

INSTITUTE FOR NEW ECONOMIC THINKING 2013:

CHANGING OF THE GUARD?

In conjunction with the Fung Global Institute
and the Centre for International Governance Innovation (CIGI)

April 4 - 7, 2013

The InterContinental - 18 Salisbury Rd., Hong Kong

THEME / TITLE

Institute for New Economic Thinking (INET) 2013: Changing of the Guard?

CONFERENCE AGENDA

THURSDAY, APRIL 4, 2013

All Times ET

8:00 **Conference Registration Opens** *For Foreign Participants and Speakers*

11:00 **Local Conference Registration Opens**

Exhibits *Art installations, etc.*

12:30 - 14:15 **OPENING REMARKS**

Robert Johnson - Executive Director, INET

WELCOME REMARKS BY FGI, CIGI AND INET LEADERSHIP

Victor K. Fung - Chairman, Fung Global Institute

Anatole Kaletsky - Chairman, INET Governing Board

Rohinton Medhora - President, CIGI

LUNCH

LUNCH KEYNOTE (OPENING)

GROWTH ADJUSTMENT AND CONVERGENCE IN ASIA: THE CHALLENGE AHEAD?

The developed economies of Europe, North America, and Japan are facing tremendous challenges related to indebtedness and stagnation. How will the developing economies of Asia respond to this challenge as they reorient their growth strategies to meet the rising aspirations of their people?

Victor K. Fung - Chairman, Fung Global Institute

Edwin Lim - Director, China Economic Research and Advisory Program

A. Michael Spence - Academic Council Chairman, Fung Global Institute

Moderator: **Orville Schell** - Director of the Center on U.S.-China Relations at Asia Society

14:15 – 16:15

PLENARY PANEL
INNOVATION SYSTEMS

The Foundations of Economic Prosperity: The Lessons of Innovation Process and History

The transformation of basic science into viable inventions that improve the well-being of mankind is a delicate process. The study of innovation, both in the past and the present, reveals a complex process that involves complementary contributions from government, the financial markets, and the investment community. What has worked in past and what current strategies are being successfully employed by nations around the world?

Li Daokui – Mansfield Freeman Chair, Professor, Department of Finance, Tsinghua University

Bill Janeway – Senior Advisor, Warburg Pincus; INET Governing Board

Edward Jung – Founder & Chief Technology Officer, Intellectual Ventures

Mari Pangestu – Minister of Tourism and Creative Economy, Republic of Indonesia

Lord David Sainsbury – Chancellor, University of Cambridge

Moderator: **Peter Jungen** – Peter Jungen Holding; INET Governing Board

16:15 – 16:45

COFFEE BREAK

16:45 – 18:15

PLENARY PANEL
INTERSUBJECTIVITY: RENÉ GIRARD'S VISION OF MIMETIC DESIRE AND ECONOMIC DYNAMICS

Rene Girard, a French-born literary scholar, has developed a theory of the formation of desire that is based upon interactions between individuals. The process he calls mimetic desire, when brought to bear on economic thinking, may have profound implications for the theory of the consumer/individual, for the normative conclusions of economic theory, and for economic dynamics in an era of environmental challenges. A group of scholars who have been engaged exploring the implications of Girard's thinking and the ramifications for the social sciences provide a window into this new realm of economic thinking.

Presenter: **Edward Fullbrook** – University of the West of England

Presenter: **Jean-Pierre Dupuy**, Professor of Philosophy, Ecole Polytechnique, Paris

Mark Anspach, Research Fellow, CREA, Ecole Polytechnique, Paris

Paul Dumouchel – Professor of Philosophy, Ritsumeikan University, Kyoto, Japan

André Orléan, Professor of Economics, Ecole Normale Supérieure

Moderator: **Jean-Pierre Dupuy**, Professor of Philosophy, Ecole Polytechnique, Paris

18:30 - 19:30

COCKTAIL RECEPTION

PERFORMANCE BY HOI CHUI

19:30 - 21:30

DINNER

DINNER KEYNOTE

Macroeconomic Policy and Economic Stability: Lessons of the Historical Experience with Fiat Money and the Implications for the Future

Adair Lord Turner explores the role of financial, monetary, and fiscal policy management in this era of deficient aggregate demand, and discussants explore the implications of Turner's thinking on monetary financing of debt in light of the current challenges facing many nations at the forefront of the world economy.

