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AQR's Pedersen takes home economics award

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Lasse H. Pedersen

Lasse H. Pedersen, principal at [AQR Capital Management](#) LLC, has won the 2011 German Bernacer Prize for economics.

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The prize, awarded annually since 2001, honors European nationals younger than 40 who have made outstanding contributions to the fields of macroeconomics and finance. The award's namesake, German Bernacer, was a 20th-century Spanish economist.

Mr. Pedersen was honored for his research on liquidity spirals and systemic financial crises, according to a news release from the Madrid-based non-profit OBCE, or Observatorio del Banco Central Europeo (Observatory of the European Central Bank), which created the prize.

Mr. Pedersen, a Danish national and the John A. Paulson Professor of Finance and Alternative Investments at the New York University Stern School of Business, studied under Myron Scholes at [Stanford University](#). Mr. Scholes, who won the Nobel Prize in economics in 1997, was a principal at Long-Term Capital Management, the hedge fund that imploded in 1998. Mr. Pedersen's diagnosis of LTCM's ills led to his insight on liquidity risk. "They had been buying securities that looked cheap — but were illiquid — and selling securities that looked expensive — but were the liquid ones," he said in an interview.

The prize will be awarded June 28 in Madrid. — DREW CARTER