

Shadow Monetary Policy Committee

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Shadow Monetary Policy Committee votes Six / Three to Hold Bank Rate in July.

In July 2019 the Shadow Monetary Policy Committee (SMPC) voted by six three to keep Bank rate at 0.75%.

Concerns about Brexit was one of the critical reasons that those that voted to keep rates on hold did so. Uncertainty about a deal, its terms and an extension of the deadline for the UK to leave the EU beyond 31 October are acting to weaken business sentiment. Other arguments focused on slow growth in broad money supply, signs that the global and UK economy is slowing were reasons given by those voting to keep rates at 0.75%.

Those that voted for rate rises worried that low rates were damaging the economy, in particular, weak business investment in new technologies that improve productivity. Besides, low unemployment and rising wages suggest to some that a rate rise should take place so that monetary policy starts to be 'normalised'.

The SMPC is a group of economists who have gathered quarterly at the IEA since July 1997, with a briefer e-mail poll being released in the intermediate months when the minutes of the quarterly gathering are not available. That it was the first such group in Britain, and that it gathers regularly to debate the issues involved, distinguishes the SMPC from the similar exercises carried out elsewhere. To ensure that nine votes are cast each month, it carries a pool of 'spare' members. This can lead to changes in the aggregate vote, depending on who contributed to a particular poll. As a result, the nine independent and named analyses should be regarded as more significant than the exact overall vote.

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Minutes of the meeting of 16 July 2019

Attendance: Phillip Booth, Tim Congdon, Jamie Dannhauser, Andrew Lilico, Kent Matthews (Secretary), Graeme Leach, Trevor Williams (Chair).

Apologies: Juan Castaneda, John Greenwood, Julian Jessop, Patrick Minford, Peter Warburton.

Chairman's comments: Trevor Williams said that he did not have any announcements to make and invited Jamie Dannhauser to present his economic report.

The Global Macroeconomic Outlook

Jamie Dannhauser said that he would begin with the global macro outlook and some of the risks central banks have been citing recently. He will then examine what this means for the UK and examine the UK macro data, examining the nominal side and in particular developments on wage growth which are sending a different signal about the economy.

World economy slowdown...global industrial sector in recession...Trump trade war worries.

The big picture for the global economy has three parts. First, is the slowdown in world growth from its peak at the end of 2017. The picture from the 'now-cast' indicators is that the world economy is back to the sluggish state it was as in 2015/16. Second, the global industrial sector is in a small recession., especially autos and tech hardware. This is dominated by manufacturing and it raises the question to what extent we are paying too much attention to manufacturing and ignoring the signals from non-manufacturing which still looks decent in many countries. Third, the downside risks in the Trump trade war with the Chinese. The question is whether the risk is linked to the political cycle that will evaporate in the year to come, or is a deep-rooted malaise that will have longer-term implications as the USA enters a tech-war with China. The central banks are thinking about this not as a central outcome but a tail risk which is hard to quantify.

Fed signalling cuts in rates of at least 50 bps....

He said that the central banks have taken note of this possibility and the Fed is now signalling cuts of at least 50 bps and Draghi is signalling another rate cut, or two, with the resumption of QE. The global cycle has turned quite powerfully in the context of full capacity for many economies, the USA, UK, Japan, Germany and it raises the question as to why the central banks may want to provide a monetary impulse at this juncture. Certainly bond markets are signalling a loosening of monetary policy. Central banks use these 'now-cast' models and they are all signalling the same story. He said that perhaps too much attention is being paid to tail risk, and if Trump does a deal, the outcome could be better than what the markets are currently expecting.

The global slowdown is led by the developed economies, which according to 'now-cast' models are showing a slowdown similar to the period of the euro crisis. But there are some bright spots. The Emerging Markets excluding China are doing well, where the indicators show a bottoming out at a percentage point above where it was in 2015-16.

Conflation of idiosyncratic shocks to the global auto sector with general demand

One of the underlying questions is, to what extent the markets are conflating idiosyncratic shocks in autos and tech in the industrial sector with a more generalised slowdown in world demand? He said that he was relatively sympathetic to the idea that the former story is as relevant as the latter. The auto sector has seen a bad 18 months. The chart of global car sales shows that this is a sector that has seen secular growth for a decade and there is a sudden decline in sales and production in 2018 to levels not seen since the GFC. This has been led by China, but also in Europe since the autumn 2018 when the rules on diesel emissions changed. These figures heavily influence the PMIs that go into the now-cast models.

