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Speech

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Laudatio for 2026 Bernhard Harms Prize Recipient Pierre-Olivier Gourinchas

Keynote speech by Philip R. Lane, Member of the Executive Board of the ECB and Fellow of the CEPR, at the 5th Kiel Institute of the World Economy-CEPR Geoeconomics Conference

I am delighted to be invited to deliver the laudation for Pierre-Olivier Gourinchas, the recipient of this year's Bernhard Harms Prize for outstanding research in international economics and efforts to promote global economic relations.

Over the years, this prize has honoured outstanding contributors to research in international economics and Pierre-Olivier is an excellent addition to the list of Prize laureates. I congratulate the Kiel Institute for the World Economy in making this award, which also reflects the Kiel Institute's leading global role in research in international economics. I have very fond memories of my past visits to the Kiel Institute in order to teach in the Advanced Studies Programme and the Summer School. This week's geoeconomics conference serves to underline the Kiel Institute's status in setting the agenda on the most important topics facing the world economy.

I am well placed to provide an assessment of Pierre Olivier's achievements. We have known each other since graduate school days (at either end of Mass Ave in Cambridge) and have overlapped on academic topics such as financial globalisation and the economics of monetary union. More recently, I very much appreciated his exceptional contributions to global economic analysis as chief economist of the International Monetary Fund and his insightful advice to me on the European economy during these quite difficult years. It is essential that the IMF chief economist is trusted as a "straight shooter" in providing objective policy advice that is based on rigorous analysis and Pierre-Olivier delivered.

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Turning to his contributions to his research in international economics, Pierre-Olivier has been influential across a broad set of topics in international macroeconomics and international finance.[1] Let me identify four sub-fields: (a) exchange rate dynamics; (b) international financial adjustment; (b) the international monetary system; and (d) international financial crises. In any single research project, it is necessary to zoom in on a specific topic but there are clear complementarities across these sub-fields and the breadth of Pierre Olivier's research (conducted with a stellar set of collaborators) has amplified the impact of his contributions. Taken together, this multi-field research programme has allowed Pierre-Olivier to provide insights into how the multi-layered interactions among the diverse set of national and regional economies combine to deliver global economic outcomes, rather than just narrowly taking the perspective of an individual small open economy which takes the "rest of the world" as exogenous.

In particular, his work on the international monetary system has built on the synthetic insights made possible by the combination of his granular research on exchange rate dynamics and on international financial portfolios.[2] In turn, his analysis of international financial crises both draws upon and informs his insights in relation to the operation of the international monetary system.[3]

As a field, international macroeconomics draws on an array of other fields, including international trade, macroeconomics and finance. Pierre Olivier has been an innovator in drawing on the methodological developments in these other fields in delivering theoretical and empirical breakthroughs in international macroeconomics.[4] Examples include: the re-

[1] See also his 2021 Mundell-Fleming Lecture delivered at the IMF annual research conference: "International Macroeconomics: From the Great Financial Crisis to COVID-19 and Beyond," IMF Economic Review, August 2021.

[2] On his research on the international monetary system, see: "The Fundamental Structure of the International Monetary System," in *Rules for International Monetary Stability* (Michael D. Bordo, John B. Taylor, editors), Hoover Institution Press; 2017; (joint with Hélène Rey and Maxime Sauzet) "The International Monetary and Financial System," Annual Review of Economics, August 2019; (joint with Emmanuel Farhi and Hélène Rey), *Reforming the International Monetary System*, CEPR e-report, 2011; and (joint with Giovanni Dell' Ariccia, Pascal Farahmand, Istvan Mark, Adrian Peralta-Alva and Francisco Roldan) "Upgrading the Global Financial Safety Net: Implications of a Synthetic Reserve Deposit," IMF WP No 2026: 135, June 2026. The scope for synthesis is also evident in this work that explores the intersection between exchange rates and international portfolio choices. For instance, see: (joint with Nicolas Coeurdacier), "When Bonds Matter: Home Bias in Goods and Assets," Journal of Monetary Economics, 2016,

