launched the first volume of the Buckingham Studies in Money, Banking and Central Banking (published by Edward Elgar), edited by Tim Congdon, Money in the Great Recession. Further, it is keen to promote the writing-up of seminar and conference papers.

All of our research can be found on our website www.mv-pt.org
Videos

We have a YouTube channel where we keep every presentation made under the Institute’s auspices (including our annual conference, other talks and seminars). We have also added other playlists with our monthly money updates videos and others on our research and publications. In addition we have created a new playlist, MoneyTalks, where we have invited experts in the field to define and explain in just 2-3 minutes key topics in money, banking and central banking.

World Money Map

The Institute’s World Money Map shows trends in broad money growth and in nominal income for a wide range of economies, both developed and emerging economies. We also provide a short analysis per country on the correlation between changes in the amount of money and in nominal income over time.

You can access the data and the analysis of one of the 17 economies covered by visiting the Institute website’s home page: www.mv-pt.org
How to donate

All of our research work and publications are available at no charge via our website: the support we give to our interns, and the teaching resources and the videos we put on our YouTube channel, are also provided gratis by the Institute. The Institute of International Monetary Research is a registered charity and therefore relies on donations to provide funds to continue its research and events agenda.

You can make a donation in one of two ways via the Institute’s website. Find out how to do so here: www.mv-pt.org/support/

Website

Further information on our staff, our research, events, and Trustees can all be found on our website: www.mv-pt.org
MSc in Money, Banking and Central Banking

Since 2017 our Institute has collaborated with the University of Buckingham in the teaching of a new MSc in Money, Banking and Central Banking. The MSc programme offers specialised instruction in banking and financial markets, and emphasizes the importance of money and banking in the determination of macroeconomic outcomes; it has been made particularly relevant by the upheavals in the theory and practice of central banking which have followed the last Global Financial Crisis. Unlike any other degree in the UK, our MSc course discusses the bearing of high-quality monetary and banking analysis on financial markets (notably, on asset prices), and on the achievement of monetary stability in the long run. Expert knowledge of monetary economics, and of risk management in banks and other financial institutions, is of ever increasing value in understanding the post-crisis world.

Further information on the programme available at https://www.buckingham.ac.uk/humanities/msc/money-banking.

When the monetary regime is working well, it is easy to forget how much trouble disorder in a nation’s banking system and public finances can cause. The most celebrated economist of the early Victorian era, John Stuart Mill, wrote in his classic text on *Principles of Political Economy*,

“There cannot...be intrinsically a more insignificant thing in the economy of society, than money...It is a machine for doing quickly and commodiously, what would be done, though less quickly and commodiously, without it: and like many other kinds of machinery, it only exerts a distinct and independent influence on its own when it gets out of order.”
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- to compile data, and to dig up the facts about how developments in banking and finance impact on the economy as a whole, and
- to be rigorous in analysing those data and facts, and conducting research on the main policy messages.

The Institute is an educational charity. Its work informs the public debate on economic policy, enhances knowledge about how the economy works and provides support for the teaching of economics in educational institutions, including schools and sixth-form colleges.