



Datum | Date  
12 August 2011

[www.lindau-nobel.org](http://www.lindau-nobel.org)

(Website with programme  
of the meeting))

## WHERE IS ECONOMICS GOING?

### Nobel Laureates and world's leading young economists to discuss the future of the discipline in Lindau later this month

In a globalised world still suffering from the repercussions of the 2008 financial crisis, what should be the future direction of economics as a scientific discipline seeking to deepen our understanding of society and human behaviour? That will be one of the central challenges addressed at a high-level conference of economics Nobel Laureates and top young economists from around the world in Lindau, Germany, later this month.

The Fourth Lindau Meeting on Economics Sciences will bring together brilliant economists from more than 60 countries for a unique dialogue across generations, cultures and scientific backgrounds. The discussions will consider the future of economics both as a science and as a framework for decision-making by policy-makers and other practitioners.

These issues will be addressed in several plenary lectures and three panel discussions. The question of where economics is going will be addressed in a fundamental way by a panel discussion of the field of 'Behavioural Economics', research into the psychological and sociological foundations of economic decisions.

The question of the contribution that economics can make to a practical policy-making will be addressed in panel discussions of 'Sustainability in International Economics' and 'From Financial to Debt Crisis – Financial Markets, Monetary Policy and Public Debt'.

The behavioural foundations of economics will also be the topic of the lecture by **Reinhard Selten** on 'bounded rationality', a theory of human decision-making that does not rely on the decision-maker's capability to form consistent probability and utility judgments. As a general building block of a theory of bounded rationality, Professor Selten will sketch 'Aspiration Adaptation Theory', an approach to decision-making based on multiple incompatible goals – and

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4<sup>th</sup> Lindau Meeting on Economic Sciences (Germany)



outline the results of recent experiments that demonstrate the descriptive and prescriptive validity of the theory.

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The lecture by **George Akerlof** on identity economics (drawing on his recent book with Rachel Kranton) will also suggest a new direction for economic research. Professor Akerlof is also the co-author with Robert Shiller of *Animal Spirits: How Human Psychology Drives the Economy and Why it Matters for Global Capitalism*.

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The final panel of the Lindau Meeting will focus on the financial crisis, including a discussion of the role of scientists, policy-makers, regulators and all of us in avoiding such crises in the future. Among the speakers will be **William White**, former economic adviser and head of monetary and economic department at the Bank for International Settlements, and **Robert Mundell**, who was awarded the 1999 Economics Prize for pioneering work on optimum currency areas. The meeting will be brought to a close with remarks by the German finance minister **Wolfgang Schäuble**.

In a lecture titled 'Imagining an Economics that Works: Crisis, Contagion and the Need for a New Paradigm', **Joseph Stiglitz** will argue that the standard macroeconomic models have failed by all the most important tests of scientific theory: they did not predict that the financial crisis would happen; and when it did happen, they understated its effects. Professor Stiglitz will argue that there have been systemic changes to the structure of the economy that made it more vulnerable to crisis, contrary to what the standard models argued.

Professor Stiglitz comments:

'With the world still reeling from the financial crisis and widespread economic uncertainty persisting, the need for new economic thinking is more pressing than ever. The Lindau meeting is an ideal venue for advancing the discussion.'

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ENDS

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The Nobel Laureate Meetings at Lindau (Germany) will be hosting their fourth meeting on Economic Sciences later this month, 23-27 August 2011.

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Journalists are welcome to attend. Information on the meeting, including the programme, is available here:

[www.lindau-nobel.org](http://www.lindau-nobel.org)  
(Website with programme of the meeting))

[http://www.lindau-nobel.org/2011\\_Economics.AxCMS?ActiveID=2241](http://www.lindau-nobel.org/2011_Economics.AxCMS?ActiveID=2241)

The meeting will bring together 17 of the 38 living economics laureates with 373 of the brightest young economists from around the world.

The participating laureates are: George Akerlof, Robert Aumann, Peter Diamond, Eric Maskin, Daniel McFadden, James Mirrlees, Dale Mortensen, Robert Mundell, Roger Myerson, John Nash, Edmund Phelps, Christopher Pissarides, Edward Prescott, Myron Scholes, Reinhard Selten, William Sharpe and Joseph Stiglitz.

The young economists come from 65 different countries and 37% of them are women. They have been selected from over 5,000 researchers nominated by an international network of almost 200 academic partners, 44 national central banks, the Bank for International Settlements, the European Central Bank, the International Monetary Fund and the European Bank for Reconstruction and Development.

From their beginning in 1951 as a European initiative of post-war reconciliation, the Nobel Laureate Meetings at Lindau have evolved into an international forum for global issues. The first Meeting on Economic Sciences took place in 2004, followed by meetings in 2006 and 2008. Each meeting brings together brilliant economists to facilitate a unique dialogue across generations, cultures and scientific backgrounds.

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