

## **“Princes of the Yen” Screening Pack**

The purpose of this document is to provide you, as the organiser of the screening or event, a breakdown of the following items:

1. How to gain access to the film.
2. Customizable marketing material for the film.
3. A synopsis of the film.
4. A bio of Prof. Richard Werner.
5. Who is the filmmaker?
6. Central Bank Money Creation Explained.

### **1. How to gain access to the film:**

There are two options for gaining access to the film:

- a) You can screen the film online through either vimeo:  
<http://vimeo.com/110710752> or Youtube:  
[https://www.youtube.com/watch?v=p5Ac7ap\\_MAY](https://www.youtube.com/watch?v=p5Ac7ap_MAY)
- b) We can send you a download link for the film. (The file will be H.264, mp4, 720p) Contact: [michael@hushhushvideo.com](mailto:michael@hushhushvideo.com) subject line “Princes of the Yen Screening.”

### **2. Customizable marketing material for the film.**

Below are links for a Jpeg and customizable .psd to which you can add your screening details and print out.

JPEG Download:

[https://www.dropbox.com/s/cwaqsgdwub2jay/POTY%20screening\\_01.jpg?dl=0](https://www.dropbox.com/s/cwaqsgdwub2jay/POTY%20screening_01.jpg?dl=0)

Photoshop multilayer file download:

[https://www.dropbox.com/s/gdnfk5a0bqe3ljo/POTY%20screening\\_01.psd?dl=0](https://www.dropbox.com/s/gdnfk5a0bqe3ljo/POTY%20screening_01.psd?dl=0)

### **3. A synopsis for the film.**

"Princes of the Yen" reveals how Japanese society was transformed to suit the agenda and desire of powerful interest groups, and how citizens were kept entirely in the dark about this.

Based on a book by Professor Richard Werner, a visiting researcher at the Bank of Japan during the 90s crash, during which the stock market dropped by 80% and house prices by up to 84%. The film uncovers the real cause of this extraordinary period in recent Japanese history.

Making extensive use of archival footage and TV appearances of Richard Werner from the time, the viewer is guided to a new understanding of what makes the world tick. And discovers that what happened in Japan almost 25 years ago is again repeating itself in Europe. To understand how, why and by whom, watch this film.

"Princes of the Yen" is an unprecedented challenge to today's dominant ideological belief system, and the control levers that underpin it. Piece by piece, reality is deconstructed to reveal the world as it is, not as those in power would like us to believe that it is.

"Because only power that is hidden is power that endures."

Website: [www.princesoftheyen.com](http://www.princesoftheyen.com)

Director: Michael Oswald  
Year of Release: 2014  
Running Time: 93 minutes

#### **4. Who is Prof. Richard Werner.**

Richard Werner has been at the University of Southampton since 2004. He is Director of International Development and founding Director of the Centre for Banking, Finance and Sustainable Development. Richard is also a member of the Southampton Management School's Executive Board, as well as its Advisory Board.

Richard's book 'Princes of the Yen' became a no. 1 bestseller in Japan. His 2005 book 'New Paradigm in Macroeconomics' (Palgrave Macmillan) correctly predicted the collapse of the UK banking system and property market, highlighted the problem of 'recurring banking crises' and suggested workable solutions.

Some of Richard's work featured prominently in the financial press, attracting interest, among others, from Alan Greenspan. Richard has frequently appeared on Japanese and international TV commenting on economic and financial affairs. In 2003, the World Economic Forum selected him as 'Global Leader for Tomorrow' in Davos.

In 1989, Richard graduated in International and Development Economics from the London School of Economics and entered the graduate programme in Economics at Oxford University. In 1990, he joined the Graduate School at the University of Tokyo and became a researcher at the Nomura Research Institute. In the following year, he became European Commission-sponsored Marie Curie Fellow at the Institute for Economics and Statistics, University of Oxford, to conduct doctoral studies on monetary economics and banking in Japan. In subsequent years Richard became the first Shimomura Fellow at the Research

Institute for Capital Formation at the Japan Development Bank (now Development Bank of Japan), a Visiting Researcher at the Institute for Monetary and Economic Studies at the Bank of Japan, and Visiting Scholar at the Institute for Monetary and Fiscal Studies at the Ministry of Finance, Tokyo. In 1994, Richard took up the position of chief economist at Jardine Fleming Securities (Asia) Ltd., in which function his market forecasting activities earned him high rankings in investor surveys (Institutional Investor, Greenwich, Japanese Economist). In 1997, Richard joined the faculty of Sophia University, Tokyo, to teach Money and Banking and International Finance. In 1998, he left Jardine Fleming and set up a consulting firm, Profit Research, which conducts macroeconomic research and market forecasting on 37 countries. In 2000, he became tenured Assistant Professor of Economics, teaching Development Economics, International Economics and Monetary Economics. He has worked for several years as senior staff consultant of the Asian Development Bank, Manila, including as Team Leader of a country study on the Asian crisis. Richard has been advisor to the ruling Japanese Liberal Democratic Party's Central Bank Reform Research Group and served on several Ministry of Finance advisory panels. From 2000 to 2003 Richard was a member of the asset allocation committee of one of the largest Japanese pension funds. He has over a decade of experience in advising international investors and hedge funds on investment strategy

## **5. Who is the filmmaker?**

Director: Michael Oswald

Michael Oswald is an independent documentary filmmaker who uses narrative storytelling and cinematography to produce investigative and observational films that are provocative and controversial. He takes inspiration from graphic novels and aims to discover, understand and communicate ideas that are given less attention than they deserve.