Introduction: **George Soros** - Chairman, Soros Fund Management; Open Society Foundations

Keynote Presenter: **Adair, Lord Turner** - Chairman, Financial Services Administration

Discussion: **Hiroshi Watanabe** - CEO/Executive Managing Director Japan bank for International Co- operation

William White - Chairman of the Economic Development and Review Committee at the OECD

Zeti Akhtar Aziz - Governor, Bank Negara Malaysia

Moderator: **Chrystia Freeland** - Author and Editor, Thompson Reuters Digital

FRIDAY, APRIL 5, 2013

8:00 – 9:00_{AM}

BREAKFAST PLENARY

**BUSINESS LEADERS PANEL:
THE FUTURE OF THE WORLD AND ASIA'S ROLE**

Jim Balsillie - Founder and chair of The Centre for International Governance Innovation (CIGI)

Ronnie Chan - Chairman, Hang Lung Properties

Mari Pangestu - Minister of Tourism and Creative Economy, Republic of Indonesia

Moderator: **Victor K. Fung** - Chairman, Fung Global Institute

8:00 – 9:00

Registration, Breakfast and Exhibits

9:15 – 10:45

PLENARY PANEL

THE RMB AND THE FUTURE OF ASIAN FINANCE

The architecture of the international monetary system has important implications for the privileges and responsibilities of the reserve currency countries at the center of the system. As China continues to develop and become a leading economy in the global system, it will be important to understand the evolving role of the RMB as a potential new reserve currency and to understand both the domestic and international ramifications of this institutional evolution.

Barry Eichengreen - Professor, University of California at Berkeley

Jean Pisani Ferry - Director, Bruegel

Ms Sylvia Ng *Head of Strategy and Planning, HSBC Bank (China) Company Limited*

Yu Yongding - Director, Institute of World Economics and Politics, CASS

Moderator: **Paola Subacchi** - Research Director, International Economics Chatham House

10:45 - 11:15

COFFEE BREAK

11:15 - 12:45

Breakout Sessions

BREAKOUT SESSION A

THE EURO ZONE CURRENCY SYSTEM: CATALYST OR WRECKING BALL OF THE EUROPEAN UNION?

The flaws in the euro zone single currency system that were uncovered by the crisis of 2008 have crippled many European nations for more than four years. Self-fulfilling sovereign debt default spirals, persistent intolerable levels of unemployment, and disputes over the proper role for the European Central Bank are telltale symptoms of a social and economic system in disarray. What can be done to fix this system? Can it be repaired and once again become the basis for a hopeful and balanced integration of Europe?

Erik Berglof - Chief Economist, European Bank for Reconstruction and Development

Dennis Snower - President, Kiel Institute for the World Economy

Lars Feld, Professor of Economics University of Fribourg

Discussant: **Harold James** - Claude and Lore Kelly Professor, Princeton University

Discussant : **Leif Pagrotsky** - Member of Parliament, Sweden

Moderator: **Niels Thygesen** - Professor Emeritus, University of Copenhagen

BREAKOUT SESSION B

FINANCIAL STABILITY RESEARCH PROGRAM

INET's financial stability research program encompasses a range of working groups. These focus on the causes and consequences of the instability of the financial system, and on new modeling approaches to credit and the macroeconomy. Agent-based and network-based models provide a window into the system's dynamic instability, while legal and political-economic approaches shed light on the institutional architecture of the financial system.

Anat Admati - Professor, Stanford University

Simon Johnson - Professor, MIT; Senior Fellow, Peterson Institute

Katharina Pistor - Professor, Columbia Law School

Andrew Sheng - President, Fung Global Institute

Moderator: **Perry Mehrling** - Director of Education Programs, INET

BREAKOUT SESSION C

NEW APPROACHES TO ECONOMIC CHALLENGES - ORGANIZED BY OECD

This session will feature the Organisation of Economic Cooperation and Development (OECD) initiative on New Approaches to Economic Challenges (NAEC). NAEC is an organisation-wide

reflection process to upgrade the analytical frameworks and strengthen the policy advice of the OECD. Its objective is to develop a strategic policy agenda for inclusive growth. The financial and economic crisis is a key motivation for NAEC, but the reflection also aims to identify policy options to address the current challenges we are facing (slow growth, high unemployment, increasing inequality), as well as the rise in interconnectedness and complexity of the world economy.

