

Madrid June 20th 2023

Dear Governor Hernandez de Cos, Vice President de Guindos, Chairman de la Dehesa, and all attendees,

I would like to thank you for awarding me the Bernacer Prize and for the generous words you expressed in reviewing my contributions in international macroeconomics and finance research. I am truly honored to be here with you today.

Writing this speech offered me an opportunity to reflect on my own path in academia and on the social value of academic prizes. Let me start with the first aspect. I took an unusual path to academia, in the sense that until relatively late in my studies, even after my undergraduate degree, I did not know that this job existed. I knew there were Professors who taught, of course, but I didn't know about academic research. I didn't know that one could make a living by doing research, by going to the office in the morning and thinking about interesting questions of great social value with friends. That was a lucky discovery for me; it changed my life path and landed me what I regard as the best job in the world. In fact, I came to regard it as a job only in as much as it helps to pay the bills, but truly it is more like a vocation. If you have the research bug, it's hard to think of or imagine doing something else. I am as happy and excited to do research today as I was 15 years ago on the first day of my PhD program. I hope to be just as excited 20 years from now, and hopefully marginally more productive.

The Bernacer Prize, now in its 21st edition, has an impressive track record. I recall as a very young researcher seeing my co-authors Emmanuel Farhi and Xavier Gabaix being honored. I felt truly happy to see their great contributions being recognized. Over time, I realized that the value of such prizes, including my award today, is found less in the honor given to the specific person, and much more in the area of work and the type of science that it highlights. The real value is to cast a light for the general public on how economic research is making the world a better place. The

rigor of our discipline sometimes makes it hard to communicate this value and how it accumulates over increments and debates. Prizes are a way to take stock and inspire the younger generations.

In listening to the laudatory speech about my work by Vice President De Guindos today, I am reminded of how many people I have to thank. The work was and is a collective effort with my intellectual friends. I'd like to thank Jesse Schreger, Brent Neiman, and Antonio Coppola who over the last several years have been my intellectual partners in figuring out how capital is allocated around the world. We started a research lab together that grew from just the three of us to a much larger team, and the entire lab team has my deepest gratitude. My current and former PhD students are a huge part of my intellectual life, I thank them all, and I am lucky that Antonio Coppola and Chris Clayton are now also my co-authors. Stefano Giglio and Johannes Stroebel have been my co-authors in finance research and a constant positive force in my intellectual life.

The Bernacer Prize with its focus on Europe and macroeconomics and finance has a particularly prominent social role to play. Research in European countries is often undervalued and this is an expensive mistake for our society. Doubly expensive since international macroeconomics and finance are at the core of the functioning of the Euro Area and the European Union. Making the monetary union generate broad-based prosperity is a work in progress. My debate yesterday with Philip Lane, the ECB Chief economist and winner of the inaugural Bernacer Prize in 2001, highlighted problems with the allocation of capital in the Euro Area and possible policy solutions. International macro-finance research has much to offer to improve our macro policies.

If you are a young undergraduate listening to this speech or reading it, take a look at the research contributions and careers of the prize winners. If they inspire you to do bold new research that makes the world better, then the Bernacer Prize will have served its purpose.