US a mixed picture...consumer spending remains strong...

Regarding the Sino-US trade dispute, he said that he could add nothing more than what is already in the public domain. The consensus view is that Trump will cut a deal. But investors have become worried about 'tail-risk'. The bond market has priced-in an expectation of base rate cuts. Similarly EU bond rates have fallen on the expectation of ECB easing. He said that all this may be overdone by the central banks. Certainly, services PMI have rolled-over a bit, but they are still far higher than what they were in 2016. Despite the narrative by the Fed about a slowing economy, the most recent figures on US real retail spending shows a 7% annualised growth in Q1 and 8% in Q2. One of the reasons for this is that pay growth in the US has remained strong. The Atlanta Fed compiles data on average real hourly pay growth for continuously employed workers which shows significant gains in the order of 4.5%. This compares with real increases of 1.5% on the standard measure of average earnings. He argued that the increase in real pay for continuously employed workers underpins the growth in consumer spending.

Jamie Dannhauser paused for questions about the global backdrop. Andrew Lilico asked what the proportion of continuously employed workers are in the US labour force and whether there has been any compositional shift that might undermine the data. Jamie Dannhauser said that job-to-job flows in the US and UK has declined. While figures for the UK showed a stable proportion of continuously employed labour of about three-quarters of the labour force he said he could not be precise for the US, but he is assuming it is similar. Graeme Leach said that the US housing market is not firing on all cylinders presently, so a lot of consumer spending is sourced from current income without any help from wealth effects. Jamie Dannhauser said house price growth have slowed, and transactions have softened, but mortgage rates have fallen by 100 bps in the last 6 months, and refinance applications have responded. Given the lags in the system, the housing market could be better in six months time.

Andrew Lilico asked if the story of sector-specific shocks have an upside through 'catch-up' effects. He said that there were two possible scenarios. The first is that there is a negative shock that has a level effect but growth continues as before at a lower level. The second, is that something happens to demand which is then deferred as supply builds up. At a later date, demand returns resulting in a sharp increase in sales. Jamie Dannhauser said that autos have a strong supply-chain and if autos tank, there will be long negative effects. He said that China has brought in a whole series of emission controls that has affected demand. He said there may be some element of catch-up but he could not be precise.

Trade war ... a supply-side or demand-side shock...

Andrew Lilico asked if the Sino-US trade war was a supply-side shock or a demand-side shock. The source of the shock had implications for the movement in the equilibrium interest rate. Jamie Dannhauser said that he believed that it was a supply-side shock. Demand in the USA is resilient. The likely outcome is lower output and higher prices in the US. Tim Congdon said that Jamie had not made reference to banks and money growth. Banks in the US are now growing their risk assets and the Fed had called off their asset sales early in the year. Money growth in the US has accelerated recently. In the eurozone, domestic credit growth has been weak and has been pulling money in externally through a current account surplus. He said that he thought the slowdown was temporary. Jamie Dannhauser said that he agreed that given the lags in the system credit growth could accelerate in the near future and that the US has seen rapid growth in broad money, a positive for nominal private demand as we head into 2020. The monetary sector developments underpin his main message about the mixed signals concerning the global economy.

Jamie Dannhauser said that the main point regarding the global economy is that we may be getting overly concerned about a painful industrial cycle that has dominated macro data but under-weighted services that looks very solid.

UK economy

Market expectations...negative real rates for a decade.

On the UK, Jamie Dannhauser referred to the chart of the one-month OIS forward curve as an indicator of what the markets expect for MPC policy. The global rally in duration has impacted the UK. The market is pricing in one cut in the year and is expecting negative real interest rates for the decade to come. The last MPC report has the inflation projections marginally above the target. This is of course conditional on the average of Brexit outcomes and the average is not going to happen and there will be very different states of the world in a few weeks. He said that it is very difficult to navigate a sensible monetary policy course between the possible outcomes.

