

**Program in Economic Policy Management**

STPA



# Welcome from the Director



Welcome to the Program in Economic Policy Management (PEPM) at the Columbia University School of International and Public Affairs. PEPM brings together leading mid-career policymakers and private sector practitioners from around the world and exposes them to state-of-the-art techniques and ideas for a better understanding of modern economies. The program draws upon the many strengths of Columbia University, one of the foremost institutions of higher learning in the world, and its prime location in New York City, close to Wall Street, the United Nations, and leading foundations and civil society organizations. It also benefits from a long-standing partnership with the World Bank, which provides fellowship support for some students and opportunities to gain practical work experience through summer internships.

PEPM places special emphasis on policy issues that are relevant for developing and emerging market countries. We train students in the most up-to-date analytical methods and tools of various core disciplines, emphasizing those needed to confront today's ever more complex policy challenges.

PEPM also encourages faculty and students to share their diverse experiences and points of view, both through classroom discussions and informal conversations. In addition, the program sponsors frequent seminars, lectures, and workshops with outside experts who offer their specialized knowledge of various regions and spheres of economic policy. In this brave new globalized world, having country-specific knowledge and experience is still important, but gaining exposure to the trends and practices of other countries is equally, if not more, valuable.

After completing the PEPM program, graduates become part of a broad and growing network of policymakers and practitioners with similar training and motivation, namely, the community of PEPM alumni and professors. In today's dynamic global economy, being part of such a network is indispensable for achieving long-term professional success.

Guillermo A. Calvo

Director and Professor of Economics, International and Public Affairs

# Program in Economic Policy Management (PEPM)

The objective of the Program in Economic Policy Management (PEPM) is to provide professionals and policymakers of demonstrated achievement and superior promise with the skills required for understanding issues involved in the design and implementation of economic policy in market economies, with a strong emphasis on the economic problems of developing and transition economies in a globalized context. The program is relatively brief, fourteen months in total, and highly focused to accommodate the demands of midcareer professionals and policymakers in both the public and private sectors. The course of study is designed to apply the theoretical rigor of the social sciences to the practical lessons of economics and management science through the intensive study of actual economic policy successes and failures. The demanding curriculum presupposes that students possess some measure of intellectual maturity and professional exposure to the problems of economic decision-making. The course work is reinforced with a summer internship that is an integral part of the program.

The program, which started in 1992 as a cooperative effort of Columbia's School of International and Public Affairs (SIPA) and Department of Economics, draws upon the global reach of the faculty and the resources of Columbia University and New York City. In 2005 PEPM introduced a highly successful energy concentration (IEPM), run in cooperation with the Center for Energy, Marine Transportation and Public Policy at SIPA. Since its conception, the program has operated as a partnership with the World Bank. Each year, funding for selected students is granted by the Joint Japan/World Bank Graduate Scholarship Program. All students who successfully complete the requirements of the Program in Economic Policy Management will be awarded the degree of Master of Public Administration (MPA) from the School.

## The Academic Year Curriculum

The core of the PEPM program consists of four two-semester course sequences in Macroeconomic Policy Management, Microeconomic Policy Management, Management Skills for Policymakers, and Development Policy, as well as one-semester courses in Econometric Techniques for Policy Managers and Perspectives on the World Economy. Each course has a practical and applied orientation and relies heavily on real-world examples and case studies.

## Macroeconomic Policy Management

This sequence trains students in macroeconomic theory at the intermediate/advanced level. It covers three major areas:

### Topics in International Money

Analyzes balance-of-payments accounting and macroeconomic identities in the open economy and the monetary approach to exchange rate determination. Examines fiscal and monetary policies under floating and fixed exchange rates and the mechanics and overall strategy of monetary policy. Applies the tools developed to specific issues such as balance-of-payments crises and the collapse of fixed exchange rate arrangements, with special attention paid to issues relevant to developing countries.

### Macroeconomic Policy for Internal and External Balance

Explores the policy determinants of the level and composition of domestic spending under

fixed and flexible exchange rates and the links between money, inflation, and the budget. Topics discussed include the sensitivity of the public-sector budget to external and domestic macroeconomic variables; the economic consequences of devaluation, along with the causes and consequences of capital flows; determinants of public and private saving; and optimal foreign borrowing.

### Money, Banking, and Financial Markets

Examines the effects of inflation under a variety of institutional arrangements, emphasizing the connection between inflation and fiscal deficits. Uses case studies to analyze stabilization in conditions of very high or moderately high inflation with indexation and nominal contracts. Considers the operation of internal financial markets and financial development, with an analysis of the economic role of capital markets, financial repression, and liberalization. Studies banking reform, banking crises, and alternative strategies in banking regulation.