12:45 – 14:45

LUNCH KEYNOTE

TIME AND EXPECTATIONS IN ECONOMIC ANALYSIS

The formation of expectations and the subtle implicit assumptions regarding knowledge held by consumers, businesses, investors, and policy makers is a foundation stone that must be thoroughly explored so that models of economic dynamics represent the phenomena under investigation in an illuminating manner. The obvious presence of non-routine change, or what Frank Knight called radical uncertainty, challenges the very notion that dynamic economic systems can be modeled as closed systems. How do these models perform? If dynamic economics is better envisioned as an open system, what can researchers do to understand and analyze the decision making process? What are the implications for economic policy and governance of open system dynamics?

Sheila Dow - Emeritus Professor, University of Stirling

Roman Frydman - Professor of Economics, New York University

Roger Guesnerie - Chairman of the Board, Paris School of Economics

George Soros - Chairman, Soros Fund Management; Open Society Foundations

Moderator: **Axel Leijonhufvud** - Professor, University of California Los Angeles

14:50 – 16:30

Explorations in New Economic Thinking

EXPLORATIONS IN NEW ECONOMIC THINKING SESSION A

THE IMPERFECT KNOWLEDGE ECONOMICS (IKE) APPROACH TO MODELING AN OPEN WORLD

The INET research program on IKE is working at the University of Copenhagen, New York University, and the University of New Hampshire to understand the implications of fallibility for economic systems. In these sessions, IKE researchers will discuss how they model risk in asset markets and the evolution of asset prices in a world characterized by imperfect knowledge.

Moderator: **Michael Goldberg** - Professor, University of New Hampshire

Part 1 (3:00-3:55): IKE Modeling of Asset Prices

Nick Mangee – Junior Research Associate, INET Program on IKE
Rationality in the Present-Value Model of Stock Prices: Fundamentals, Psychology, and Structural Change

Peter Sullivan - Junior Research Associate, INET Program on IKE

Rationality and the Meese and Rogoff Exchange-Rate-Disconnect Puzzle: Learning vs. Contingent Knowledge

Morten Tabor - Research Associate, INET Center on IKE at the University of Copenhagen
Econometrics of IKE Models:

General Discussion (15 minutes)

Part 2 (15:55-16:30): IKE Modeling of Risk in Asset Markets

Olesia Kozlova - Junior Research Associate, INET Program on IKE
Forward-Rate Bias, Contingent Knowledge, and Risk: Evidence from Developed and Developing Countries

Josh Stillwagon - Junior Research Associate, INET Program on IKE
A Keynes-IKE Model of Currency Risk: A Cointegrated VAR Investigation

General Discussion (10 minutes)

EXPLORATIONS IN NEW ECONOMIC THINKING SESSION b

WHAT IS THE ROLE OF PSYCHOLOGICAL CONSIDERATIONS IN ECONOMICS?

David Tuckett - Training and Supervising Analyst in the British Psychoanalytical Society

Inske Pirschel - Research Assistant, Christian-Albrechts University of Kiel

Gert Pönitzsch - Research Assistant, Bonn Graduate School of Economics

Cars Hommes - Professor of Economics Universiteit van Amsterdam

Moderator: **Dennis Snower** - President, Kiel Institute for the World Economy

16:45 - 18:15

PLENARY PANEL

CHINA IN THE WORLD: GROWTH, ADJUSTMENT AND INTEGRATION

The Chinese economy has developed at a remarkable pace over the last 30 years. The integration of China into the world economy has led to extraordinary flows of foreign direct investment, infrastructure buildup, and an impressive export capacity. As we look to the future, both domestic and international considerations bear on the capacity for China to continue on this robust course and for the world to adjust to China's growth and changed role. The differences in philosophical, legal, and governance systems between China and the West suggest that the challenges will be formidable and that cooperation and mutual benefit will require extraordinary attention.