[3] His research on international crises includes: (joint with Rodrigo Valdes and Oscar Landerretche) "Lending Booms: Latin America and the World," Economia, Spring 2001; (joint with Ricardo Caballero and Emanuel Farhi) "Financial Crash, Commodity Prices and Global Imbalances," Brookings Papers on Economic Activity 2008; (joint with Maury Obstfeld), "Stories of the Twentieth Century for the Twenty-First," American Economic Journal: Macroeconomics, January 2012; (joint with Thomas Philippon and Dimitri Vayanos) "The Analytics of the Greek Crisis," NBER Macroeconomics Annual 2016; and (joint with Philippe Martin and Todd Messer) "The Economics of Sovereign Debt: Bailouts and the Eurozone Crisis," Journal of the European Economic Association, December 2025.

[4] His early-career work with Jonathan Parker on the aggregate implications of labour income uncertainty for consumption dynamics is an example of his contributions to the macroeconomics field ("Consumption over the LifeCycle," Econometrica, January 2002).

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casting of exchange rate overshooting in a behavioural economics framework[5]; how the role of the consumption-wealth ratio in forecasting future equity returns in financial economics implies a role for movements in the net international investment position in forecasting future return differentials, with this valuation channel contributing to external stabilisation[6]; and the interpretation of financial concepts such as "safe assets" and "preferred investor habitats" at a global level.[7]

Across this wide range of contributions, a defining characteristic has been to go beyond the technical elements of this frontier research by mapping the analytical results into strong narratives that make it easier for both researchers and policymakers to understand the main messages. This is not easy to do and requires the researcher to possess strong economic intuition and the commitment to translate research into a format that can be absorbed by a wide range of readers. A very partial selection includes concepts such as: the transition of the United States from "world banker" to "world venture capitalist" in maintaining its "exorbitant privilege"; "safe assets shortage"; "dominant currency paradigm"; and the "allocation puzzle" in capital flows.

Even while providing policy advice to governments around the world and leading the production of the influential bi-annual World Economic Outlook reports as IMF Chief

[5] See (joint with Aaron Tornell): "Exchange Rate Puzzles and Distorted Beliefs," Journal of International Economics, December 2004. More recently, he has studied how the balance sheet capacity of international financial intermediaries influences the relationship between interest rate differentials and exchange rates: see: (joint with Mai C. Dao), "Covered Interest Rate Parity in Emerging Markets: Measurement and Drivers," Journal of International Economics, February 2026; and (joint with Mai C. Dao and Oleg Itskhoki), "Breaking Parity: Equilibrium Exchange Rates and Currency Premia," CEPR DP 20792, October 2025). His work on exchange rates has also traced out the macroeconomic impact of exchange rate shocks and the interplay with price setting in different currencies. See: "Exchange Rates and Jobs: What do we Learn from Job Flows?," NBER Macroeconomics Annual 1998; "Exchange Rates Do Matter: French Job Reallocation and Exchange Rate Turbulence, 1984-1992," European Economic Review, June 1999; (joint with Gita Gopinath, Chang-Tai Hsieh and Nicholas Lai) "International Prices, Cost and Markup Differences," American Economic Review, October 2011; and (joint with Gita Gopinath, Emine Boz, Camila Casas, Federico Diez and Mikkel Plagborg-Moller) "Dominant Currency Paradigm," American Economic Review, March 2020.

[6] See (joint with Hélène Rey): "International Financial Adjustment," Journal of Political Economy, August 2007. His analysis of return differentials and valuation effects also includes: (joint with Hélène Rey), "From World Banker to World Venture Capitalist: US External Adjustment and the Exorbitant Privilege," in *G7 Current Account Imbalances: Sustainability and Adjustment* (Richard Clarida, editor), University of Chicago Press, 2007; and "External Adjustment, Global Imbalances, Valuation Effects," in *Handbook of International Economics Volume 4* (Gita Gopinath, Elhanan Helpman, Kenneth S. Rogoff, editors), Elsevier, 2014; (joint with Hélène Rey and Kai Truempler) "The Financial Crisis and the Geography of Wealth Transfers," Journal of International Economics, November 2012; and (joint with Carol C. Bertaut, Stephanie Curcuru and Ester Faia), "New Evidence on the US Excess Return on Foreign Portfolios," IMF WP No. 55771, November 2024. His work on international financial flows and external imbalances has also explored the macroeconomic determinants of current account imbalances – see: (joint with Olivier Jeanne), "The Elusive Gains from International Financial Integration," Review of Economic Studies; July 2006; "Capital Flows to Developing Countries: The Allocation Puzzle," Review of Economic Studies, October 2013; and (joint with Carol C. Bertaut, Stephanie Curcuru and Ester Faia), "The Global (Mis)Allocation of Capital," CEPR DP 20979, December 2025.

