

Adriana D Kugler: Commencement remarks

Speech by Ms Adriana D Kugler, Member of the Board of Governors of the Federal Reserve System, at the Economics Commencement Ceremony, University of California, Berkeley, California, 20 May 2025.

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Thank you, Stefano, and before I say anything else, congratulations to the Class of 2025!¹ My family is here today, so let me acknowledge my husband Ignacio, my daughter Miri, my son Danny, and my parents who are watching from elsewhere. I start with family because I know it takes a village! So, I want to acknowledge the enormous accomplishment by the graduates and also by their families and friends who supported them through this journey. Let's give all of them a big round of applause! I also want to thank the leaders of Berkeley's economics program for giving me the privilege of returning here, as a graduate of this program, to be a part of what is, in fact, my very first economics commencement ceremony here at Berkeley.

On a similar spring afternoon in 1997, when my classmates were walking across this stage, I was across the country, hurrying to finish my dissertation at the Brookings Institution and preparing to start my first job as an economist. I would have loved to be here, as you are, and I praise you for taking the time to share with your classmates, friends, and family this moment of recognition for the huge achievement today represents. But somehow, at the time of my graduation, I felt the need to get on with earning a living and moving forward with my life, as I am sure many of you are eager to do also.

So, you can understand that this is a very special-and also a little strange- moment for me because it feels, in a way, like I am celebrating my own graduation 28 years later! I think it is also an unusual situation for all of you to listen to this speaker who was once where you are today. It is unusual because standing at this podium now is not just the person I have become in the decades since leaving Berkeley. Standing beside me, very close by today, is also the young woman I was in 1997, who was too busy to attend her own graduation. You will be hearing at times from both of us today, and we may even exchange a few words with each other.

This sounds a little like that Aubrey Plaza movie you may have seen last year, in which a young woman gets advice from her older self. Unfortunately, unlike Aubrey Plaza's character, I cannot help my younger version through the many challenges that she will face, and let me tell you, there were many challenges indeed, and yet here I am! Nevertheless, because of my proximity, today, to that younger self, I hope I can see the world a little more through your eyes, when I try to offer some words of wisdom. I know, I know, commencement speakers are expected to provide wisdom and advice. But really, today, I would like to mainly tell you that the wisdom and also the conviction of my younger self are what allowed me to navigate the challenges along the way. So, trust yourselves!

As I have indicated, the younger version of me was quite impatient to get her professional life started and try to make a mark in the world. The older me would say,

"Take your time, figure out who you are, who you will become! Life is long, and among other things, life teaches you to have patience to work for big goals." There is merit to this advice, of course, but today I am thinking about how I felt when I was in your shoes, and I am thinking that one of the underappreciated gifts of younger people is, in fact, impatience. I will say more about this, but if you take a look around at all the many urgent challenges we face here in the U.S. and the world, many of which depend on the powerful tool of economics and its potential to make people's lives better, then I would certainly say that some impatience is, indeed, very much what we need.

I speak of economics as a tool because that is all that it is. It is not a philosophy, a value system, or a religion, although I acknowledge that some in our profession might treat it that way. Economics can't answer all the questions we face in our lives. Economics can't tell us how to treat each other, or what kind of world we should strive to create, but it is a means to those ends.

And even the answers that economics *can* provide are always evolving, as our understanding of economic behavior and phenomena evolves. What we understand in economics has evolved in the years since I left Berkeley, and it will continue to evolve. While this understanding does change over time, I think of it as changing like the California landscape changes. Some towns and cities grow, some decline, and there is the occasional earthquake to shake things up. But the landmarks that guide us in economics—the Golden Gate, the Sierra Nevada—they have been standing for a while now, and I believe they will continue to stand for a long time to come.

Using these landmarks, these foundational and time-tested insights, economics can indeed be a powerful tool. But it is a tool, only to the extent, like any other tool, that it is useful. A brilliant insight, if not applied, or tested, or employed for some useful purpose, is like the gadget you pick up at the hardware store and never use. It is just taking up space in the toolbox. When economics reveals how to use resources efficiently, how to raise production and income and lower costs, these insights are only useful if they are applied—if they win in the marketplace of ideas.

As you embark on your careers as economists, and the myriad ways in which you can employ the knowledge and skills you have acquired, one cause that I hope you all will embrace is actively participating in this marketplace of ideas. I hope you do, because, from the level of the individual household to the loftiest decisions of business leaders and government, employing the foundational insights of economics is the difference between prosperity and the utterly avoidable lack of prosperity.

