Thank you, Hashem, for the lovely introduction.

I am delighted to welcome you all to the University of Southern California. I know some of you have travelled long distances — across the US, from Europe and the Persian Gulf — to attend this timely and important conference on Oil, Middle East and the Global Economy.

Security of energy supplies and the price we pay for energy are of utmost importance to the well being of our citizens. Conferences such as this — which bring together knowledge and skills from many regions and disciplines — are crucial to enhancing our understanding of energy markets and how they function.

Like all of you, I believe that nothing in this world happens in a vacuum. The role that oil and other energy products play in the global economy is extraordinarily complex dynamical systems — transcending disciplines, governmental and private institutions, and national borders.

Unlike our experiences with some earlier episodes of cheap energy, falling oil prices will not necessarily mean a boon to the overall US economy (March 9, 2016; NPR Morning Edition). Of course, you are all more-than-familiar with these headlines. But for those of us who are not trained economists, they are enigmatic.

This complexity underscores just how important it is to bring together disciplinary experts who study each facet of this global problem, before we can even begin to home in on solutions.

I am grateful to Hashem, our Jeff Nugent, and Kamiar Mohaddes from Cambridge University, for organizing today’s conference. In addition to those who are here from the academic sphere, I am honored to welcome participants from the World Bank, the International Monetary Fund and the Dubai Economic Council.

I would also like to acknowledge support from the Economic Research Forum of the Middle East. And, our continued partnership with the Farhang Foundation, which offers insights into Iran’s perspective on these issues. On behalf of everyone at USC Dornsife, I thank you for sharing your unique knowledge and your openness to learning from others across the public, private, international and scholarly sectors.

USC Provost Michael Quick often speaks about our duty as a university to take on the “wicked problems” facing humanity. Understanding the causes and effects of oil price volatility; providing secure, clean and affordable energy; managing the
world’s limited resources efficiently: These are some of those wicked problems. And their solutions require a creative multidisciplinary systems approach.

The Institute for New Economic Thinking — INET — is a nonprofit that was founded in 2009 on the principle of advancing sound economic ideas to better serve humanity.

In 2014, USC partnered with INET to launch USC Dornsife INET. Under the leadership of our John Elliot Distinguished Chair in Economics, Hashem Pesaran, USC Dornsife INET produces forward-looking scholarship that takes into account the complexity of human decision-making. Oil stands as one of the most salient examples of INET’s mantra — that standard economic theorizing on its own will not be enough to map the future of energy markets or predict the trajectory of oil prices.

But formal economic models — combined with historical and political considerations integrated at a systems level — can provide necessary frameworks to better understand the interconnections that prevail in energy markets.

Conferences such as today’s are important first steps toward finding better solutions to these formidable problems. And I couldn’t be prouder that these conversations are taking place here, on the USC campus.

Thank you, and I hope you have an inspiring and insightful day.