[7] See: (joint with Ricardo Caballero and Emmanuel Farhi), "An Equilibrium Model of 'Global Imbalances' and Low Interest Rates," American Economic Review, March 2008; "The Safe Assets Shortage Conundrum," Journal of Economic Perspectives, Summer 2017; "Global Imbalances and Currency Wars at the Zero Lower Bound," Review of Economic Studies, November 2021; (joint with Hélène Rey) "Real Interest Rates, Imbalances and the Curse of Regional Safe Asset Providers at the Zero Lower Bound," ECB Forum on Central Banking, 2016; and (joint with Walker Rey and Dimitri Vayanos), "A Preferred-Habitat Model of Term Premia, Exchange Rates and Monetary Spillovers," American Economic Review, November 2025.

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Economist, Pierre-Olivier also was successful in providing academic underpinnings to the IMF analysis of the major economic policy issues that emerged during this period. Examples include his work on: how the pandemic liquidity shock would have caused widespread SME failures in the absence of government support measures[8]; how geopolitical tensions are leading to trade and investment fragmentation[9]; the drivers of post-pandemic inflation[10]; the contribution of unconventional fiscal policy in avoiding a more persistent rise in core inflation in the euro area[11]; and the interplay between energy security and the green transition[12]; and the implications of tariffs and industrial policies for global imbalances.[13] Let me emphasise that this is just a partial list of his policy-related output during this period. The provision of such rigorous analytical and empirical foundations for the IMF policy advice on these topics is a model for how research-based policy organisations should operate.

In addition to his IMF role, Pierre-Olivier has also served on the French Council of Economic Advisers and participated in the pivotal 2018 CEPR report on euro area reform by the "7+7" group of French and German economists. For the economics profession, he has also taken on important leadership roles at the NBER and CEPR and as an editor at the American Economic Review, IMF Economic Review and Journal of International Economics. The combination of a very influential academic research career in international economics with this array of public service and professional service roles is truly remarkable and underlines why Pierre-Olivier is such a deserving recipient of the Bernhard Harms Prize.

Congratulations, Pierre-Olivier!

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[8] See: (joint with Sebnem Kalemli-Ozcan, Veronika Penciakova and Nick Sander) "SME Failures under Large Liquidity Shocks: An Application to the Covid-19 Crisis," Journal of the European Economic Association, April 2025; and "Fiscal Policy in the Age of Covid: Does it 'Get in all of the Cracks'," Jackson Hole Economic Policy Symposium, August 2021.

[9] See: (joint with Gita Gopinath, Andra F. Presbitero and Petia Topolova) "Changing Global Linkages: A New Cold War?," Journal of International Economics, January 2025.

[10] See: (joint with Mai C. Dao, Daniel Leigh and Prachi Mishra) "Understanding the International Rise and Fall of Inflation," Journal of Monetary Economics, August 2024.

[11] See: (joint with Mai C. Dao, Allan Dizioli, Chris Jackson and Daniel Leigh) "Unconventional Fiscal Policy in Times of High Inflation," in ECB Forum on Central Banking, 2023.

[12] See: (joint with Gregor Schwerhoff and Antonio Spilimbergo) "Energy Transition: The Race between Technology and Political Backlash," in *The Green Frontier: Assessing the Economic Implications of Climate Action* (Jean Pisani-Ferry, Adam Posen, editors), Peterson Institute for International Economics.

[13] See: (joint with Gene Kindberg-Hanlon, Manasa Patnam, Lorenzo Rotunno and Michele Rutta) "Global Imbalances, Industrial Policy and Tariffs," Journal of Economic Perspectives, Summer 2026.

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