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To Whom It May Concern

RE: Candidate Flagship on “FuturICT”
EU Projects, FET Programme, Complexity Initiative

The GSDP – Global System Dynamics and Policy – network currently includes about 200 researchers interested in developing a research program for the study of global systems. We see great potential in the “FuturICT” initiative from this point of view.

An important example of global systems is given by the world economy. With regard to this system, the global financial crisis has raised the irritating question whether -and if so, why – the economics profession has not seen this crisis coming. Meanwhile, the debate is shifting towards the question of what kind of approaches are likely to lead to a better understanding of such crises and to better designs of strategies to cope with them. And the quest for such approaches is by no means limited to economics. Economic historians, e.g., have shown that the financial crisis of 2008 was linked to worrying difficulties of global coordination. These difficulties have become visible in another form at the climate conference of 2009 in Copenhagen. And philosophers of mathematics have provided new ways of looking at the use of mathematics by economists. Broadly speaking, three kinds of approaches can be distinguished in current research:

- 1) Back to Keynes: In the financial crisis, the economic policies of many countries returned to the Keynesian politics that had been abandoned around 3 decades ago. Then, it was given up because it did not offer a viable answer to stagflation. Authors like Krugman, Akerlof and Shiller have mapped out influential arguments for this comeback.
- 2) Stay the course: Some countries, including Germany, did not accept Keynesian arguments even in the midst of the crisis (although some of their policies were mildly

Keynesian). And the majority of economists still endorses Walrasian general equilibrium theory as the paradigm of economics.

- 3) Multi Agent Models of Complex Systems: Some researchers work on new models that hold promise of overcoming basic difficulties of both Keynesian and Walrasian approaches. Their work has got considerable reinforcement by the fact that a leading exponent of this kind of thinking, Elinor Ostrom, was awarded the Nobel Price in October 2009.

In the GSDP network the third approach is the one pursued as a priority, and it is understood as leading to models of socio-ecological systems that will help to address the global challenges of our times.

We see a great opportunity for FuturICT to make significant contributions to this task.

Best regards,

A handwritten signature in cursive script, appearing to read 'Carlo C. Jaeger'.

(Carlo C. Jaeger)