

BERNHARD HARMS PRIZE

Kiel Institute for the
World Economy



Laudatio for Gita Gopinath, First Deputy Managing Director, recipient of the 2023 Bernhard Harms Prize of the Kiel Institute for the World Economy.

Speech by Sebnem Kalemli-Ozcan, 30 November 2023, Berlin.

Dear Distinguished Guests,

It is a great honor for me to give the laudatio for Gita Gopinath, recipient of the 2023 Bernhard Harms Prize. As you just heard, this prize is given to distinguished scholars for their outstanding research in international economics and for exceptional efforts to promote global economic relations. I want to thank the Institute for inviting me to give this laudation and congratulate them for choosing Gita Gopinath for this year's prize: one of the very few women economists with a global impact not only due to her brilliance and scholarly work, but also for the difference she made in global policy sphere.

“Dare to think, dare to know. Have the courage to use your own intelligence.” That is how the famous German philosopher Immanuel Kant once put it. And Gita dares. She is not just brilliant and has inner strength, she is also an agent of change. From a young age onwards, she refused to hear that she could not do certain things as a girl. She has overcome challenges and always used her seat at the table to make meaningful changes not only in academia but also in her public service.

I met Gita in 1999 in Cambridge, Massachusetts. Both of us were attending a seminar at Harvard Economics department. After the seminar, grad students were invited to dinner and that is how we first met. I remember well the two impressions that she made on me. First that of a pleasant, reserved, and almost shy individual, who prefers quiet and simple over complicated. Second, a curious mind who can talk about economics or any other complex problem for that matter for endless hours. During the past 20+ years, our collaboration and friendship grew, while I have witnessed and amazed by her mentorship, leadership, and vision. She is a true role model to many women economists around the world.

Gita has always been a special type of economist, combining analytical rigor and vision that makes her a brilliant and creative scholar. To speak of her multifarious achievements and contributions to economics would require many more minutes than I have. So, I will highlight two of her major insights that are extremely policy relevant---how poor countries' volatile growth linked to their external debt and US dollar's role in the international eco-system. I will also focus on the key distinguishing feature of her career: the ease she has in connecting state-of-the-art academic work with policy applications. It is unique that this comes naturally to her while many brilliant academic economists will find it very hard.

Born in India, she got her BA degree in 1992 from Lady Shri Ram College for Women of the University in Delhi and her first MA degree from Delhi School of Economics in 1994. She is a self-described accidental economist. You may not know this, but she was a competitive runner from a young age so instead of economics, she could have also chosen to be a professional athlete. In my view, she also could have been a model, and I am sure people who do not know who she is cannot tell that she is a world class economist and a leader in global policy making when they look at her pictures in the December 2020 Vogue. Why economics then? She had the interest and training in sciences and her parents' thought economics is a good subject to study to become a bureaucrat in the Indian Administrative Service. When India experienced its balance of payments crisis in 1991 and the IMF came in as the lender of last resort, I believe she have decided to make economics her career. She may not have planned to be the First Deputy Managing Director of the IMF then, but she clearly saw the power in economics for understanding the complex world we live in, solving its problems, and making it a better place.

She further completed an M.A. degree at the University of Washington in 1996 and earned her Ph.D. in economics from Princeton in 2001. She joined as an assistant professor of economics at the University of Chicago that year. Argentina defaulted at the end of 2001, and she started working on sovereign debt and default and how these events are connected to domestic business cycles in emerging markets, jointly with Mark Aguiar. This collaboration led to the famous papers on “defaultable debt” and “cycle is the trend” that an enormous literature now builds upon. We all teach these papers in our international economics graduate courses. She joined Harvard in 2005 and started her path breaking work on exchange rate pass through and dominant currency paradigm, collaborating with different co-authors. This line of work led to many of the discoveries we take for granted today such as high vs low exchange rate pass-through in different countries, prices being sticky in an international context in US dollars, and the dominant use of the dollar in trade and finance and what does this mean for macro and financial stability of other countries. Building on this work, when she became the IMF chief economist, she started and operationalized the integrated policy framework that aims to help countries to deal with exchange rate fluctuations, capital flow reversals and associated domestic macro and financial vulnerabilities. To this date, this is one of the best examples of state-of-the-art academic work being used in active policy making to help countries and change the lives of many people.

