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Clausura del curso académico 2019/20

Centro de Estudios Monetarios y Financieros (CEMFI)

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Good afternoon class of 2020. Good afternoon dear colleagues, friends and families.

It is a pleasure for me to participate in this virtual graduation ceremony together with Mari Luz Morán, Rector of Universidad Internacional Menéndez Pelayo, Susanna Esteban, Director of the Master Program, and Rafael Repullo, Director of CEMFI.

I would especially like to thank the Rector for being here today. The partnership with Universidad Internacional Menéndez Pelayo dating back to 2006 has been instrumental in improving our ability to attract excellent students and the quality of our graduate program, and I am very grateful for this.

Before I begin, let me acknowledge everyone whose hard work has made this online celebration possible, especially the CEMFI administrative and IT staff.

The world into which this class of 2020 is graduating is a fundamentally different one from what we expected just a few months back. The coronavirus pandemic has caused the loss of many lives and affected the livelihood of millions of people worldwide. Our economies and our societies have suffered heavily - indeed, on all available forecasts, this year will see the biggest declines in GDP recorded in peacetime - and we will have to endure a period of painful reconstruction for which sound knowledge and also good judgment will be essential.

On the knowledge front, the first priority will obviously be in the biology and the medical fields. But pushing forward knowledge in economics and the social sciences to deal with the consequences of the pandemic will also be important. This is why having academic institutions that are international leaders in their fields of expertise, such as CEMFI in economics and finance, can make a small but significant difference.

As you all know, CEMFI was founded as an institution by the Banco de España in 1987, more than 30 years ago. It was the outcome of the vision of a group of people led by Luis Ángel Rojo. As a mark of appreciation, the prize to the best student of the class bears his name.

In my view, setting up a graduate school like CEMFI was one of the landmark decisions taken by the Banco de España in those days. The aspiration was to be on a par with the highest international standards, by providing a stable environment and good governance. And this has been duly achieved beyond what could have been reasonably expected 30 years ago.

CEMFI is not only providing first-class graduate education and research, but also highly valued employees and specialised training for Banco de España staff. It is also a source of much-needed ideas for policy-making, and of a host of public goods for the Spanish and European economies.

In my last appearance before the Spanish Parliament, in a specific Parliamentary Committee that was created precisely to analyze the economic and social Reconstruction of Spain after COVID-19, I made a summary of my views on the Spanish economic policy strategic priorities at the present juncture. One of these priorities is indeed

the need to improve productivity dynamics, which in Spain has been growing systematically below other developed countries and it's one of the main determinants of the Spanish economy's low potential growth.

It's rather obvious that raising productivity will require improving human and technological capital, since, on both fields, the Spanish economy falls short. Achieving a material improvement here will require significant institutional and budgetary reforms. And, among many aspects, it will also require admitting that that graduate education and research is a highly globalised activity. It suffices to see the diversity of the origins of the students graduating today. For this reason, it is inconceivable that Spain could play a significant role in the knowledge economy – and therefore improve its productivity and growth dynamics – without internationally competitive research centres. In other words, we need more CEMFI-type centres across all disciplines.

The arrival of the COVID-19 pandemic has disrupted many economic and social activities, including of course education. We were not prepared to move to teleworking or to online teaching overnight, but the truth is that in many cases the transition was very smooth. CEMFI is one such case.

On the evening of Monday, 9 March, the regional government of Madrid decided to close all schools and universities, and the first online class in the history of CEMFI was imparted on Wednesday, 11 March. Despite all the difficulties going online entails, the final outcome has been remarkably successful. The 'production function' of CEMFI, both in postgraduate training and research, has continued to perform at the top of its game. And I would like to take this opportunity to thank the faculty and students for making this happen.

We all have learned a lot in the process of adapting to the online world. What is essential for educational activities is not so much the traditional lectures, but rather the individual attention inherent in faculty-student relationships, along with interaction among students within and across cohorts. This will be very important going forward, given the uncertainty over how the pandemic will unfold.

More broadly, we should not forget that the suspension of face-to-face education risks prompting an adverse impact on students' academic performance, particularly in lower-income households, where there is a lower possibility of replacing physical access to education. As a result, one objective of economic policies in the immediate future must therefore be to provide the education system with mechanisms enabling affected students to obtain the necessary skills and qualifications, despite the absence of presence-based education.

Also, the experience we have gained will be of value in the post-Covid world. By force of circumstances, we have experimented with new technologies of teaching and scholarly interaction at a much faster pace than we would have done otherwise. We have realised how much travel was unnecessary, how valuable personal interactions are in specific domains and, hence, where the real difficulties for effective teleworking are. And this has not only been true for CEMFI, but in different ways also for the Banco de España and for public and private organisations at large.

As the Director has noted, the class of 2020 is the largest in the history of CEMFI, with 28 students. It is also the most geographically diverse, with students from 14 different countries, namely Argentina, Australia, China, Egypt, Germany, India, Iran, Italy, Korea, Switzerland, Turkey, Uruguay, Vietnam and, of course, Spain.

Most of the students of this year's class will continue their graduate studies towards a PhD. Almost half of the students of this class will continue their doctoral studies at CEMFI. Others will go to other programmes in the US, Europe and Asia, and the rest will either take a gap year or will soon find jobs commensurate with their high qualifications. Whatever your destination, you will be joining the select group of more than 600 former graduates of CEMFI's Master Program who are highly valued professionals in their respective organisations. I can say that with the benefit of direct experience, as CEMFI has been the *Alma Mater* of many members of my management team at the Banco de España.

I would like to conclude my remarks by borrowing from a recent speech of the President of the European Central Bank, Christine Lagarde, in which she quotes the following famous sentence by Abraham Lincoln. "The best way to predict your future is to create it". Predicting the future is always a challenging enterprise. But we all have a responsibility and an opportunity to shape the future in these difficult times. I am especially confident that the students graduating today have the ability and the determination to create a better future for themselves and for all of us.

Thank you very much.