

**PRESENTER:** Welcome to this continuation of a celebration of MIT's 150th. Economics and Finance From Theory to Practice to Policy. I'm delighted to see so many of you choosing to gather around the incredibly important themes that occupied us yesterday and this morning. I'm very grateful for your coming together and also for an amazing set of panelists being willing to share their time and their insights with us here today.

If I can offer just a few very brief thoughts this morning, I think it's appropriate for MIT to celebrate its past. And this is a part of that. But it's also characteristic of MIT to look foremost to the future. And as we think about economics finance in this context of theory and practice and policy, I'm very proud of what has been achieved at MIT in the understandings of financial systems, the theory of finance. And make no mistake, we intend at MIT Sloan School of Management to occupy the high ground with respect to those learnings and those understandings in the years ahead.

One of the great things about celebrating right now I believe, is the sense that we're not at the end of our understandings of the theory of finance. If anything, we're perhaps well along the way. But we can still see the beginning. And there's much to do.

So I look forward to hearing from this morning's panelists. Especially this first panel of people who've done so much to contribute to the theory of finance. Finance, after all, is fundamentally the bringing of capital to places where it can be most productive. And the bringing of risk to people who are able to bear that risk and understand that risk.

It's important for the world. It's important that MIT lead the world in these respects. With respect to practice, I'd like to borrow or even steal if I could, a couple phrases from MIT's finance faculty. The world needs more smart practitioners, not fewer. Anyone who thinks the reverse is really living in a Luddite fantasy.

Financial systems are going to become more complex, more interrelated. And practitioners including, I am confident, practitioners who come through the halls of MIT will be and will need to be prepared for the challenges of that complexity.

Now the third word in this celebration is policy. And I'm also proud of the fact that MIT has had faculty not only interested in theory and in bringing that forward to practice, but also willing to speak out and lend their voices to the creation of policy. Not always speaking with one voice, not always having the single answer, but as the voices from too many in business, especially leaders of public companies, have had to be if not silenced, at least muted. The world of policy and the settings in which policy are created need now and in the future, more than ever, the voices of thoughtful, independent minded people from educational and research institutions like MIT to contribute to policy development.

I'm proud of all of those who have associated with MIT during this period. And again, I'm especially proud and delighted that we have this morning's panel choosing to gather around these themes. I won't do the long introduction of the panel members.

I would simply celebrate the fact that John Cox, Bob Merton, Stu Myers, Steve Ross, and Myron Scholes have again chosen to spend this time with us this morning under the stewardship of Professor Andrew Lowe as chair of the session, who very suspiciously and in an attempt to be quiet, is sitting over here on the left, but who will moderate the discussion. So without further ado, welcome and let me turn it over to this amazing panel. Thank you for gathering.