Inventory cycle could be distorting macro data

Regarding the macro data, Jamie Dannhauser said that it has been hard to tease out what signal should be extracted. One of the reasons is the extraordinary inventory cycle. There was a pronounced build-up of inventories and consequent imports in Feb-March before the first Brexit deadline. In April-May there was a strong drop in imports and consequent destocking. So, it has been hard to extract a picture for growth in that six-month phase. These events could be distorting official data. The Lloyds business barometer shows a steep fall in the net percent expecting higher sales, and the grim picture from the UK composite PMI is consistent with falling output in Q2. This is also confirmed by an index of forward looking demand by UK firms extracted from the first principal component of monthly EC surveys. The output data and the forward looking signals are relatively disconcerting.

...Money growth has slowed sharply.

Money growth has slowed sharply since 2016-17 but has remained stable at low levels. This is consistent with a low inflation, low growth picture for the UK. How much of this low output growth is a supply-side or demand-side story is something he said he will come back to when discussing the labour market. The flip-side of the monetary data is the Bank of England credit conditions survey that shows banks' willingness to supply credit. The message from this is mixed but not concerning. Sterling has had a tough three months and looks particularly weak with levels back to the immediate period after the referendum.

Core inflation is below target....but wage growth is increasing.

Market-based core inflation which strips out administered prices and airfares is now below target. This is domestically generated as evidenced by the figures for UK CPI for low import intensity products as shown in the chart on slide 19. He said that this supports that argument that domestically generated inflation pressure has softened. The contrast is with wage growth. Here UK private sector average weekly earnings growth excluding bonuses has grown uncomfortably high with unemployment sticking at 3.8%. In the context of a decade of low productivity growth, pay growth is uncomfortably high for some members of the MPC looking at unit labour costs, consistent with a target rate of inflation of 2%.

Looking at the labour market, Jamie Dannhauser said that alongside the headline figures there is also the figures that take unemployment plus part-time workers that want full-time work plus inactive workers that want a job, and this also is at an all-time low. Figures for the vacancy rate and capacity utilisation are all consistent with an economy that is above potential and a red-hot labour market.

In conclusion, Jamie Dannhauser said in terms of policy considerations firstly, we need think deeply about how worried we should be about the slowdown in global growth and in a probabilistic sense, the down-side risks coming from political issues. Secondly, the loosening of financial conditions engineered by the Fed and ECB that will impact further down the line. Thirdly, how should monetary policy deal with the tail risks of trade war and Brexit. In the language of the Fed should there be insurance cuts or should wait to see whether those tail risks emerge or not. Fourth, in the UK context, what should the monetary policy response be to the apparent UK growth slowdown with rising costs pressures. Fifth, should the MPC validate the yield curve move or should it lean against it. Finally if these tail risks emerge it will be at a time where there is a lot of embedded inflation risk globally.

Comment

Low investment in capacity building.

Trevor Williams said wages may be rising but that the level is still below the pre-crisis peak. The employment participation rate is still rising and there is still some potential slack there. House prices are falling in London mainly because of fewer buyers from Eastern Europe. Capacity measures indicate low investment in capacity building and there is still slack in the labour market.

Andrew Lilico said he was trying to understand the spike in dividend yields and buy-backs in the end of 2018 and beginning 2019. Trevor Williams said that firms have been returning this to shareholders rather keep them on the balance sheet because of a lack of investment opportunities. This excess money will feed back into asset prices.

Implication of fiscal policy.

Andrew Lilico asked that we move onto how monetary policy should deal with the tail risks that Jamie discussed. He said that it doesn't seem that there will be a general election but if there was, the general election will pass policy to technocrats. The polls show that we will have four parties with more than a 100 seats with nobody more than 250. In this scenario you will not get a loosening in fiscal policy which might have happened otherwise. Jamie Dannhauser said that he should have discussed the implications of fiscal policy for monetary policy. He said that both Tory candidates are promising fiscal splurges. Tim Congdon said that there is a lot of empirical evidence that shows that fiscal policy has little effect. The current monetary trends imply weak domestic demand and remains concerned about weak money growth. Kent Matthews said that low money growth consistent with a fall in real money balances is consistent with low output growth and represents an equilibrium at a lower demand for money. Trevor Williams said that in the context of the Fed and ECB looking to resume asset purchases monetary policy in the UK may need to look again at QE.

Kent Matthews said that he had to leave the meeting early and asked Jamie Dannhauser to record the votes.

Votes are recorded in order they were given

Comment by Trevor Williams

(University of Derby & TW consultancy)

Vote: Hold.

Bias: No bias.