It is tempting to think that time-tested and broadly accepted ideas are permanent. In fact, the debate has never ended on many foundational ideas of economics, some of which can seem counterintuitive to people. These are ideas that must be fought for, because, as I said, to lose that fight is to go backward and accept less prosperity.

Among the aspirations that each of you hold as you leave the Greek theater today, I hope that you will use what you have learned at Berkeley to be part of this fight. I would go further and argue that, along with the diplomas that you are receiving today, you will also carry with you a special responsibility to promote these principles and use them to promote greater prosperity for all. I am not shy in saying that economists have such a responsibility, nor in saying that the learning you have acquired qualifies you to be an

active participant in these debates. I believe *your* expertise matters, because, in the cacophony of opinions, and trolling, and disinformation that seems to crowd ever more into the marketplace of ideas each year, I cling to the idea that expertise still matters. In his book *The Constitution of Knowledge: A Defense of Truth*, Jonathan Rauch argues that, just as important as America's written Constitution is an unwritten one, based on a widespread agreement on what is true and what is not true. Knowledge, he writes, as it is added to and preserved over time, is a special glue, that Gorilla clear and precise super glue, that helps to hold society together and settle many conflicts. Expertise matters as the basis for that knowledge. When your expertise as economists is absent, when your voices are absent from the debate, knowledge suffers, and we are all poorer because of it.

Let me pause for a moment because I am hearing from my younger self just now that these commencement remarks are maybe getting a little heavy. I can understand how she feels. Think about how things looked in 1997. The Cold War was over! The tech boom was just taking off, which meant that Oakland was still affordable. Honestly, in hindsight life back then sounds a lot less complicated than it seems today. My first job was at Pompeu Fabra University in Spain, and my second was at a large public university, the University of Houston. I had some research ideas, mostly in the area of labor economics, and I found some great collaborators, and I was off to the races. Today, I realize that colleges and universities are facing challenges like never before, which means that the prospect of trying to make a career in academia is much less certain.

Public service is another traditional destination for economists, and I have been very fortunate to be able to move forward in my career as an academic, while taking time out on three occasions to work in Washington-as chief economist at the Department of Labor, as the U.S. executive director at the World Bank, and now as a governor at the Federal Reserve Board. By contrast, it is, of course, to put it mildly, a very challenging time to be thinking about starting a career in public service, at least at the federal level.

I can stand here today and lament the new challenges faced by you and by many others in the Class of 2025. I am a mom, and my kids are also facing new circumstances. But I also look back sometimes and wonder how I got here. And this is another case where I believe the 27-year-old me had more wisdom than I do. If she were crossing this stage today, with you, facing these undeniable challenges, I do not think she would be discouraged. She would stubbornly say: "I love economic research; I will find a way to become an academic." If you told her about the challenges facing colleges and universities, she would say that it is simply unthinkable that America would not support the greatest post-secondary educational system in the world. And if you told her that a pendulum swing in opinion might limit opportunities in public service, she might say: "If the purpose of life is helping others, (and I think it is) then public service will be valued, and it is something I must do, and that I will do."

I think if you had told the 27-year-old me that she could not achieve these things, which she dreamed of, she would stubbornly refuse to accept it. And of course, this is the way that humankind eventually solves most big problems. More than anything else, it is stubborn determination, which I hope is in good supply among you already, and which I encourage you to cultivate. You have already, of course, one of the greatest assets that anyone can have to make a career in economics, which is an education from one of the

greatest universities in the world-the University of California, Berkeley. When I attended here, I had the privilege of taking classes with four winners of the Nobel Prize, and many people tell me that, if anything, the faculty is even stronger today. In my recent work at the Fed, I have had occasion to cite research by six current faculty members in public speeches. You have learned from the best, and with your energy, expertise, impatience, and stubborn determination, I know that nothing will stop you! Whatever you choose to do, I hope you will make use of what you have learned at Berkeley to be an active part of that marketplace of ideas. Go forth from here and make the world a brighter and better place. Go seize the day as you head out Sather Gate! Congratulations, again, Class of 2025, and thank you.

¹ The views expressed here are my own and are not necessarily those of my colleagues on the Federal Reserve Board or the Federal Open Market Committee.