



GLOBAL ECONOMIC & **OUTLOOK** **POLICY**

Interview with **Oya Celasun**

Oya currently heads the Multilateral Surveillance Division in the IMF's Research Department. Prior to that, she was the chief of the World Economic Studies Division, which produces the World Economic Outlook (WEO), between 2015 and 2019. She will soon be moving to the IMF's European Department to take on a new role as the mission chief to Germany. In this interview with Deniz Igan, Oya tells us about her journey as an economist and the process through which original research feeds into the Fund's assessment of the global economic outlook and policy recommendations.

ABOUT YOU

What attracted you to economics?

My father was a professor of macroeconomics; he was actually self-educated. He had gradually shifted from mining engineering, which he studied as an undergraduate and PhD student at Columbia University in the late 1950s, towards operations research and then macroeconomics. I used to overhear him speaking to his students or visitors from abroad—sometimes from the IMF and World Bank, staffers who would be asking him for his insights on the state and outlook of the Turkish economy. I thought the issues were fascinating—closely connected to our daily lives yet requiring sophisticated

frameworks to understand and form a view on. I therefore studied engineering first (in my time, you did so if you could) and then moved on to graduate studies in economics.

Was working at the IMF always in your plans?

Not necessarily the IMF, but I was very much interested in policy institutions. As I mentioned, I was curious about how economies end up at a given juncture, what the policies that can put them at a better place are, what the political economy constraints are to that. I also grew up through repeated economic and balance of payments crises in my own country and observed firsthand how these crises affected people's lives, as did a lack of development (comparing my father's country, Turkey, with my mother's country, Denmark). I also liked the idea of working on different countries and understanding the differences better. So the IMF was very attractive.

Tell us a bit about your research interests. You have published on various topics, ranging from public debt sustainability, sovereign risk, and corporate debt and inflation in emerging market economies to the costs of unpredictable aid flows in low-income countries. What inspired you to look into these questions?

My background. At graduate school I was drawn to working with Guillermo Calvo, who had done conceptual work on crises and open economy macro problems. My thesis topic was inflation and disinflation policies—having lived through chronically high inflation for years in Turkey. The sovereign risk and corporate debt topic was inspired by work I did for Chile as a RES [IMF Research Department] economist participating in an Article IV mission.

My most original empirical work was probably on [aid predictability](#)—a topic [my husband](#), also an economist, had to organize a conference on. He had a great idea about how to document the cost of unpredictable aid flows—a buzzword at

the time with very little analysis to it. He collected the data on projected versus actual macroeconomic variables, sifting through more than a hundred IMF staff reports, and I did the analysis, which showed that aid shortfalls induced cuts in investment that were never made up by aid excesses. [The Economist](#) dedicated an article to it shortly after we put it out.

While the Research Department has been your home base, you have also had considerable field experience—in particular, as the mission chief to Uruguay in 2013–14 and as an economist for the US and Canada desks. How has your research influenced your approach to identifying the critical issues facing these countries and developing policy recommendations?

Uruguay was one of the last few high-performing emerging markets that had relatively high inflation (at 8–9 percent: above target), so that was a natural fit for me. I did some background work on

A quiet moment with family



inflation on the US desk for projection purposes as well; I remember that I had found out that the Fed's most trusted Phillips curve had very similar coefficients to mine! And some work I did on the Islamic Republic of Iran on inflation as a young economist in the [Economist Program](#) (applying some techniques I learned in a course provided by the IMF's Institute for Capacity Development) was apparently on the reading list of an econometrics course at Oxford University—a research assistant I had worked with who then moved to do graduate studies there, Roxana Mihet, told me. So I guess I found a way of working on what I knew more about and was interested in the countries I worked on here.

YOUR CURRENT WORK

Tell us about what the Multilateral Surveillance Division does, especially how it plays an important role in an environment where global cooperation is most needed.

One of the Division's tasks is to support the Finance Track of the G20—which brings together finance ministers and central bank governors. You write reports that set out the issues that IMF staff think they should be working on jointly. In other words, you contribute to their agenda. Such cooperation is always needed, but it is especially vital during crises.

Another item is the analysis and coordination of Fund work on cross-border spillovers. This is right at the heart of the Fund's core mandate, and something that the institution is uniquely placed to do. In fact, at the G20 Framework Working Group meetings (which is a group of Finance Ministry and central bank staffers), we are always asked what the spillover effects of individual members' policies are.

Finally, we have started an [agenda on climate change](#), which is the international coordination problem par excellence. Our work shows how different

countries would be affected by adopting policies to reduce emissions to net zero, for instance, which we hope will provide input into discussions on how countries can cooperate and support each other in stopping catastrophic climate change.