Trevor Williams said that on the basis of the weakest annual growth in broad money supply M4 since 2011 of 1.8% on annual basis in May, supported by a plethora of other evidence of a weakening economy, he was voting to hold Bank rate at 0.75%. During 2011, the low point for annual M4 money supply growth was 1.4% and it did not rise by more than 3% in any month of that year. What is also interesting about 2011 is that quarterly economic growth started the year at 0.7% but then averaged only 0.2% in each of the next three quarters.

He said that he expects the risk of negative growth this year to be higher than in 2011 because of Brexit uncertainty and the drag that is having on investment spending and therefore on productivity, which in Q1 2019 fell for the third successive quarter compared with the same periods in the year before.

A cut would not be justified in his view, even if the economy slowed to flat or slightly negative growth, as rates were already negative in real terms and he worried about the damaging effects of the lack of real returns to investors on long run investment trends.

Furthermore, looser policy elsewhere like in the US and EU would effectively be a proxy tightening of UK monetary conditions. He therefore had a neutral bias with regards rates but would rule of QE if policy needed to be loosened on the basis that it seemed to be leading more to a rise in asset values and a widening of wealth inequality rather than supporting company investment spending or household consumption.

Comment by Kent Matthews

(Cardiff Business School, Cardiff University)

Vote: To Hold.

Bias: bias to raise.

Kent Matthews said that Brexit uncertainty continues to dominate market sentiment in the UK, and this has been joined by the Fed and ECB signalling an easing of monetary policy globally. The market has priced in a further cut in UK base rates and while he was not in favour of validating market expectations, he felt that this was not a good time to raise rates but that the next move should be up not down. Even a stopped clock is correct twice a day and this one such occasion where interest rates are currently in relation to the business cycle. But as the hands of time move quickly towards October, a weakening sterling will add to the decision to raise rates. He said that he was not convinced by the argument that engineering an increase in broad money growth will solve the low-growth, low-productivity position of the UK economy, which is essentially supply-driven and not caused by weak demand. The UK economy has been driven towards a low-productivity, low-growth position by the financial repression caused by low interest rates, weak bank lending, and over regulation. The economy will get back to a higher growth equilibrium only when loanable funds flow away from low-productive sectors to emerging high productive sectors. This will happen when banks begin to expand their risk assets helped by a rise in the base rate, and the easing of regulatory precepts. These are microeconomic issues that have to be revisited once Brexit uncertainty has cleared. QE is not a policy to be used to engineer an increase in broad money as a standard monetary policy tool but to be used in emergencies as in an asset price collapse following a messy Brexit or another Eurozone crisis.

Comment by Graeme Leach

(Macronomics)

Vote: To Hold

Bias: To ease (both rates and QE).

The weakness of broad money supply growth in the UK, combined with Brexit uncertainty, supports a policy of no change with regard to interest rates and QE. Indeed, it suggests that there should also be a bias to ease. Over the past year broad money supply growth M4x has been signalling the slowdown in UK growth we are now experiencing - with the possibility of a technical recession. Brexit uncertainty could well intensify over the coming months as the October 31st deadline approaches, and speculation about a possible General Election intensifies. Economic expectations could rise or fall. They could rise if the UK leaves the EU with a trade deal or a binding legal commitment to one. Electorally this would probably vanquish the threat of a left wing Labour Government. Alternatively, expectations could fall sharply if the deadline is not met, and the ensuing political chaos triggers a General Election and fears of a Corbyn Government. Both major political parties face the threat of an existential crisis. Very low money supply growth and very high political uncertainty is a toxic combination.

Comment by Andrew Lilico

(Europe Economics)

Vote: To Raise by 25 bps.

Bias: To Raise and withdraw some QE.

The economic outlook is not strong, but neither is it especially negative. Unemployment continues to be very low. Pay growth is the strongest it has been for many years, including solid real terms pay rises. Monetary growth has been weak for the past 18 months, but the economy has managed to muddle through thus far despite that. The political situation continues to be uncertain but that seems likely to be the case for several years ahead and interest rate policy cannot wait on politics forever.

The overwhelming underlying monetary reality is that interest rates continue to be at emergency lows long after the emergency that justified them has passed. Theory tells us that that will be economically damaging. There are various ways that damage can occur, and just because it has not taken the most expected form (accelerating inflation) we should not conclude that there is no damage at all. There almost certainly is, and the longer rates are kept at these levels the worse the damage will be.

