



BANK OF ENGLAND

Speech

Speech given by

The Rt Hon Sir Edward George, Governor of the Bank of England

At the Official Opening of the new Economics Building, Oxford University

18 January 2002

Vice Chancellor, Prof. Hendry, fellow-economists (or perhaps I should say economist fellows!).

It is a very great *honour* for me – as a graduate from that other place – to have been invited to open officially this splendid new home of Oxford economics. It's a great honour but also a real pleasure.

It's a pleasure for two main reasons.

The first is that it gives me the opportunity to say a long overdue thank-you to the University – and to the Economics Faculty in particular – for the huge contribution that you have made not just to the study of economics in this *country* but more specifically to the development of our *own* professional capacity at the Bank of England for economic analysis and policy-making.

Economics has increasingly become the working language of large parts of the Bank. [You only have to come through the front door these days to hear people discussing their co-integration with the model they'd met the night before.] We employ nearly 250 people with some form of economics degree – getting on for half our total staff in the analyst/manager grades – and 10% of them studied in Oxford. In the past 3 years 20% of our first degree economists have come from Oxford. But, more than that, 5 of our present 9 Monetary Policy Committee members are clearly identifiable Oxonians, and another 2 were taught away from Oxford by Professor Hendry!

So we do owe you a great deal – it means, of course, that people will know where the blame lies if we get things terribly wrong.

Now there will be those who complain that the extent of Oxford's connection with the Bank reflects sample selection bias. But the fact is we simply cannot afford bias or discrimination. In today's world if you want the best results you *have* to go for the best people you can find *wherever* they come from. That explains why our economists have studied at 55 different universities, indeed why about 50 of our economists are non-British nationals from about 15 foreign countries.

And that brings me to the *second* reason why I'm so pleased to be here – which is, like *Oliver Twist*, to ask for more! Subsidiarity has its place in a different context. But I would suppose there is a non-zero probability that Oxford economics will benefit significantly over time from the centralisation which created the Economics Department in 1999, and its physical concentration into this new building. It's often said that if you laid all the world's economists end to end they'd never reach a conclusion. I'd rather think that if you put all Oxford's more than 1500 economists together the result will be a *profusion* – of insights and ideas

of research and debate, and hence of talent, from which the global and national economies, Oxford, and we too at the Bank will benefit far into the future.

Vice Chancellor, you said a moment ago that economics lies somewhere between a science and an art – and I very much agree. In fact perhaps what I most appreciate in all the people who have been appointed to the MPC since it began life 4 years ago, and the Bank staff who support them, is their ability to inform their art with highly sophisticated science, but nevertheless to remain aware of where the science stops and the art takes over. It is that which makes our work such fun.

I am cautiously optimistic – to use the central banker’s euphemism for “totally convinced” – that both the science and the art of Oxford economics will flourish in its new surroundings, and it gives me enormous pleasure to declare your new building [-and not just its windows] officially open.
May God bless her – and all who travail in her.