He is proficient in the entire documentary production process, taking projects from concept to completion. This provides him with the ability to produce documentaries that are completely independent.

He studied Philosophy and Social Anthropology prior to discovering filmmaking. He worked for a number of years as an editor and lighting cameraman, later taking on the role of director.

Michael rejected an offer to collaborate with the intelligence services, favoring creative and editorial independence. Queuepolitely Productions has given him the opportunity to continue to create and release documentaries.

His most recent film *Princes of the Yen* (2014) reveals how central banks bring about and enforce economic, political and social change. It is the sequel to *97% Owned* (2012), a film about the role of money in the economy, which has been broadcast on TV screens and in theatres across the globe. His early work

includes *Generation OS13: The New Culture of Resistance* (2011), a pop infused documentary hit, endorsed by sections of Anonymous. *The Potemkin League* (2010, written by Mike Horwath), called the best documentary about LFC. And *Northern Lights: Iceland's Creative Revolution* (2010), Dazed TV's first documentary.

## **6. Central Bank Money Creation Explained. (Filmmaker interpretation)**

### Reserve Creation:

The type of money central banks create is called central bank reserves. This money is held exclusively in accounts at the central bank. After the war, the Bank of Japan used newly created reserves to buy the worthless war bonds from Japanese banks. The banks received reserves and the central bank received the worthless papers. In one set of transactions the Japanese banks were transformed from insolvent to healthy. It is a common held belief that central bank money creation causes inflation. In the case of reserve creation, this is not true, because the money in circulation in the economy does not increase. Central bank reserves are held exclusively at the central bank and cannot be used directly for domestic spending. If the Bank of Japan on the other hand had decided that it would not buy these worthless papers, the banks would have been forced to take the losses from their capital, which would have reduced the amount of money in circulation and caused deflation.

Central banks the world over have the ability to buy their banking sectors bad assets with newly created reserves, and thus they can easily avoid a prolonged recession in the event of a crash. If a central bank was to later sell these purchased assets at a fraction of their original cost, the money the central bank receives would be pure profit. Richard Werner has jokingly suggested that the Bank of Japan could have purchased property in central Tokyo and converted it into public parks.

### Credit Creation:

Credit refers to the type of money held in bank accounts, and is created exclusively by commercial banks (here referred to as banks). An increase or decrease in the amount of credit in circulation is a primary cause for either growth or recession. A central bank has the ability to directly influence the quantity of credit money in circulation, it does this in the following way: When a central bank buys an asset from a non-bank party the following happens; the central bank creates reserves in the banks account at the central bank, the private bank credit's the third party's bank account with the corresponding amount, and the central bank receives the bond. Banks act as an intermediary, and they receive a fee for this service. New credit money has been created, the amount of money in circulation in the economy has increased.

When banks act as intermediaries to central bank transactions in this manner, the central bank's transaction is deemed monetized. When a central bank buys

an asset directly from a bank using reserves, the transaction is not monetized. If the central bank decides to sell the bond or asset at a later date, the total amount of money in the economy is reduced.

In the 1990s, the Japanese government asked the Bank of Japan to create more money to stimulate the economy and end the recession, the Bank of Japan complied by increasing the reserves the banks held at the central bank, and said, “look, we’ve created more money, and it isn’t having an effect.” Richard Werner has therefore concluded that observers should “watch what central banks do, not listen to what they say.”

#### Window Guidance:

Another way by which central banks influence the amount of credit in circulation is window guidance. Window guidance is an informal mechanism by which a central bank asks a bank to issue loans to specific industrial sectors or companies. In Japan, window guidance was at the core of the war economy system. When the Japanese army needed more tanks, the Bank of Japan would tell the banks which industries in the supply chain needed to be given loans, so that the required number of tanks could be produced. After the war, this system was adapted to the production of consumer goods. Window guidance was the mechanism that enabled the Japanese economic miracle.

Richard Werner’s research has also shown that window guidance was at the heart of the Japanese bubble in the late 1980s. The use of window guidance during the bubble has been confirmed by a number of bankers and central bankers.

Window guidance as a monetary policy tool is not in dispute, almost all central banks have at one stage used informal guidance as a tool to direct credit to specific industrial sectors. However, its use can be difficult to prove, due to the informal nature of the mechanism, and in the case of Japan in the late 1980s, politically highly sensitive.

One question remains, why would banks comply with instructions that may be detrimental to their own long-term survival?

The answer to this is twofold. Firstly, economics textbooks give no function to money creation nor are bankers necessarily aware that they are creating money by issuing loans.

Bankers themselves are primarily preoccupied with short-term gains. Secondly, banks are reliant on the central bank. Central banks hold a monopoly position in relation to banks, and they can make life uncomfortable for individual uncooperative banks. A central bank could for instance impose unfavorable conditions on its transactions with certain banks.

Banks rely on central banks, they have an inherent incentive to comply with their instructions.