For year after year after year, policymakers have found excuses not to raise rates back to healthier levels more consistent with solid medium-term GDP growth and better economic justice. Brexit uncertainty is simply the latest in the seemingly never-ending stream of such excuses. The UK economy will never grow in a healthy and sustainable way again until interest rates returns to more normal levels. The *mañana* approach must end. Rates should have risen long ago. We should definitely start raising them now.

Comment by Tim Congdon

(Institute of International Monetary Research, University of Buckingham)

Vote: Hold

Bias: To ease (both rates and QE).

Tim Congdon said that he was a hold on the basis that low UK money growth and the global slowdown argue for an easing of UK monetary policy, and that is his bias. But things are not so bad as to justify an immediate cut in rates. He voted for no change in rates, but with a bias to ease. The data for the US and Euro area are holding up better than he expected so the world economic outcome may be better than expected through into 2020. He said that he has a bias to ease in the UK given a slowdown is underway anyway, and the risk of a continuation of Brexit are high enough to warrant further action if realised.

Comment by Phillip Booth

(St Mary's University)

Vote: Hold to resume QE.

Phillip Booth said that this is not a time for monetary activism. The broad money data show no clear pattern, though perhaps growth is slightly lower than desirable. However, as real GDP growth has been low for some time, we would expect nominal equilibrium broad money growth to be lower than in previous eras. Other indicators also send mixed signals. There is also no clear message from forecasts

or market data that the inflation forecast is likely to be missed substantially in either direction. As such, we should hold and wait for further information before acting.

Comment by Jamie Dannhauser

(Ruffer LLP)

Vote: To hold

Bias: To increase rates.

Jamie Dannhauser said that extreme Brexit uncertainty means there is a strong case for waiting to see how the political situation in the UK unfolds. But this has been the case for some time. Monetary policy cannot remain in a deep freeze until all political uncertainty is resolved.

Discerning the underlying pace of demand growth in the economy is tricky at the current juncture. The 31st March Brexit deadline induced a large amount of precautionary stock-building and activity in Q1, artificially bolstering GDP growth. Data for Q2 reveal the entirely predictable drop in activity as that stock-building is unwound. Output may well have fallen outright in the second quarter. Looking through this volatility, growth does appear to have weakened somewhat and the outlook become more uncertain. PMI reports suggest the expansion has slowed consistently over the last few months; the global environment has become less favourable; and coincident indicators of labour market strength have rolled over (e.g. job vacancies). Meanwhile, after a period of above-target inflation, 'core' inflation appears to have settled a little below the target.

However, the case for any loosening of policy at this stage is weak.

For one thing, it is unclear whether this soft patch in output growth reflects weaker demand or a deterioration in potential output growth. It is striking, for instance, that both the unemployment rate itself and broader measures of 'underemployment' have continued to decline. Moreover, there is scant evidence from business surveys that the sluggish expansion in recent quarters has loosened capacity constraints or reduced recruitment difficulties in the labour market. Consistent with these observations, pay growth continues to firm: whole-economy and private sector regular pay were both up 3.8% in the year to May, a pace of wage growth that is uncomfortably high, given the underlying trajectory of productivity growth. Were pay growth to be sustained at this level, it would leave unit labour costs expanding at a rate above that consistent with the 2% CPI inflation target.

More broadly, despite the uncertainty around global growth and the Sino-US trade/tech dispute, the global growth outlook is reasonable. The US economy remains in decent shape, led by robust consumer spending. And now with the Fed about to loosen policy, there is a good chance of a cyclical acceleration later in the year. A similar argument can be made for the euro area, given the package of easing measures that Mario Draghi is likely to announce before his tenure at the ECB ends. Obviously, this benign scenario could be undermined by an escalation of economic warfare between the Americans and Chinese. But by the same token, a 'deal' between Trump and Xi could have a cathartic effect on markets and spark an even bigger loosening of global financial conditions that promotes a *more* robust global uptick.

The fact is that monetary policy can do very little to manage *ex-ante* tail risks that affect the supply-side as much as they do the aggregate demand. The best that central bankers can do is to act proactively *if those tail risks materialise*. This applies to Brexit in equal measure. We would need to act nimbly if Britain 'drives over the cliff edge'; but at the same time, we would need to act if the new Prime Minister gets a 'deal' through the Commons and the 'fog of uncertainty' currently over the

economy dissipates quickly, releasing pent-up capital outlays that have been postponed.

