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Meeting in economic sciences at Lake Constance - Germany

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(MENAFN - Asia Pulse) The Canadian economist and Economics Laureate warns against hasty intervention by the state in response to the financial crises.

"Much discussion and understanding of the causes of the crisis and what is to be learned is needed before jumping to conclusions as to how to improve the financial infrastructure,"

said Scholes in the run-up to the third Meeting in Economic Sciences, which will be taking place in Lindau from 20th to 23rd August.

The international conference has a high-calibre attendance:

14 Nobel Laureates will be meeting with 300 of the best young economists from 58 countries in order to discuss current phenomena of the economic order and financial system. At the top of the agenda is the question concerning the causes and ramifications of the financial crisis. Scholes will ask this question in a lecture as well as in a panel discussion in a debate with his colleagues Stiglitz, Yunus and McFadden. "We can expect a fascinating discussion with a noticeable gain in insight,"

said Professor Wolfgang Sch?rer, Chairman of the Foundation Lindau Nobelprizewinners Meetings at Lake of Constance, and one of the three scientific coordinators of the meeting.

"The financial crisis is far from over," says Scholes in the run-up to the meeting. He assumes that the financial crisis has many causes, and that changes will result in several diverse market situations accordingly. This does not just mean banks rethinking their risk control mechanisms. "The compensation programs for managers will change, too," Scholes predicts. This is the only way to avoid the negative aspects of a compensation system that relies so heavily on year-to-year results.

Scholes also criticised the "Bank of Central Banks". With its strict regulations on capital required at financial entities (Basel II) the Bank for International Settlements

(BIS) has sent the wrong signals. In particular, the BIS regulations do not take liquidity risks into consideration, which contributed to the current financial crisis. "Asset-based risk capital is more appropriate to handle shocks on the financial markets," is Schole's recommendation.

Myron Scholes is one of the pioneers of modern financial products, which also played a part in the recent turbulences on the financial markets.

In the early 70s Scholes and his colleague Fischer Black invented an equation to assess options, which has entered the textbooks as the "Black-Scholes model". By its application risks can be assessed and handled. The foundation was laid for the development of modern financial instruments such as derivatives. In 1997 Scholes and Robert C. Merton received the Sveriges Riksbank (Swedish National Bank) Prize in Economic Sciences in Memory of Alfred Nobel. Black had already passed away at this time.

The Meeting in Economic Sciences has been taking place every two years since 2004. This year's attendants include 13 economists who have received the Alfred Nobel Memorial Prize of the Sveriges Riksbank as well as the Nobel Peace Prize winner Muhammad Yunus. The founder of the Grameen Bank in Bangladesh was awarded for the invention of microcredits and thus for the economic and social development from below in 2006 The Lindau Meetings of Nobel Laureates have been organised by the Council for the Lindau Nobel Laureate Meetings since 1951 ? and in cooperation with the foundation since 2000 ? for the scientific disciplines physics, chemistry and medicine. In 2004 the Meetings in Economic Sciences were included.

Foundation chairman Wolfgang Sch?rer explains the aim of the events thus: "Science lives from dialogue.

The conferences provide young scientists from all over the world with the opportunity to discuss the relevant subjects of their fields of expertise in depth with the respective experts."



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