



## APPENDIX

THE WINNERS OF THE 2022 MONETARY ECONOMICS AND FINANCE AWARDS

### 2022 Senior Prize in Monetary Economics and Finance

**Ricardo Caballero**

Massachusetts Institute of Technology

### 2022 Junior Prize in Finance

**Ulrike Malmendier**

University of California, Berkeley

### 2022 Junior Prize in Monetary Economics

**Benjamin Moll**

London School of Economics

## 2022 Senior Prize in Monetary Economics and Finance



**Ricardo Caballero**

Massachusetts Institute of Technology

### ***On the Macroeconomics of Asset Shortages***

Ricardo Caballero has today received an award for his work on the macroeconomic repercussions of asset shortages. This work has enabled us to **understand how important it is for economies to benefit from safe and liquid assets in order to reduce global imbalances, as well as to conduct monetary policy and ensure financial stability.**

Ricardo Caballero is the Ford International Professor of Economics at the Massachusetts Institute of Technology (MIT), where he is also Director of the World Economic Laboratory. He is also a research associate at the National Bureau of Economic Research (NBER).

His work shows that imbalances arise when regions differ in their ability to generate financial assets. This may explain the persistent current account deficits in the United States, as well as the fall in (real) interest rates worldwide. **This fundamental idea is key to understanding the origins of crises and the international economic environment, so as to improve prevention and find appropriate solutions.**

The results of this research program led him to study the consequences of the quantity and uneven availability of safe assets regarding a wide range of questions such as crises in emerging markets, the smooth conduct of monetary policy in an environment of low nominal interest rates and limited room for maneuver, and the conditions giving rise to asset bubbles.

More fundamentally, **Ricardo Caballero's body of work contributes to our understanding of investment and savings decisions in a context of uncertainty.** He has considerably improved our vision of economic recoveries from financial recessions through his in-depth analysis of 'zombie lending' in Japan during its prolonged economic stagnation. He shows how the reluctance of banks to restructure loans to insolvent companies hinders the reallocation of resources and hence economic recovery.

Ricardo Caballero has received numerous awards for his contributions to economic research. He was also elected a Fellow of the American Academy of Arts and Sciences in 2010.

## 2022 Junior Prize in Finance



**Ulrike Malmendier**

University of California, Berkeley

### ***How perceptions and memory of past experiences affect the economic decisions of consumers and businesses***

Ulrike Malmendier has won an award for her work identifying the role of perceptions, and in particular the memory of past events, in the economic decisions of consumers and businesses.

Ulrike Malmendier has a multidisciplinary background in economics and law, culminating in a doctorate in law from the University of Bonn in 2000 and a doctorate in business economics from Harvard Business School in 2002. She is currently the Edward J. and Mollie Arnold Professor of Economics and Finance at the University of California, Berkeley.

**Ulrike Malmendier has been awarded the prize for her work in helping us to understand the conditions under which perceptions, and particularly those created by the memory of past events experienced by individuals, affect the functioning of market economies, and especially their impact on prices, contracts and participation in markets.** This work was carried out both on the determinants of consumers' inflation perceptions and in the field of corporate finance, and on the impact of these perceptions on the decisions of business leaders or investors.

In one of the areas of her research program, she used theoretical and empirical methods to assess the way in which individuals form expectations about future inflation. In particular, Ulrike Malmendier demonstrated the importance of personal experience of higher inflation in explaining the formation of higher inflation expectations. **She also showed that the higher inflation expectations of women compared with men can be explained by a different experience of everyday life, and more specifically by the gendered distribution of food shopping.** These empirical results provided a theoretical framework for assessing the role of macroeconomic or local and personal information in shaping inflation perceptions.

This work on the impact of perceptions was also carried out in other areas of economic life. For example, she showed that personal experiences of negative economic shocks shape people's beliefs and choices for the years and decades to come. **Ulrike Malmendier showed, for example, that people who have experienced stock market crises are less likely to participate in the stock market for the rest of their lives.**

In the same vein, the prize-winner showed that the votes of monetary policymakers within the US Federal Reserve System differ according to their past life experience.

Throughout her career, Ulrike Malmendier has received numerous honors and awards for her contribution to economic and policy debate. In 2022, she became one of the five members of the German Council of Economic Experts.

## 2022 Junior Prize in Monetary Economics



**Benjamin Moll**

London School of Economics

### ***The role of inequality and differences between households in macroeconomic dynamics and the effectiveness of monetary policy***

Benjamin Moll was awarded this prize for his work showing the role of inequality and differences in household circumstances in explaining macroeconomic dynamics, including the effectiveness of monetary policy.

Benjamin Moll, who received his PhD in economics from the University of Chicago in 2010, has been a Professor of Economics at the London School of Economics since 2019, after teaching at Princeton University from 2011.

**The prize was awarded particularly for his work in helping us to understand the role of differences between households in macroeconomic dynamics.** Benjamin Moll has helped to create a theoretical framework that makes it possible for the first time to study how differences in the economic situation of economic agents shape macroeconomic outcomes, making it possible to take account of differences in income and consumption patterns. **In doing so, Benjamin Moll has made it possible to grasp the complex interactions and feedback mechanisms between individual differences in income and wealth on the one hand, and the effectiveness of monetary policy in stabilizing inflation on the other.** This helps to create a more realistic picture of economic dynamics.

