

Martin Schlegel: Eighth Karl Brunner Distinguished Lecture - introduction of Kristin J Forbes

Text of the Eight Karl Brunner Distinguished Lecture by Mr Martin Schlegel, Chairman of the Governing Board of the Swiss National Bank, at the ETH (Swiss Federal Institute of Technology), Zurich, 3 October 2024.

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Ladies and gentlemen

I am very pleased to welcome you to the eighth Karl Brunner Distinguished Lecture. We are delighted and honoured that Professor Kristin Forbes accepted our invitation. I would like to thank the ETH Zurich and its President, Joël Mesot, for their hospitality.

When we began our search for tonight's speaker, we had specific qualities in mind. We were looking for an exceptional economist who is at home both in academia and policy, and who can communicate complex insights clearly. With these qualities in mind, the name Kristin Forbes quickly emerged. Not only is she a distinguished economist, but she has also rotated between academia and policy positions throughout her career. Her work combines both areas: she uses research to inform policy, and she uses policy to guide her research.

Kristin Forbes is a Professor of Management and Global Economics at MIT's Sloan School of Management. She is also a prolific writer. She had published more than 150 articles at last count, and her output continues to grow. Her research covers a broad range of topics in international economics, from financial contagion and capital flows to monetary policy and financial stability. Kristin's work is known for its rigour, clarity and policy relevance.

In an early article, published in the American Economic Review in 2000, she examined the relationship between income inequality and growth. The topic has since received widespread attention both within academia and beyond. This paper illustrates Kristin's exceptional ability to identify critical issues. When she wrote about financial contagion during the Asian financial crisis, the term 'contagion' was used loosely. Her research helped to clarify our understanding of when and why crises spread. More recently, Kristin's research has addressed questions of direct importance to central banks. For example, she has studied the behaviour of interest rate cycles across countries and over time. She has also provided policy insights on how to tackle inflation more effectively.

Kristin is known for the exceptional clarity of her work, a quality which is appreciated not least by her students. She has received many teaching awards, and one of her classes on global economics is among the most popular at MIT's Sloan School. But her impact extends far beyond academia. For instance, she regularly writes economic commentaries in the Financial Times and other newspapers. These articles demonstrate Kristin's talent for making complex economic concepts accessible to a wide audience. Her commentaries are not only informative but also a pleasure to read.

Ladies and gentlemen, as you can see, Kristin is deeply committed to international economics. So committed that she even chose to get married in Bretton Woods – the birthplace of the IMF and World Bank.

But where does this passion for economics come from? When she began her studies at Williams College in 1988, Kristin explored a variety of subjects – from astrophysics to religion to psychology. However, it was Morton Schapiro's application of economic principles to everyday life that really caught her attention. The practical application of economic insights has remained central to Kristin's work.

Kristin has built a long and successful career in academia. But she also possesses substantial experience in policy work, both in Europe and the United States. Let me share another little anecdote: In 2001, after returning from a run, she discovered a message on her answering machine. The message was from none other than John Taylor, the inventor of the famous 'Taylor rule' for setting central bank rates. She was so surprised by his call that she initially thought it was some kind of mistake or joke. But it was not. John Taylor was inviting her to establish a new division at the U.S. Treasury Department. As an aspiring assistant professor, Kristin's priority was publishing in leading academic journals. So she declined the offer – twice. It was the late Rudi Dornbusch who eventually convinced her to change her mind and join the Treasury.

Once back at MIT, Kristin focused her research on the issues she had encountered at the Treasury. Then the phone rang again. This time, it was an invitation from Gregory Mankiw to join the US President's Council of Economic Advisers. At 33, she became the youngest person ever to serve on the Council.

Kristin has continued to serve on various boards and committees ever since. From 2014 to 2017, she was an External Member of the Monetary Policy Committee at the Bank of England. Currently, she serves on advisory boards to the Federal Reserve Bank of New York, the International Monetary Fund, and the Bank for International Settlements. She is also the convener of the Bellagio Group, a gathering of top academics and officials who meet annually to discuss major economic and financial issues. It was at a Bellagio meeting in Stockholm that I had the pleasure of meeting Kristin for the first time.

Kristin, I am honoured that you have accepted our invitation to come to Zurich. I greatly look forward to your lecture.

Ladies and gentlemen, please join me in welcoming Kristin Forbes with a big round of applause.