Daniel A. Bell - Professor, Tsinghua University

Jan Kregel - Senior scholar at the **Levy Economics Institute** of Bard College

Huang Yiping - Professor of Economics, National School of Development, Peking University

Yu Yongding - Director, Institute of World Economics and Politics, CASS

Moderator: **Xiao Geng** - Director of Research and Senior Fellow, Fung Global Institute

18:15 - 19:30

COCKTAIL RECEPTION

19:30 – 21:30

DINNER KEYNOTE

CAPITALISM AND THE RULE OF LAW

How do different nations handle the problem of social design? What is the role of legal systems in creating and implementing that design? There is a large body of comparative evidence on the behaviors and performance of different legal traditions. These concerns are of vital importance to emerging nations as they plot their course toward institutional deepening and maturation to facilitate their development.

Niall Ferguson - Professor, Harvard University

Katharina Pistor - Professor, Columbia Law School

Moderator: **Anatole Kaletsky** - Chairman, INET Governing Board

SATURDAY, APRIL 6, 2013

8:00 – 9:00

Registration, Breakfast and Exhibits

9:15 – 10:45

PLENARY PANEL

INEQUALITY IN CHINA, INDIA AND AMERICA: CAUSES AND CONSEQUENCES

The extraordinary development of the emerging economies has been associated with increasing incomes and rising inequality. In the developed world, the integration between emerging and mature economies also has been accompanied by rising inequality, most profoundly in the United States. A myriad of causes related to trade, policy, and technological change have been cited as reasons for the unequal distribution of income and wealth in varying degrees. As the process continues, what are the implications for societies across the planet as these three large and powerful economies move into the future?

Steven Durlauf - Professor, University of Wisconsin

Xiao Geng, Director of Research and Senior Fellow Fung Global Institute

John McArthur Senior Fellow, Fung Global Institute

Sanjay Reddy - Associate Professor of Economics and Director of Undergraduate Studies, The New School for Social Research

Joseph Stiglitz - Professor, Columbia University

Moderator: **Pier Carlo Padoan** – Deputy Secretary-General and Chief Economist of the OECD

10:50 - 12:20

Breakout Sessions

BREAKOUT SESSION A

AUSTERITY, POLARIZATION, AND THE PROSPECT OF SOCIAL DISORDER

Both the international economy and the economies of many individual countries are badly out of balance. Not surprisingly, political polarization and social cleavages are sharply increasing within many, though not at the same rate. This panel looks at the varying experiences of Europe, the US, and some countries in Asia, considering not only the domestic roots and complications of policy making, but also how austerity continues to generate major turmoil and challenges to existing political arrangements.

Thomas Ferguson - Professor, UMASS, Boston; INET (On the USA)

Contributor: **Jie Chen** University Statistician at the University of Massachusetts, Boston

Paul Jorgensen Assistant Professor of Political Science, University of Texas - Pan American

Ching Kwan Lee - Professor, UCLA (On China)

David Vines - Professor, University of Oxford

Hans-Joachim Voth - Professor, Universitat Pompeu Fabra

Moderator: Alex Kinmont, Milestone Asset Management

BREAKOUT SESSION B

INEQUALITY IN CHINA

INET's Human Capital and Economic Opportunity working group discusses advances in Chinese inequality research and critical findings of working group members.

Albert Park - Professor of Economics, Chair Professor of Social Science, Hong Kong Institute for Science and Technology

Scott Rozelle - Helen F. Farnsworth Senior Fellow Stanford University

Dali Yang - Director of the Center for East Asian Studies, University of Chicago and Beijing Center

Junsen Zhang - Professor of Economics, Chinese University of Hong Kong

Moderator: Steven Durlauf - Professor of Economics University of Wisconsin

12:30 – 14:15

LUNCH KEYNOTE

WHAT IS DEVELOPMENT?

