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Lex Hoogduin is professor of complexity and uncertainty in financial markets and financial institutions at Groningen University in the Netherlands and guest professor at the Duisenberg School of Finance (DSF) in Amsterdam. He holds a PhD from Groningen University (Some Aspects of Uncertainty and the Theory of a Monetary Economy).

Lex is CEO of GloComNet BV (The Global Complexity Network for social complexity and uncertainty- www.glocomnet.com). GloComNet is a global network for research, education, consultancy and art and culture with respect to social complexity and uncertainty.

He is chairman of LCH.Clearnet Group and of LCH.Clearnet Ltd (central counterparty) and chairs the supervisory board of CIR (Center for Integral Revalidation), a company in the health care sector.

Lex has, among other things, been executive director at the Dutch Central Bank (responsible for monetary and economic policy, financial stability, financial markets, oversight of market infrastructure and payment systems and statistics), adviser to the first president of the European Central Bank (Wim Duisenberg), chief economist of Robeco (an asset manager) and head of IRIS (the research company of Robeco and Rabobank for retail clients).

An Alternative Paradigm for Economics

I will argue that mainstream (macro)economics is based on a number of core assumptions. Two of them are problematic: the economy is seen as a non-complex system and the future as risky rather than uncertain.

Economics and the social sciences at large would benefit from assuming that the economy (society) is a complex system and that the future is fundamentally uncertain. Taking complexity and uncertainty seriously would provide another paradigm for economics and the social sciences at large. This would increase our understanding of social and economic processes and contribute to better public and private governance, better economic and social policy and better supervision.

In my presentation I will explain what is wrong with assuming that the economy is non-complex and that economic agents act under risk rather than uncertainty. I will then discuss uncertainty and complexity in turn.

I will show that taking complexity and uncertainty seriously implies another than the mainstream paradigm for economics. It would have implications for methodology and methods. It would imply using different concepts and language, looking at the same phenomena differently, looking at different phenomena and doing things differently.

I will outline the general elements of this alternative paradigm, in comparison with the mainstream approach. I will argue that there is room for fruitful fundamental

research to further articulate and develop this paradigm, but also for applying this paradigm to a host of concrete issues, in policy, supervision and daily decision making, management included. It seems also important to build a global network of people, firms, etc dealing with social complexity and uncertainty. I will conclude by referring to my initiative to set up GloComNet: the Global Complexity Network (www.glocomnet.com).