

Acceptance Speech, German Bernacer Prize

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It is a great honor and my great pleasure to be here today to accept the prize. I wish to sincerely thank the Selection Committee and its sponsor for awarding me with this very prestigious prize and all those who were involved in the selection process and the award ceremony, especially under these unusual circumstances.

Going through the list of previous prizewinners of the Bernacer Prize makes me both nervous and also extremely grateful to be part of this distinguished group of European economists whose research has contributed so significantly to macroeconomics and finance. Over the last couple of weeks, I also had the chance to learn a bit about the path breaking work of German Bernacer in economics. His research was certainly ahead of his time, which makes me even more grateful to be associated with his name.

In accepting this prize, I would like to spend few minutes to highlight why this prize is important. I remember vividly, 10 years ago, when one of my mentors and advisors in graduate school, Emmanuel Farhi, was awarded this very same prize. We tragically lost Emmanuel only recently in the prime of his youth. But his influence on the next generation of economists is already profound. He was certainly a role model for me and I know how much he shaped the lives of many other graduate students, collaborators, and colleagues. What is often overlooked in recent discussions about the social value of scientific prizes, is that the main role of a prize is not so much to reward a particular individual, or a particular institution, or a particular country, or a particular line of economics research. While any particular prize may soon be forgotten, the impact of awarding a scientific prize will be long lasting on future scholarship. This is because the most important function of a prize is to *motivate* the future generation of scholars to enter the field; to *challenge* future students of economics to conduct scholarly research that can make the world a better place; and to *inspire* the young to improve upon the work of the old. To use some economics jargon, from a social perspective prizes are better thought as capital

goods rather than as consumption goods. The Bernacer Prize and its sponsor offer this important service to our scientific community and we should all be grateful for their continuing service.

Receiving such a prize would not have been possible without the strongest support I have received from my family, my mentors, my colleagues and coauthors, and the institutions with which I have been affiliated.

I want to thank my mother, my brother, and my wife for believing in me and for all their love and patience during the many times I struggled with learning how to do economics.

I would like to thank my undergraduate professors at the Athens University of Economics and Business in Greece, and in particular George Bitros, Kostas Gatsios, Plutarchos Sakellaris, and Nikos Vettas, for inspiring me to study economics and for helping me go to graduate school. Anyone having attended a Greek public university will recognize the almost impossible conditions that constrain learning. Yet, looking back, it never ceases to amaze me how much impact my professors had while working with such a limited amount of resources.

I would like to thank my advisors and mentors at Harvard, in particular Alberto Alesina, Gita Gopinath, Emmanuel Farhi, and Robert Barro. Each in their unique individual way and each at different times, they have served as role models guiding me how to grow into something I love doing, studying economics. Their impact on my career has been profound.

In my first job at Chicago, I was fortunate enough to encounter and be mentored by Erik Hurst. I owe to him everything from the little I know about how to work with data and how to merge empirical observations with models to improve my own understanding of economics.

I would like to thank my colleagues in Minnesota who always keep pushing me – I must admit a little bit too hard at times – to improve the quality of my research. The most important about my Minnesota training is that it helped me think in a more linear way about economics. I would also like to mention our wonderful PhD students who are keeping us young, all of us in Minnesota learn so much with them and from them every single day.

And of course I would like to thank all of my collaborators, and especially Gabe Chodorow-Reich and Brent Neiman with whom I have done most of my work until today. This award would not have been possible without our joint efforts and, while I believe both of them are many-generations-away Europeans, I hope they also share in our joy today.

Let me conclude by thanking again the selection committee, the sponsor of the prize, the Observatory of the European Central Bank and the Bank of Spain for their e-hospitality. It has truly been an honor being with all of you here today.