The explicit incorporation of differences in income or wealth inequality characteristics into macroeconomic models is valuable, as it allows for the simultaneous study of economic fluctuations and their distributive impact on household income or wealth.

Benjamin Moll is also an active contributor to discussions on the economic issues of our time, from the options available to politicians in the Covid pandemic, to the possible impact of gas shortages on the German economy, to the implications of the fragmentation of world trade. At the start of the war in Ukraine, his work contributed to the debate on the ability of the German economy to cope with the possibility of a gas shortage. He was awarded the Bernácer Prize in 2017 for his work on incorporating consumer and firm heterogeneity into macroeconomic models.

THE WINNERS OF THE 2024 MONETARY ECONOMICS AND FINANCE AWARDS

2024 Senior Prize in Monetary Economics and Finance

**Hélène Rey**

London Business School

2024 Junior Prize in Finance

**David Sraer**

University of California, Berkeley

2024 Junior Prize in Monetary Economics

**Matteo Maggiori**

Stanford Graduate School of Business

## 2024 Senior Prize in Monetary Economics and Finance



**H el ene Rey**

London Business School

### ***Organisation of the international monetary system and central bank policies***

H el ene Rey was awarded the prize for her work on the implications of financial globalization and the organization of the international financial system for central bank policies in the areas of monetary policy and financial stability, and in particularly macroprudential policy.

A graduate of the * cole Nationale de la Statistique et de l'Analyse  conomique* and Stanford University, she holds a joint doctorate from the London School of Economics and the * cole des Hautes  tudes en Sciences Sociales* (EHESS). **H el ene Rey is the Lord Bagri Professor of Economics at London Business School.** She previously taught at Princeton University until 2007, where she was Professor of Economics and International Affairs in the Department of Economics and at the Woodrow Wilson School.

**Her research focuses on the determinants and consequences of financial imbalances, financial crises and the organization of the international monetary system. H el ene Rey has highlighted the existence of a global financial cycle, linked in part to the monetary policy of the US Federal Reserve.** Her work enables us to understand the consequences of this global cycle on economic policies and their ability to be implemented independently of the global cycle in other countries than the United States, regardless of the exchange rate regime vis- -vis the dollar, and the usefulness of implementing macroprudential policies aimed at limiting the negative effects of capital movements on local financing conditions.

Her work on identifying and analyzing the factors influencing financial asset investment flows between countries is particularly influential. She stressed that these flows are largely determined by the size of a country's financial market, the liquidity of its currency and of the financial assets listed in that country, financial development, i.e. the size and expertise of financial intermediaries, as well as macroeconomic policies. In particular, she demonstrated that a country's current account adjustments and its exchange rate were predicted by the gross external asset positions of countries.

H el ene Rey is a Research Fellow and Vice-President of the Centre for Economic Policy Research (CEPR) and a Research Associate of the National Bureau of Economic Research (NBER). Since its creation in 2013, she has been a member of the *Haut Comit  pour la Stabilit  Financiere* (HCSF – High Council for Financial Stability) and was awarded the Bern cer Prize in 2006. In 2022, she was President of the European Economic Association.

## 2024 Junior Prize in Finance



**David Sraer**

University of California, Berkeley

### ***The impact of real estate prices on investment and the real economy***

David Sraer was awarded a prize for his work on the impact of property prices on investment and business creation. The data from this work contribute to macroprudential policy decisions, with the aim of limiting the risk of a sharp fall in house prices and preserving the effectiveness of monetary policy transmission.

David Sraer is a professor in the Department of Economics and the Haas School of Business at UC Berkeley, where he holds the James J. and Marianne B. Lowrey Chair. After completing his PhD at TSE, he was a Professor of Economics at Princeton University before joining Berkeley.

Identifying and quantifying the impact of financial constraints on business investment decisions, employment and business creation is a major issue for economic policy. Indeed, when these constraints are amplified, they have real consequences for the dynamics of the economy, especially if they create feedback loops between real estate prices and the state of the economy. **In this context, David Sraer's work has shown the importance of shocks to commercial real estate prices on investment, employment and risk-taking by these companies.** His work has also shown that financing constraints caused by the value of collateral held by entrepreneurs, particularly in the real estate sector, limit the creation of new businesses and the size of start-ups. David Sraer has shown, however, that these constraints can be offset by measures to help start-ups.

David Sraer's work therefore contributes to a better understanding and quantification of the real effects of fluctuations in real estate prices. **It has provided a better understanding of the impact on the real economy of the sudden bursting of the real estate bubble in 2007-08, providing lessons for the design of macroprudential policy measures.**

David Sraer is a member of the *Conseil d'analyse économique*, Research Fellow at the Center for Economic Policy Research (CEPR) and affiliated to the National Bureau of Economic Research (NBER).