The simple fact is that the UK economy is now past 'full employment' and it is inappropriate for policy interest rates to be so low. That they remain at this level is a function of the paralysis that Brexit uncertainty has created. If downside tail-risks, domestically and globally, do not materialise, Bank Rate will need to rise, not abruptly, but nonetheless consistently, if inflation is to be contained over the medium-term. We should signal that such a path for Bank Rate is desirable and necessary at this juncture.

Comment by Peter Warburton (in absentia)

(Economic Perspectives Ltd)

Vote: Raise Bank Rate $\frac{1}{4}\%$

Bias: To raise Bank Rate in steps of $\frac{1}{4}\%$ to $1\frac{1}{2}\%$ and announce a programme of £60bn bank of England gilt sales.

The election of Boris Johnson as leader of the Conservative party, and hence PM, constitutes a disruptive change for UK politics and policymaking. With the departure of Philip Hammond as Chancellor, a potential fiscal relaxation this autumn creates additional leeway for the belated normalisation of the UK Bank Rate. While the outgoing governor of the Bank of England is unlikely to support this course of action, perhaps a new one will.

The unfinished Brexit debacle has proved a huge distraction to the conduct of UK monetary policy. According to the mainstream view, the extension of the putative deadline for UK exit from the EU until 31 October represents another obstacle to the normalisation of UK interest rates as consumers and businesses hesitate over important decisions. However, the downward lurch in US and German bond yields offers an attractive opportunity for the Bank of England to buck the trend and discourage Sterling selling by announcing a rate increase and initiating a programme of quantitative tightening.

UK monetary trends remain subdued, but not unduly worrying. The Bank of England's Monetary Policy Committee should be emboldened by the resilience of the labour market and the consumer economy to press on with measured rate hikes. The next 3 quarter points should be executed mechanistically to return Bank Rate to 1.5 per cent. An announcement of the phased reversal of the QE programme, initially to withdraw the £60bn added in 2016, should be implemented as soon as possible.

Comment by Patrick Minford (in absentia)

(Cardiff Business School, Cardiff University)

Vote: Raise Bank Rate $\frac{1}{4}\%$

Bias: To raise gradually and reverse QE

Patrick Minford voted for a rise in rates with more to come and QE to be reversed. Monetary policy is creating bad distortions in the real economy. Other policies- fiscal and tax cuts etc- should be used to stimulate the economy away from the zero bound.

Any other business

None

Policy response

1. Six of the committee who attended voted to keep rates on hold, with one-member voting for an immediate rise by 25 bps.
2. Two other votes in absentia called for a rise in rates of 25 bps and reversal in QE
3. On a vote of six to three the committee voted to keep interest rates on hold.
4. Brexit concerns was the main reason given for the recommendation to hold rates.
5. Five members recorded a bias to raise rates, two recorded a bias to ease and two recorded no bias.

Date of next meeting

16th October 2019.

Note to Editors

What is the SMPC?

The Shadow Monetary Policy Committee (SMPC) is a group of independent economists drawn from academia, the City and elsewhere, which meets physically for two hours once a quarter at the Institute for Economic Affairs (IEA) in Westminster, to discuss the state of the international and British economies, monitor the Bank of England's interest rate decisions, and to make rate recommendations of its own. The inaugural meeting of the SMPC was held in July 1997, and the Committee has met regularly since then. The present note summarises the results of the latest monthly poll, conducted by the SMPC.

Current SMPC membership

The Secretary of the SMPC is Kent Matthews of Cardiff Business School, Cardiff University, and its Rotating Chairman is Andrew Lilico (Europe Economics) and Trevor Williams (University of Derby). Other members of the Committee include: Philip Booth (St Mary's University, Twickenham), Roger Bootle (Capital Economics Ltd), Tim Congdon (Institute of International Monetary Research), Jamie Dannhauser (Ruffer LLP), Anthony J Evans (ESCP Europe), John Greenwood (Invesco Asset Management), Julian Jessop (Independent Economist), Graeme Leach (Macronomics), Patrick Minford (Cardiff Business School, Cardiff University), Akos Valentinyi (Manchester University), Peter Warburton (Economic Perspectives Ltd), Mike Wickens (University of York and Cardiff Business School), Juan Castaneda (Institute of International Monetary Research and University of Buckingham).