



Distinguished Visitors Lectures Series - Michaelmas Term 09

**ON THE ORIGIN OF WEALTH
BY MEANS OF ADOPTING A NEW VALUE PARADIGM**

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<http://www.economica.at/>

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OXFORD DEPARTMENT OF INTERNATIONAL DEVELOPMENT (ODID)
SEMINAR ROOM 2
http://www.geh.ox.ac.uk/event-info/ex_current

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HOW TO GET THERE: http://www.ox.ac.uk/visitors_friends/maps_and_directions/index.html



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ABOUT THE LECTURE

150 YEARS AGO, on 24th November 1859, Charles Darwin published his pathbreaking book 'On the Origin of Species by Means of Natural Selection'. It gave birth to modern evolutionary theory which fundamentally changed not only self-perception of mankind in the context of the global ecosystem. Darwin's ideas and findings even kicked-off change beyond that point: since their publication they influenced the role of state, church and individual in the societal context – and they quite often even today serve as a blueprint and metaphor for describing economic mechanisms as well as basic drivers of economic success in a globalised market economy.

IN AUTUMN 2009 we might be again witnesses of the dawn of a fundamental paradigm shift – this time in economics. Having encountered one of the most severe financial and economic crises in decades the world is at a turning point again. At the beginning of the 21st century we find ourselves called upon to explore new shores. Communism is dead. Neoliberalism is in the doldrums. Short-termism still rules – but its limitations are obvious. In his speech to a joint session of US Congress on 9th September 2009 US President Barack Obama coined the term of the 'leavening hand of wise policy' without which 'markets can crash, monopolies can stifle competition, the vulnerable can be exploited'. In contradiction and against the backdrop of the global crisis the power and capacity of the 'invisible hand of the market' was doubted publicly by more and more economists around the world in recent months based on one major question: are market forces really driven by rational individuals and if not – to which extent is this rationality bounded in practice on individual as well as collective level?

Given that economy and even more the financial profession should serve the wellbeing of citizens in a well-functioning and sustainable societal context....

- ... do we have the appropriate theories and models in place to train the mindset, ethical standards and practical abilities of tomorrows economists, financial professionals, business leaders and politicians?
- ... do our valuation schemes and metrics – from capital definition to the structure of corporate balance sheets - provide the appropriate guidance for future generations?
- ... and finally: do both the GDP and the growth paradigm still deliver a good job as general guidelines to assess development status and wealth of nations?

In recent years experts in academia and supranational organisations worked on new concepts and performance metrics for longterm value creation. Several Nobel Laureates, among them George Akerlof, Reinhard Selten, Amartya Sen, Joseph Stiglitz and Barack Obama provided concepts as well as practical input to change economic conditions in this respect. Also corporates explored new shores in the way they account for success and report on future potential to create longterm value.

This lecture is – as part of a series of lectures in Europe, Asia and the US - an attempt to take stock of promising new approaches and to ask hopefully good questions. Questions that might help to shed new light on our understanding of values and wealth - and that finally pave the way for introducing a new value paradigm in the 21st century.



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ABOUT THE SPEAKER



Alexander G. Welzl is a Senior Researcher with ECONOMICA – Institute of Economic Research, a Vienna/Austria based macroeconomic think tank (www.economica.at).

Besides this he holds the honorary position as Chairman of the Standing Commission on Intellectual Capital (CIC) of the European Federation of Financial Analysts Societies (EFFAS) based in Frankfurt am Main/Germany (www.effas.net). As co-founder, together with EFFAS Chairman Giampaolo Trasi, he created this Standing Commission in 2006. It is dedicated to understanding and promoting of longterm investment practices.

Born in 1967 Mr. Welzl's experience spans the research, business, government, finance and nonprofit sectors. In 2007 and 2008 he was as a human resources and performance management expert with Austrian Federal Ministry of Finance headquarters. In previous years he worked as Executive Consultant for corporate disclosure and enhanced valuation techniques and as Head of Staff Unit 'Spin-off and Venture Management' in Austria's largest Research and Technology Holding Organisation (Austrian Institute of Technology/AIT, formerly called Austrian Research Centers/ARC). In 2007 Alexander Welzl was a founding member of the World Intellectual Capital Initiative – WICI (<http://www.worldici.com/>) which was established in Paris under patronage of OECD.

In 2003 and 2004 he acted as advisor of Prof. Lars Terenius (Karolinska Institute and Head of the Center of Molecular Medicine/CMM in Stockholm) then a Member of the Nobel Assembly and The Nobel Committee on Physiology or Medicine. As Executive Consultant Alexander Welzl gave advice to CEOs, CFOs and Managing Directors in private industry, public sector entities and research institutions.

He is a frequently invited expert to give lectures amongst others at The World Bank, OECD, US National Academy of Sciences, Harvard Business School, European System of Central Banks, Waseda University (Japan) and EIASM as well as in international conferences and seminars on finance, management, innovation, education and macroeconomic developments in Asia, Europe and the US.

Selected lectures, speeches and advisory:

- 'AZEK – The Swiss Training Centre for Investment Professionals' seminar 2010: http://www.azek.ch/files/course/AZEK_Campus_Zurich_Jan22.pdf
- World Bank lecture '09: http://info.worldbank.org/etools/docs/library/251741/Welzl_Session7_IC5.pdf
- Beijing lecture '09: http://www.kciu-hk.org/English/zjzl_view.asp?newsID=316
- DUO**STARS innovation lecture '09: <http://www.economica.at/>
- Harvard Business School lecture '08: <http://www.hbs.edu/units/am/pdf/HBS%20AGW%20final%20090408.pdf>
- OECD/US NAS lecture '08: <http://www.oecd.org/dataoecd/55/0/40463376.pdf>
- Washington D.C. finance lecture '08: <http://18thconference.xbrl.org/>
- Tokyo finance lecture '08: <http://www.worldici.com/publications/panels/2008-11-19%20Welzl.pdf>
- EIASM keynote '07: http://www.eiasm.org/frontoffice/event_announcement.asp?event_id=533
- World Bank lecture '06: http://info.worldbank.org/etools/docs/library/235908/s3_p7.pdf
- CMM/Karolinska Institute IC Reports, ICR '02 & '03: <http://www.cmm.ki.se/en/Resources/Intellectual-Capital/>