What are the most challenging aspects? What are the most rewarding?

It's a truly busy division, and its agenda is constantly expanding in the crisis environment. But it is rewarding to be so close to the main topics of the day and have some influence on our messages. The most rewarding part is that it's a very collaborative and easygoing team, despite the very busy work environment. And there is a sense of collective learning.

How, overall, has the Fund contributed to the recovery from COVID-19? Can you give specific examples where you noticed that results from your (and colleagues') research convinced your

counterparts on a particular issue or influenced the agenda or approach to a problem?

In our field—especially multilateral surveillance—decisions are so complex and decision makers so diffuse that it is hard to see the immediate impacts. But the strong policy response of many countries to ease the burden of the COVID crisis on people did benefit from all the work the Fund did to support the idea. Desks and our economists did valuable work on tracking policy responses, which has been a very useful tool for the authorities in learning about what other countries are doing to address the crisis. Another example—the work my colleagues in RESMS [Multilateral Surveillance Division] did on [financial spillovers from major central bank actions](#) was cited often in the IMFC [International Monetary and Financial Committee] plenary and G7-G20 meetings at the [2021 Spring Meetings](#)—suggesting that we were able to provide a thought framework for the policy discussion.



Multilateral Surveillance Division get together after 15 months of working from home.



THE FUTURE

Needless to say, 2020 was an extraordinary year: not only did it upend lives around the world but it also posed a new challenge for many in the economics profession. Terminology like “nonpharmaceutical interventions” and SIR (susceptible-infectious-recovered) models embedded in macroeconomic models quickly became common in economics publications. How has your work adapted? Any lessons for remaining agile if we’re faced with another nontraditional shock?

It’s all about being curious, putting in the hours, and talking to people who know about the topic much more than you do. And being clear about your assumptions. Being very connected to the most pressing immediate policy issues, we do early work that we know is not the final word on the issue, but work that moves the discussion forward. That means that you have to be very clear about your assumptions.

The economists I worked with were indeed very agile and were not afraid to do early-stage work. Three of them produced some very nice work in the initial several weeks on the size of the most affected contact-intensive sectors in the G20 and looked at scenarios of how much national income would be lost—and the importance of tourism across the membership. One economist worked with an interdepartmental team to use SIR models to study macro policy questions during the pandemic. Another economist is now looking at how many lives can be saved globally with more equitable vaccine distribution.

Looking ahead, what are the key economic issues we need to do more work on? Are the existing tools enough to tackle them? Are there areas where going back to basics could still provide valuable insights?

I think inequality had already become the most pressing issue before the pandemic, and the problem has only deepened and become more visible. The crisis has revealed how people’s resilience to shocks varies greatly—many people have no financial buffers to deal with setbacks, and what could seem temporary losses get handed down across generations in the form of lost opportunities. I think distributional consequences, and in particular how lower-income groups are affected by policies and shocks, have to be an inseparable part of all macroeconomic and financial analysis. The basic representative agent tools and thinking are not adequate; it is good to see that macro analysis has shifted towards models that incorporate heterogeneity across agents. Also becoming more mainstream is micro data analysis to better understand the macro picture.

What are the key takeaways from your time working on the WEO and supporting the G20 for your new role as the mission chief to Germany?

As you know, a lot of attention gets devoted in the WEO process to make sure that the country forecasts are mutually consistent. The German economy is large and tightly connected through trade with many other economies, so forecasts for Germany’s GDP and external sector matter for the regional and global growth forecasts.

I have a good sense of how much interaction and communication between teams and departments it takes to achieve internal consistency, and the value that has for the quality of the global and individual country forecasts.

Working with the G20 Framework Working Group made me realize how interested country authorities are in learning from each other’s approaches to addressing economic problems, and how uniquely placed the Fund is to compile experiences and distill policy lessons for the benefit of all its members. A great example is the [COVID-19 Policy Tracker](#), initially developed in the Strategy and Policy Review Department by a team led by Vladimir Klyuev, and later extended by a team in RESMS. But the biggest contributors to these efforts are the country desk economists. Knowing the value such information has for our members will be a useful perspective to have when I join an area department team, I think.

Any advice for aspiring economists?

There are no set rules, and you have to chart your own course. Working on what you are most interested in and with people you can learn from is a great career strategy. Also, try to maintain a longer-term vision of who you want to be and what you want to contribute to. What exactly you do in a given year during your first several years and how quickly you reach a given milestone is not as important as it may seem.

Finally, be open to trying new things in the early years. The job you seem the least equipped for may have the most to offer in terms of what you can learn.