### Microeconomic Policy Management

This sequence trains students in microeconomics at the intermediate/advanced level, with a focus on the practical problem-solving skills required for effective management. It covers five major areas:

### International Trade Policy in Developing Economies

Analyzes the effect of trade on income and income-distribution; trade policy instruments; the effect of market imperfections on inter-

national trade; the relationship between international trade and industrial structure, including a discussion of strategic trade policies; the reform of trade policy.

### Making Budgetary Decisions

Topics covered include tax policy, public goods, the role of infrastructure, and rationale for government investment; opportunity cost and the value of time. Includes an extensive discussion of project evaluation and cost-benefit analysis.

### Population, Labor Force, and the Environment

Explores the use of demographic projections as a planning tool and the effects of population growth and structure on economic development; links between income inequality and economic development; rural-urban migration; unemployment, underemployment, and poverty in developing economies; the role of education and human capital in development; public health as an economic issue.

### Industrial Development, Markets, and Regulatory Decisions

Topics covered include the industrialization experience of developing countries; experiences with public enterprises and privatization programs in developing and transition economies; government regulation of industry; and the significance of externalities, environmental policy, and sustainable development.



### Games and Strategic Interactions

The “theory of games” and application to real-world problems, including the interaction of small numbers of competing firms in markets; the optimal design of auctions; the structure of work incentives in the absence of direct monitoring; the form of insurance contracts in the presence of “moral hazard” and “adverse selection”; the design of taxation and regulation when the government has imperfect information.

### Management Skills for Policymakers

This sequence provides students with basic skills and tools for the effective management of public sector organizations and the efficient implementation of economic policy.

### Accounting and Finance

Covers basic concepts of accounting and financial management used in decision-making. Introduces accounting systems as information systems and decision tools. Selected applications include business accounting, public enterprise accounting, social sector accounting, and macroeconomic accounting. Students are given a brief introduction to financial instruments, financial markets, and the rudiments of bond pricing.

### Public Management

Presents the basic concepts and techniques of public management: how to advance policy in a bureaucracy; how to structure organizations for optimum productivity; how to master budg-

etary and financial processes; how to communicate and be persuasive; how to develop and use effective management information systems; how to manage human resources effectively.

### Development Policy

This sequence examines the theory of and evidence on economic development as well as a number of contemporary issues.

### Development Economics

Describes the history and current situation of the level and distribution of global income. Analyzes the theory of economic growth and the empirical evidence on the factors influencing growth, including physical and human capital accumulation, technical change, and population growth. Explores the effects of trade, foreign direct investment, natural resources, geography, and public sector institutions on growth and distribution of income. Examines how financial development and exchange rate regimes affect the prospects for economic growth.

### The Political Economy of Development

Explores the interaction between economic and political forces in shaping development outcomes, particularly, how political interests, agents, and institutions influence economic policy choices. Studies the choice of development strategies and their political underpinnings. Examines why seemingly inefficient economic institutions and policies often survive, and under what conditions structural

reform typically occurs. Analyzes the concept of governance in theory and practice, focusing on topics that have dominated contemporary debates, such as corruption, managing ethnic divisions, legal systems, and property rights. Considers how states may attempt to cope with the challenges presented by globalization, especially how they can best manage their relationships with external actors.

### Econometric Techniques for Policy Managers

Trains students in applied statistical methods and analyzes how policy managers can assess the validity of technical studies in economics. Econometric techniques discussed include both time series and cross-sectional analysis, such as linear and multiple regression, specification tests, forecasting, limited dependent variable models, and logistic regression. Students carry out their own data analysis in completing group projects.

### Perspectives on the World Economy

Provides a broad overview of the “big issues” by exploring current thinking on various aspects of the world economy, including the evolution and prospects of the world trading system, the development of the world monetary system and contemporary debates surrounding its operation, and economic development; examines the links between international trade, human capital, and economic growth and between foreign investment and technology transfer.

### Electives

Students may choose two elective courses from a set of selected regular course offerings throughout the University.

