Award Ceremony for the 4th Edition of the Jaime Fernández de Araoz Corporate Finance Award

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Your Royal Highness, Prince of Asturias, Your Excellency, President of the Community of Madrid, Your Excellency, Secretary of State for the Economy, other dignitaries, members of the jury, Luisa, Alejandro, ladies and gentlemen.

In the name of “La Caixa”, and in my own name, allow me to welcome you to CaixaForum, which on this occasion is acting as the venue for the 4th Edition of the Jaime Fernández de Araoz Corporate Finance Award.

I should like to begin this brief presentation by offering my special thanks to the Prince of Asturias, who has once again paid us the honour of chairing this award ceremony. Your Highness, your presence here today not only underlines your friendship with the Fernández de Araoz family but also confirms your commitment to research into the development of human capital, the driving force behind all economic and social change.

I should also like to thank the President of the Community of Madrid for her attendance here today and at previous editions of this award ceremony, a fact that demonstrates her interest in the world of corporate finance and all things connected with its research. Thank you also to the Secretary of State for the Economy and Taxes, whose current duties, along with his academic training and teaching experience, bring him close to the issues that form the subject of his award.

This is now the fourth edition of the Jaime Fernández de Araoz Award, an event which over the past 6 years has become a benchmark and a stimulus for research into corporate financing, and which has gained a prominent position in economic circles. It is significant that this is the only award given in Spain in the area of Corporate Finance.

The consolidation of the Award’s reputation has unquestionably contributed to the technical rigour, excellence and quality shown by the works submitted, now numbering more than 100 since the Award was first presented, not to mention their authors, around 200 prestigious academics and university teachers from all over the world.
Indeed, the growing internationalisation of this award is one of its most characteristic features. This is demonstrated by the fact that the 4 works that have won awards during the course of this programme’s history have been prepared by 10 authors from 7 different countries.

This diversity of nationality is, therefore, one of the characteristics of the award, as is the diversity and relevance of the issues examined. In 2005, the winning work analysed *International Transactions*, in 2007 it was *Management Pay*, in 2009, the subject was *Internal Corporate Governance*, while this year’s winning work examines *Talent*.

**What is the working future for young North American talent?**

This is the question that Professors Patrick Bolton and Tano Santos from the University of Columbia, and Professor José A. Scheinkman from the University of Princeton ask in their brilliant research study. According to their conclusions, in the most complex segments of the financial markets, where the need for complicated technical analysis is greatest, there is less available information, opportunities are more difficult to detect and risk is higher.

**What are the reasons behind this phenomenon?**

The high salaries associated with the greater generation of financial value that these segments bring.

The law of supply and demand; we could say that higher pay has attracted the best talent. Excellent human capital that has, therefore, stopped going into other sectors of the real economy.

These conclusions reflect certain values that govern society today and give pause for thought. Is it normal, is it ethical, that the contribution made by each economic sector, by each business, by each person, should be measured solely by the financial value they generate in the short term, without any consideration for the sustainability of their decisions in the long term? Or, as this award-winning study finds, that talent should be driven so disproportionately by salary?

It is true that without talent, without ambition and without individual willingness companies would stagnate, but it is worth remembering that it is also true that talent, ambition and individual willingness on their own are counter-productive if they become an end in themselves, to the exclusion of any other.
Much has been written on the reasons for the crisis that has afflicted the world economy in recent years. Much has also been written on the ways out: savings, austerity, containment, orthodoxy ... All, without doubt, good and necessary ideas. However, without a more profound change of climate they will not work. We must accept that we have to return to those values that helped us construct a better, freer, fairer and more progressive society which is now in danger: effort, hard work and sacrifice.

In order to find our way out of this crisis and once again move forward we must work harder and better, combining the interests of all with those of the individual, both at a personal and an institutional level. In this way, the most beneficial virtues will blossom and we will help to make our community, our society, more robust.

It is therefore necessary for the institutions and people in a position of greater advantage to take on the role that falls to them: that of CIVIL LEADERSHIP. A leadership based on the idea of “us”, not in order to forget the “me” but to give it meaning, a future. The “me” without the “us” becomes indifferent. It loses any notion of reality and becomes selfish and destructive, causing irreparable damage to the economy and, therefore, to society as a whole.

As business organisations we have to take on this role, looking ahead, reflecting carefully and realistically on the situation, our role and the contribution that we can make, in an attempt to protect, collaborate and offer opportunities to those communities that find themselves in worrying situations: the unemployed, young people, small business, entrepreneurs ... a large swathe of human, economic and social capital that we cannot do without.

They are the indicators of change and the creative force for a better future.

Only then, with this kind of leadership based on respect for each individual, will we be able to maintain the internal trust that we need in order to obtain external credibility and reputation.

Because what we are doing is not just about finding a way out of the crisis but about coming out stronger, having learned our lesson, and leaving the best possible legacy for future generations.

There is no doubt that academic research such as the work we are recognising with this award today will contribute to this legacy, our intellectual inheritance. I would therefore like, both in my own name and in the names of the entire jury, to congratulate Professors Bolton and Santos, who are with us today, and Professor Scheinkman, who was unable to attend, for their great contribution. Allow me to
finish by expressing my gratitude for the trust placed in me as chairman of the jury for this award, which was supported by an excellent technical evaluating committee. I am also especially grateful that “La Caixa” has been given the opportunity to contribute to this valuable initiative by the Fernández de Araoz family, who I hope will maintain the enthusiasm they have shown each time this award has been given. The existence of awards like this one is essential in helping us to consider how we may create a better present and a more promising future.

Thank you.