

BANCODE **ESPAÑA**

Madrid, 29 June 2005

Governor's Introductory Speech. Award of IV Germán Bernácer Prize

Banco de España

Jaime Caruana

Governor of the Banco de España

First of all I would like to congratulate the sponsors of the Germán Bernácer Prize for their continuous support of economic research. In his fourth edition, I would like to highlight four aspects of this initiative that are especially appreciated in this institution:

It is a prize aimed to relevant contributions in the fields of monetary and financial economics, and, in particular, to monetary issues within EMU. There are many issues in the academic research agenda in these fields that are especially close to the concerns of Eurosystem's central banks. Therefore, it is only natural that the Bank of Spain pays special attention to all the research issues having a special relevance for the functioning of the eurozone, the conduct of monetary policy and all the other tasks to be performed under our responsibilities.

Secondly, along the fourth editions, the Germán Bernácer Prize has distinguished European economists who, despite being young, have achieved excellent international reputation by making important contributions to Monetary and Financial Economics. The list of awards, including professors Phillip Lane, Jose Manuel Campa, Luigi Zingales and, in this year, Stephanie Schmitt-Grohé, is an unambiguous sign of the focus on academic excellence by the organizers, sponsors, and jury's members of this Prize.

Ms. Stephanie Schmitt-Grohé, awarded this year, is a young professor of Economics born in Germany, with a Ph.D. in Economics from the University of Chicago in 1994, and currently at Duke University in North Carolina. Her main contributions are related to the evaluation of monetary and fiscal policies in economies with nominal and real rigidities. These contributions lead to a better understanding of the implications of these policies on social welfare. In this regard, and as a central banker, I would like to single out that some results obtained by Prof. Schmitt-Grohé are a solid theoretical underpinning for the objective of price stability in economies with nominal rigidities, although I am not the right person to sum up the many and very important research contributions by Prof. Schmitt-Grohé.

My third comment is about the importance of recognising the research efforts by young economists, in the first stage of their professional career. The promotion of research for the development of knowledge about the socioeconomic reality is especially welcome when aimed at the contributions of young economists who do not always have the same impact, at least outside the academic community, as the contributions from more experienced economists.

Finally and fourthly, I would like to remember, as in previous editions, that this prize has been named after a distinguished Spanish economist who worked at the Bank of Spain, as head of the Studies Department since 1931. His work constitutes a landmark in the economic analysis of the times and achieved noticeable international recognition. What is an additional motive of satisfaction for all of us working at this place.

I would like to finish my speech congratulating Professor Schmitt-Grohé and highlighting again that her work, not only deserves this prize, but also from a central bank's perspective, is an example of how to optimally combine formal economic analysis, the development of new theories and models, together with the methodologies for treating them, and the relevance of the results for the conduct of monetary and fiscal policies.

Many thanks.