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Profile: Maurice Obstfeld, IMF chief economist

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New man: Maurice Obstfeld

Few writers would be capable of penning books on religion with both Richard Dawkins, the scientist and prominent atheist, and Pope Francis.

In the economics field, Maurice Obstfeld, who last month replaced Olivier Blanchard as the chief economist at the International Monetary Fund, has managed a comparable feat. The former Berkeley scholar has authored textbooks with Paul Krugman and Kenneth Rogoff, who hold opposite views on the vexed question of how quickly governments should seek to bring down sovereign debt levels in the aftermath of the Great Recession.

Such flexibility will serve Mr Obstfeld well as he takes the intellectual reins of the IMF at a crucial time for the global economy, which is still convalescing from the 2008 crisis.

The US Federal Reserve is expected to raise interest rates this year for the first time in a decade, a momentous decision which risks sparking capital flights from emerging economies as well as panic on the financial markets.

While the eurozone has finally stabilised after the sovereign debt crisis which threatened its existence, the eyes of the world are set on the turmoil in China, which is struggling to rebalance its economy away from investment and towards consumption.

"Turbulent times in the world economy are also times when the fund's expertise and advice are most urgently needed," says Mr Obstfeld. "So I feel lucky to be joining at such an important juncture."

Mr Obstfeld, who was a member of US President Barack Obama's Council of Economic Advisers, has a thorough understanding of global economic issues, having written more than 100 articles on topics such as exchange rates and capital markets.

The 63-year-old academic, who received his PhD from the Massachusetts Institute of Technology, is expected to focus on two broad topics in his initial few months at the fund.

The first relates to the role played by macro-financial linkages among countries, an area which had been ignored by most economists before the crisis but which is now seen as vital for our understanding of how market turmoil spreads.

The second is the importance of spillovers from advanced economies to emerging markets and vice versa — a theme which is extremely relevant given the Fed's anticipated interest rate rise.

"A key challenge for Mr Obstfeld will be to help devise new policy frameworks for emerging market economies that are buffeted by capital flow and currency volatility," says Eswar Prasad, professor of trade policy at Cornell University. "Textbook policy responses simply don't work well in a highly integrated world economy."

Another challenge will be to maintain the influence of his predecessor, who has shaped the fund's thinking in ways few thought were possible just a decade ago.

Mr Blanchard is widely credited for taking the IMF out of its comfort zone of promoting the so-called "Washington consensus", a set of views which advocated minimum intervention from governments and the nearly unfettered deregulation of financial flows.

Under his guidance, the fund dropped its almost complete opposition to capital controls and published evidence showing that austerity had been damaging to the world's economic recovery.

Many IMF-watchers believe Mr Obstfeld has what it takes to fill the big shoes of former fund chief economists. "Under Obstfeld's leadership, the IMF's research department will no doubt continue the rich tradition established by his predecessors of casting aside intellectual sacred cows, or at least taking them by the horns," says Mr Prasad.