The following list provides examples of currently offered courses that have been of interest to students in the Program in Economic Policy Management:

- Economic Development of Latin America
- Emerging Markets Finance
- Financial Issues in Latin America
- Investment Strategies in Developing Countries
- International Trade Law
- Cost-Benefit Analysis
- International Banking
- International Capital Markets
- Economics of Energy
- Energy Policy
- Economics of the Environment
- Environmental Policy, Politics, and Management
- Nonprofit Management and Finance

### PEPM-IEMP (Focus in International Energy Management and Policy)

The PEPM-IEMP program, planned and administered in cooperation with the Center for Energy, Marine Transportation and Public Policy (CEMTPP) at SIPA, is ideal for indi-

viduals from energy ministries, national oil companies, marine transportation organizations, energy-producing firms, and others from around the world who would prefer an intensive master's degree program with a practical focus on the forces that shape energy sector decision-making.

Through PEPM-IEMP, students will obtain a thorough understanding of the fundamentals of the energy and related marine transportation fields, including the structure and operation of international energy systems as well as the business organizations, markets, and governance structures involved in producing, transporting, and marketing energy products.

For more information and PEPM-IEMP curriculum, visit [www.sipa.columbia.edu/pepm](http://www.sipa.columbia.edu/pepm).

### Internships

The students' classroom training is complemented with an internship, lasting approximately three months, June through August. It is preferably done with an economic policy organization, but private sector firms are also an acceptable option. As their last graduation requirement, students are required to write a report on their internship experience for review by a Columbia faculty adviser. The following list provides examples of organizations that recently hosted PEPM interns:

- World Bank\*
- International Monetary Fund (IMF)
- International Finance Corporation (IFC)
- Inter-American Development Bank
- United Nations
- UNICEF
- UNCTAD
- Morgan Stanley
- Daiwa Securities America
- Jefferies & Co.
- Bear Stearns & Co.

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\*Joint Japan/World Bank scholars will not be eligible for employment with the World Bank or IMF for a period of three years after completion of the program.

### Association with the World Bank

The Joint Japan/World Bank Graduate Scholarship Program (JJ/WBGSP) will contribute to the program in several ways. It currently provides support for twelve students enrolled in the program; offers guest lecturers in courses and symposia; provides internship opportunities for students; and contributes to program development and review. For scholarship eligibility criteria, please visit [www.sipa.columbia.edu/pepm](http://www.sipa.columbia.edu/pepm).

## PEPM Careers

PEPM graduates are uniquely prepared to meet the challenges of economic policymaking and management in today's complex economic environment.

Many return to their home countries and undertake leadership positions in government and finance, while others seek employment in the private sector, NGOs, or international organizations. Recent employers include:

- AIG (American Insurance Group), New York
- Goldman Sachs, Hong Kong
- Credit Suisse, Singapore
- Standard and Poor's, Buenos Aires
- Inter-American Development Bank, Washington, D.C.
- Government of India
- Government of Pakistan
- Deloitte Financial Advisory Services, Washington, D.C.
- African Development Bank, Tunis
- Jefferies & Co., New York
- Ministry of Finance of the People's Republic of China
- Ministry of Finance of Vietnam
- Central Bank of Lesotho
- State Planning Commission of the People's Republic of China
- The World Bank
- International Monetary Fund
- International Finance Corporation
- Bank of Japan
- Bank of Indonesia
- Central Bank of Iran
- Royal Monetary Authority of Bhutan
- General Secretariat, UN, New York

# Applying to the Program

Admission to the Program in Economic Policy Management is competitive, based on academic excellence and superior professional qualifications. The size of the entering class is limited to ensure that participants receive the individual attention that this intensive program demands. For admission, applicants must satisfy the following criteria:

- Hold an undergraduate degree with a record of superior academic accomplishment, and preferably with strong economics content.
- Demonstrate proficiency in the English language adequate for study at the master's level. The Test of English as a Foreign Language (TOEFL) exam is the best evidence of proficiency. If TOEFL scores cannot be presented, applicants should present any available evidence of English-language skills.
- Demonstrate verbal and quantitative aptitude by taking the Graduate Record Examination (GRE) or by providing comparable evidence of their aptitude. Such evidence could include satisfactory performance in economics and mathematics courses at the university level.
- Have had a meaningful professional exposure to economic policymaking, preferably in a public agency or nongovernmental organization.
- Demonstrate an intention to pursue a career in economic policy management.

Applicants with less than two years of relevant work experience may not be considered for admission to the program. Significant experience of at least four or five years is preferred.

For admissions information, visit [www.sipa.columbia.edu/admissions](http://www.sipa.columbia.edu/admissions).

For information about SIPA's other degree programs, visit [www.sipa.columbia.edu](http://www.sipa.columbia.edu).

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