

## John Moore, awardee in the Economics, Finance and Management category (13th edition)

It is a very great honour to receive the BBVA Foundation Frontiers of Knowledge Award. Thank you. My connection with Spain and Spanish economists goes back to the very start of my education in economics as a masters student at the London School of Economics. The program I was on at the LSE had more Spaniards, including Basques, than Brits. I came into the program by accident. I was in my mid 20s working as a line manager in the Scottish telephone service when my elder brother David – who sadly died much too young – was completing his doctoral studies in physics at Stanford in California. I always looked up to David (he was over two metres tall so I had to stand on a chair to look him in the eye). Sibling rivalry kicked in big time when he was offered a faculty position at the University of Oxford. My meager CV had a plain undergraduate degree in mathematics, gotten some years earlier. So I scrambled to catch up academically by enrolling on a postgraduate course in political thought at the LSE – much to my parents' dismay (they thought I had a secure job in the telephone service that I should hang on to). It soon became evident that political thought and I had little in common and I was left stranded at the LSE without a clue what to study. Someone suggested econometrics – it seemed a suitable choice given I had previously studied mathematics – but it turned out I had even less in common with econometrics than with political thought. (To my shame, I thought econometrics was just inverting matrices.) So where should I go? A masters' program in economics beckoned – specifically, the unfortunately named MSc in Mathematical Economics. It should have been called MSc in Economic Theory. The level of mathematics, ranging from (usually) modest high school to (rarely) quite fancy, depends entirely on the requirements of one's theoretical model; one shouldn't be studying mathematical economics for its own sake.

The trouble was that I had absolutely no background in economics. A newly appointed professor at the LSE, George Akerlof, who was an inspiration to me, was shocked to discover someone in his class who knew literally no economics. He told me to go to the library and dig out a book – any book on economics – and look at the pictures for a diagram – any diagram – of a market with a demand curve and a supply curve. This I did. I stumbled on a book on exhaustible resources. (Given today's climate crisis, I wish I'd read it more thoroughly.) I couldn't get past the fact that price was on the vertical axis and quantity was on the horizontal. It seemed to me they were the wrong way round. So I turned to my new-found Spanish friends on the MSc to ask them to explain

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why price and quantity were on the wrong axes, and, more generally, to ask what the heck was going on in a “market”. Being Spanish, they were, first, extremely well educated, and, second, extremely courteous, patient and generous with their time. One of the Spanish contingent was Rafael Repullo, who became not only a major leader in the economics profession but also the creator and long-time sustainer of what must surely be one of Spain’s finest research institutions, CEMFI in Madrid. CEMFI is the brightest of jewels in the economics firmament, worldwide, and the credit for this lies with Rafael.

Of course none of these future triumphs were known at the time Rafael was an LSE masters student holding the hand of another student (me). Rafael outshone the rest of us in his studies – I think he achieved an eye-watering average mark of over 95% across all his papers – and went on to do such dazzling research that the LSE hired him as a tenured faculty even before he had completed his doctorate – something unheard of nowadays. It was not only my enormous good fortune that Rafael dragged me through my studies but also that he and I later collaborated, on the design of economic mechanisms. By then he had returned to Spain, to establish CEMFI, and much of our research was done in the central bank building in Madrid or, more often, scoffing avocados with pine nuts in our favourite café nearby. They were wonderful times. The work we did back then has, I hope, stood the test of time, and is a fitting public sign of our friendship.

For me, visiting Spain feels like coming home, academically and personally. To the extent that I’ve had any good ideas about economics, they’ve been fostered on Spanish soil and nurtured by Spanish cuisine.

The other person I would like to pay great tribute to is my fellow recipient of the BBVA Foundation award, Nobuhiro Kiyotaki. I have described how I learned economics from Rafael. It would be more accurate to say that I learned microeconomics from Rafael. Back then, Rafael and I – quite inappropriately and, in my case, with shocking ignorance – rather looked down on macroeconomics. Only years later did I find myself in the enormously lucky position of having an office next to Nobu at the LSE. Nobu is one of the world’s great macroeconomists and was visiting the LSE at the time. Towards the end of his visit I happened to run out of material for my undergraduate topics course and I cheekily asked him if he’d written anything I might teach. He humbly produced his paper with Randall Wright on money – a masterpiece. My students loved it and I loved teaching it. I went back to Nobu to thank him and tentatively asked if anyone had tried to embed credit into his kind of model. Out of that chance encounter has grown thirty years of collaboration. Nobu has taught me macroeconomics in much the same way that Rafael taught me microeconomics – with the kindness that a wise father bestows on a wayward son.

Without David, Rafael and Nobu, I would probably have gone back to telephone maintenance, with my tail between my legs, albeit with my parents’ approval.