Many developing countries have experienced rapid increases in GDP growth, and traditionally this was considered an adequate proxy for improved human welfare within these countries. However, in recent years some countries have experienced higher growth accompanied by environmental degradation, rising inequality and, social unrest. As a result, we are forced to ask what it is that constitutes real progress and development in a society.

James Heckman - Henry Schultz Professor, University of Chicago

Sir James Alexander Mirlees - Professor and Master, Morningside College Chinese University of Hong Kong

Joseph Stiglitz - Professor, Columbia University

Moderator: **A. Michael Spence** - Academic Council Chairman, Fung Global Institute

14:30 – 15:45

Explorations in New Economic Thinking

EXPLORATIONS IN NEW ECONOMIC THINKING SESSION A

FINANCIAL STABILITY WORKING GROUP

The INET program on financial instability and macroeconomics has developed a series of studies on dynamically unstable systems. Shadow banking instability, contagious network dynamics, and stock/flow interactive models will be discussed to showcase a series of research projects that are unfolding with INET support.

Dan Awrey - University Lecturer in Law & Finance, University of Oxford

Co-Pierre Georg - Research Economist, The Research Center of Deutsche Bundesbank

Arie Krampf - Postdoctoral fellow, Freie Universität Berlin

Alberto Russo - Assistant Professor of Economics, Università Politecnica delle Marche

Moderator: **Adair, Lord Turner** - Chairman, Financial Services Administration

EXPLORATIONS IN NEW ECONOMIC THINKING SESSION B

GROWTH AND TECHNOLOGICAL CHANGE IN COMPLEX SYSTEMS

A key question for many countries is how to re-invigorate growth after the crisis. The INET@Oxford program is collaborating with an international group of scholars on new approaches to understanding economic growth and innovation from a complex systems and evolutionary perspective. This session will review recent work and discuss its potential implications for re-thinking public policy approaches to economic growth.

W. Brian Arthur - External Professor, Santa Fe Institute and Visiting Researcher, Intelligent Systems Lab, PARC

J. Doyne Farmer - Co-Director, Complexity Economics, Institute for New Economic Thinking at the University of Oxford

Ricardo Hausmann - Director, Center for International Development and Professor of the

Practice of Economic Development Harvard

Luciano Pietronero – Professor of Condensed Matter Physics, University of Rome

Deborah Strumsky – Assistant Professor, Public Policy University of North Carolina Charlotte

Moderator: **Eric Beinhocker** - Executive Director, INET@Oxford

16:00 – 17:30

PLENARY PANEL

ECONOMICS AND THE POWERFUL: FAULTY ANALYSIS, ECONOMIC ADVICE AND THE IMPERATIVES OF POWER

When economies exhibit dreadful results is it because we have flawed understanding? Or are correct models often ignored? Are good economists listened to? Does scientifically robust work prevail when it conflicts with the desires of the powerful? What are the lessons of economic history for understanding the role of expertise in guiding social outcomes?

Norbert Haring – Correspondent, Handelsblatt

Steve Keen - Professor, University of Western Sydney

Robert Lord Skidelsky - Emeritus Professor, University of Warwick

Moderator: **Robert Johnson** – Executive Director, INET

17:30 – 18:30

COCKTAIL RECEPTION

18:30 – 20:30

DINNER KEYNOTE

THE FUTURE OF CENTRAL BANKING

Central banks across the planet are engaging in a robust agenda that would have been unrecognizable just a few years ago. Quantitative easing, macro prudential monitoring, asset market support in Europe have all made it much more difficult to understand what a central bank does and does not do.

Can central banks easily mop up liquidity and shrink their balance sheets when the world economy begins to recover, or will inflationary dynamics emerge? In the mystical realm of money, are central banks courting controversy that will threaten their credibility and stature within society? If they lose their leading role what will markets condition their expectation upon?

Charles Goodhart – Professor, London School of Economics

Richard Koo - Chief Economist of Nomura Research Institute

Liu Mingkang - Distinguished Fellow, Fung Global Institute

Adam Posen – President of the Peterson Institute for international Economics

Moderator: **Andrew Sheng** - President, Fung Global Institute

20:30 – 21:00

CLOSING REMARKS

Robert Johnson – Executive Director, INET

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