## 2024 Junior Prize in Monetary Economics



### Matteo Maggiori

Stanford Graduate School of Business

#### ***Better measurement for a better understanding of the economic and financial consequences of capital flows and financial integration***

Matteo Maggiori was awarded a prize for his work on capital flows, the determinants of international currencies and their role in financial integration. Matteo Maggiori is a Professor of Finance at the Stanford Graduate School of Business, where he holds the Moghadam Family Chair. He obtained his doctorate from the University of California at Berkeley.

His work in international macroeconomics and finance focuses on exchange rate dynamics, global capital flows, the international financial system, reserve currencies, tax havens, financial bubbles, expectations and portfolio investment strategies, and very long-term discount rates. Using an approach that integrates theory and data, they contribute to and thus improve economic policies at the global level.

In international macroeconomics, Matteo Maggiori has shown that exchange rates fluctuations can be explained more by changes in the financial leverage and risk attitudes of investment banks, hedge funds and pension funds than by changes in macroeconomic fundamentals, making it possible to identify an exchange rate risk premium and therefore interest rate differentials between different economies. His work on the economic benefits created by the dollar's status as an international reserve currency has documented not only the positive consequences for the financing of the US economy of the dollar's status as an international currency, but also the fact that the dollar's role as a global 'safe asset' has increased since the financial crisis of 2007-2009, making it possible to explain deviations from the theory of covered interest rate parity.

**He is the creator and founder of the Global Capital Allocation Project, which proposes a representation of capital flows based not on the country of residence but on the nationality of investors.** This allows the relationships between the parent companies of multinationals and their subsidiaries to be considered in these flows. Identifying the end holder of a financial asset enriches our information on the net international investment position of countries, particularly China, but also enables us to measure the state of European financial integration.

Through his work and by leading the Global Capital Allocation Project, Matteo Maggiori contributes to a better quantification and understanding of capital flows and the real level of integration of the world economy or the European economy on the one hand, and the place of the dollar and the euro in the international monetary system on the other.

Matteo Maggiori is also a research fellow at the National Bureau of Economic Research and an affiliated researcher at the Center for Economic Policy Research. He was awarded the Bernácer Prize in 2021 for his work on the valuation of financial assets and exchange rate dynamics.



## PRIZES IN MONETARY ECONOMICS AND FINANCE

### *Description of the Awards*

In 2012, the Banque de France and the TSE launched a series of prizes in the fields of monetary economics and finance. These prizes, aimed at junior researchers (who obtained their doctorate less than twenty years ago) and senior researchers, are awarded every two years. They go to academic researchers who have developed fundamental concepts to improve our understanding of monetary economics, finance and banking supervision, and whose work will ultimately enable central banks to design and implement better policies. You can [consult the awards page here](#).

The Fondation Jean-Jacques Laffont - TSE, thanks to the patronage of the Banque de France, is rewarding:

- The senior prize: the sum of EUR 30,000
- Junior prizes: worth EUR 15,000

From their inception in 2012 to today, the Awards have honored twenty-four scientists, including five women and nineteen men, affiliated to thirteen scientific institutions covering five countries.

### *Past winners:*

- Seniors:
  - o 2012 - Bengt R. Holmström (MIT)
  - o 2014 - Nobuhiro Kiyotaki (Princeton)
  - o 2016 - Olivier Blanchard (MIT)
  - o 2018 - Michael Woodford (Columbia)
  - o 2020 - John Moore (University of Edinburgh)
- Juniors:
  - o 2012 - Viral V. Acharya (New York Stern School of Business) & Klaus Adam (Mannheim)
  - o 2013 - Emmanuel Farhi (Harvard) & Lasse Heje Pedersen (Copenhagen BS)
  - o 2014 - Ralph Koijen (LSE) & Ivan Werning (MIT)
  - o 2016 - Ricardo Reis (LSE) & Amir Sufi (University of Chicago)
  - o 2018 - Yuriy Gorodnichenkoi (Berkeley) & Victoria Vanasco (Barcelona GSE)
  - o 2020 - Emi Nakamura & Jon Steinsson (Berkeley) for a joint junior prize for their joint work, & Silvana Tenreyro (LSE)

For 2022 and 2024, the jury responsible for awarding the prizes was made up of three people from the Banque de France, three people from TSE and three academics. In total, the jury consisted of four women and five men.

### *The same jury awarded the prizes for 2022 and 2024, made up of:*

- Agnès Bénassy-Quéré (Second Deputy Governor, Banque de France) - Co-Chairman
- Jean Tirole (Honorary Chairman, TSE) - Co-Chairman

- Emmanuelle Assouan (Director General of Financial Stability and Operations, Banque de France)
- Olivier Garnier (Director General of Statistics, Research and International Affairs, Banque de France)
- Patrick Fève (Researcher and Professor of Economics, TSE)
- Jean-Charles Rochet (Researcher and Professor of Economics, TSE)
- Veronica Guerrieri (Professor of Economics, Chicago Booth)
- Christine Parlour (Professor of Finance, Berkeley Haas)
- Iván Werning (Professor of Economics, MIT)