"Systemic Risk: Economists Meet Neuroscientists"

Welcome Address
by Prof. Rolf Steinberg
FIAS, Campus Riedberg, September 17, 2012

Ladies and Gentlemen,

On behalf of the Board of the FIAS Foundation I welcome you all here in the lecture hall of the Institute.

It is a great pleasure and honour for me having so many distinguished guests in our Institute on the Riedberg-Campus of the Goethe University.

In particular I welcome Mrs. Sabine Lautenschläger, Vice President of the Deutsche Bundesbank, Dr. Jörg Appelhans, Board-Member of the Johanna-Quandt-Foundation, Mr. Jochen Sauerborn, Member of the Board of Trustees of FIAS, as well as Dr. Hermann-Josef Lamberti, former member of the Board of Directors of the Deutsche Bank and one of the speakers today.

Dear Mr. Lamberti, it is a particular pleasure for me to greeting you as a most recently appointed member of the Board of Trustees of FIAS.

As warmly I welcome the representatives of the press. Many of you are making an excellent job explaining every day a bewildering array of developments in the financial markets.

And last not least: I am happy welcoming so many colleagues from universities all over the world and from different faculties. We are looking forward to having a stimulating discussion in the next two days.

Ladies and Gentlemen: I suppose that this – the joint discussion of scholars of different disciplines – is the unique dimension of this conference: It could mark the start of a new project, an interdisciplinary project between the researchers of the FIAS and the House of Finance.

Both institutions have been founded by the Goethe University when I was its President several years ago as centers of excellence.

In the House of Finance more than 20 professors of Economics, Finance and Law collaborate in a number of teaching- and research-programs. They work in close cooperation with the financial institutions in Frankfurt and beyond – banks, insurance companies, regulators, the Bundesbank as well as the European Central Bank. These institutions contribute ideas, information, manpower and financial support.
Similarly was the FIAS established with the strong support of many far-sighted donors like the Hertie Foundation, the Giersch-Foundation, the Johanna-Quandt-Foundation, the Kassel-Foundation and many others.

It brings together researchers in the area of physics, mathematics, medicine, brain research, and computer sciences. As a platform for integrating these sciences, FIAS provides a foundation for decisive progress in theoretical research through cooperation, exchanging ideas, overcoming structural barriers between the disciplines. About 200 scientists from 25 countries are doing cutting-edge research at FIAS. In particular, they are searching for structures, rules and laws, creating models and verifying them through simulation.

Why do we expect a useful and fruitful cooperation between the HOF and the FIAS?

We see a number of structural similarities in the global financial market on the one hand and the complex systems which are the focus of the FIAS researchers on the other hand.

Therefore I am convinced that the know-how of the researchers of the brain, the universe, the molecule and the architecture of super-computers can shed light on the similar complex structure of the global financial markets.

I do certainly hope that they are not chasing the Black Swan whom Nassim Taleb describes as rare, with extreme impact and not practicable. Therefore he argues against the chance of developing a theory of financial markets. I am hopeful that the specialists of complex systems in different fields of science can contribute to a new theory of financial markets.

Let me finish with two remarks: The first as a Constitutional Lawyer: The task to understand the financial markets has – unlike the brains or the molecule – a moral dimension. And therefore I do hope that your research helps to re-establish rules for an accountability in the financial system and reconnecting again risk and liability – the fundamental principles of our market economy. And I am deeply concerned reading in the NYT some days ago that economics and financial crisis scholars say: “The financial system hasn’t yet been purged of greed, irrational exuberance or wilful misconduct” and they conclude: "Another crisis will come”.

And the second remark addresses the visions of the joint venture between the HOF and the FIAS. I hope that this will become a very fruitful concerted action of equal partners with mutual understanding and reciprocal commitment.

This in mind I wish good luck to this conference in the next two days and for the joint research project in the future.