It should come as no surprise that Gita won the 2006 Bahgwati prize for her job market paper as the best paper in the Journal of International Economics on “lending booms, sharp reversals and real exchange rate dynamics.” She was chosen as a Young Global Leader by the World Economic Forum in 2011. In 2014, she was named one of the top 25 economists under 45 by the IMF. In the same year, she has received the Distinguished Alumnus Award from the University of Washington. And in 2018, she was appointed chief economist of the IMF. Also in 2018, she was elected a fellow of the American Academy of Arts and Sciences and the Econometric Society. She also has served as the co-editor of the American Economic Review and managing editor of the Review of Economic Studies. In 2019 Gita was awarded the Pravasi Bharatiya Samman, the highest honor for a person of Indian origin, by the President of India.

In 2021, Financial Times named her among the ‘25 most influential women of the year’, the International Economic Association named her the Schumpeter-Haberler Distinguished Fellow, the Agricultural & Applied Economics Association recognized her with the John Kenneth Galbraith Award, and the Carnegie Corporation named her among ‘Great (American) Immigrants’. She was named among the Bloomberg ‘50 people who defined 2019’, a ‘Top Global Thinker’ by

Foreign Policy, and among the 'Women who Broke Major Barriers to Become Firsts' by Time Magazine.

Bernhard Harms ensured the original mission of the Kiel Institute was to challenge the traditional nationally oriented political economy view, opting for a more international approach and cooperation on economic and political affairs. The importance of this mission was so clear during the events leading to Second World War when all countries turned inward that Harms' views were seen as a threat leading to the loss of his job. Several decades later, when the world faced the worst economic crisis since the Second World War, Gita's impressive intellectual leadership is exemplary of Harms' views as she helped the global economy to navigate the pandemic. Such international focus not only involves the integrated policy framework for countries that she established but also her global vaccination proposal to end the pandemic. Of course, as early as 2014, Gita was already thinking on the importance of international cooperation and the power of multilateral institutions when, as a Harvard economist, she called on the IMF to tackle turbulence in global markets, as she said (in 2014): "Rather than waiting for a crisis to erupt before intervening, the IMF should provide 'forward guidance' on how it will tackle potential disruptions in international financial markets".

Within the relatively short span of 16 years, she has acquired a well-deserved reputation as one of the brightest stars in economics, both in academia and in policy making. Becoming the 1st woman chief economist at the Fund and taking over the position of First Deputy Managing Director at such a young age of 51, while sharing this prestigious Bernhard Harms prize with giants of the field such as Kindelberger, Bhagwati, Krueger, Dornbush, Rogoff, Obstfeld, Grossman, Reinhart, and others is a testament to Gita's drive and intellect that she pursued her research agenda successfully despite any barrier. When she got tenure at Harvard in 2009, her biggest challenge according to her, as only the 3rd woman and 2nd Indian to get tenure at Harvard, I asked her what is next? She replied: I just want to write good papers.

And with so many good papers she wrote and is still writing, academic economists, financial market participants and policy makers all have the same praise for her. I surveyed many famous people from these three realms, and they all said: "her work challenges conventional wisdom and pushes the collective thinking forward in a beneficial way. She is one of the world's outstanding economists, with impeccable academic credentials and a proven track record of intellectual leadership." To get such a consensus praise from academia, markets and policy world is unique. As Gita broke so many barriers, glass and non-glass ceilings, she leads by example. Her career shows to all economists (not only women) that you

can do things differently and there does not always need to be any precedent. Recently, when I asked her about the Fund's process to make our joint work a CEPR paper, she answered that she had to check since there is no precedent of any First Deputy Managing Director working on academic papers and having publications in top journals. Thanks to Gita, now there is for the future FDMDs.

Before I close, as we are in Berlin, I can't help but wonder what Immanuel Kant would have thought about Gita if he was alive. Since I cannot ask him, I did the next best thing and asked AI. This is what I got:

“Gita Gopinath embodies Kantian ideals of translating theoretical insights into practical wisdom for the betterment of global economic stability. As the first woman to hold the esteemed position of the economic counselor, she has also played a role in breaking barriers, demonstrating that intellectual prowess knows no gender boundaries. In engaging with the public, Gopinath extends the Kantian notion of enlightenment, striving to make complex economic concepts accessible to a wider audience and fostering a more enlightened and informed public discourse. Gita Gopinath exemplifies his spirit through creativity, will to power, her relentless pursuit of intellectual excellence and the bold assertion of her ideas, challenging conventional economic wisdom”

Ladies and gentlemen, it gives me great pleasure that we are about to honor an outstanding scholar, an influential policy maker, and my dear friend, Gita Gopinath.