

# **Life at an IFI: Understanding, Designing and Debating Macroeconomic Policy**

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## **Good Policy Writing**

### ***Clarify the purpose of the memo***

**An effective memo should begin by stating its purpose.** For example, the first sentence could begin "the purpose of this memo is to..." Or "In response to your request, this memo provides recommendations on..." Some memos are for information only, while others are aimed at eliciting a decision or action. If the latter, the possible choices and recommended decisions/actions should be explicit and easy to understand.

### ***Write for your audience.***

**You will need to tailor the length, detail, and style depending on your primary audience.** For example, a memo to the Managing Director of the IMF would typically be one or two pages, with a little technical detail. She or he will typically receive a number of papers and memos each day and would not spend more than a few minutes on each. Moreover, she or he would already understand well the issues and the broader context. On the other hand, a memo that is meant to be distributed more widely within the institution and is aimed at convincing others of your point of view would likely be heavier on detailed analytical backing and possibly longer.

**A paper that is aimed at multiple audiences can be tricky to write.** For example, IMF staff reports and policy papers are written, first, for the Executive Board and their bosses back in their capitals. However, in the last 15 or so years, almost all such papers are published on line, and the external audience has become perhaps the most important reader. The existence of multiple audiences has meant that staff has had to balance the role of a country's "trusted advisor," for which discretion is key, with that of providing more transparent and direct analysis and evaluation for the rest of the world.

**An article, paper or speech that is aimed at the general public would likely need to be written quite differently.** Care should be taken to use "plain English" and avoid jargon. More time would probably be needed to motivate why the question is an interesting one and "real world" examples or applications would be more important.

### ***Be persuasive***

**Any policy writing should be aimed at convincing the reader of something.** Simply presenting a set of facts will typically be of limited interest. Before starting to write your piece, it can be helpful to ask yourself: what questions am I trying to answer here? The reader of your memo or paper should, by the time they finish reading, feel that they have an answer to those questions.

**Having a point of view does not imply that you ignore or downplay counter-arguments.** All relevant considerations should be weighed, and your view should emerge from the process. Counter-arguments should be anticipated and dealt with.

***Be clear***

**While policy analysis can be complex and conclusions nuanced, care should be taken to present views in as clear a manner as possible.** Two readers of your analysis should, when finished reading, have the same understanding of your views.

***Be concise***

**Never use more words than necessary.** Flowery language has its place, but a policy memo is not it.

***Guide your reader***

**It is important to tell your readers up front what your conclusions and key arguments are, and then guide them through the analysis that got you there.** A memo is not a mystery novel or a joke--don't wait until the end to tell you reader "whodunnit" or to provide the "punchline." This approach ensures that even readers that only skim your memo or do not finish reading it will still get the key message. It also provides a context for the reader to consider your more detailed evidence.

***Try the "topic sentence" approach***

**A potentially useful approach to drafting a policy paper would be to begin with topic sentences for each paragraph.** Once complete, these topic sentences should, on their own, lay out your argument in a clear and comprehensive manner. You can then go back and draft each full paragraph in a manner that supports the conclusion embodied in the topic sentence. ( We will see examples of this in the class.)

***End with a concluding paragraph that summarizes key findings***

Do not end your memo abruptly with a final piece of evidence or argumentation. Instead, summarize briefly your views and recommendations and, where relevant, highlight next steps.

***Make use of charts and tables, where helpful***

**Judicious use of charts and tables can help strengthen your arguments.** Such materials should be easily understood--visual presentations that need long explanations in words rarely add much to your analysis. Seeking to incorporate too much information into a single chart, for example, often makes the point of the chart difficult for the reader to comprehend.

## Assignment 1. Student Debates

**Classes 7 and 8 will be taken up by student debates**—the first on the IMF's role in the 1997-98 Asian crisis and the second on its participation in the financial program with Greece during 2010-15. For each debate, students will be assigned to one of two sides of the debate and asked to prepare arguments in support of their side. The specific issues to be debated are as follows:

**1. Asia crisis debate:** The IMF played a generally constructive role in minimizing the economic costs of the Asian crisis. Agree or disagree.

**2. Greece debate:** The IMF should/should not have participated in the financial program for Greece, as designed by them, the EU and the ECB. Agree or disagree.

Each of these brand issues can be approached in a number of ways, and there are many significant specific issues within each. It is up to each team how they want to approach their presentation.

The set up for each debate will be as follows:

- **Opening statements:** About 15 minutes per team. Each team presents their main arguments. You may use whatever tools you think are helpful, including handouts, PowerPoint or Keynote, but these are not required.
- **Question and response:** About 15 minutes per team. Each team will have an opportunity to ask 2-3 questions of the other side, which will then respond.
- **Guided discussion.** Remaining time. We will have a broader discussion of the issues, including myself and the rest of the class.

The course reading list has a number of sources for each team. In addition, I will cover the context and background for each debate in Class 6. However, you need not limit yourself to these sources of information.

Students will be graded on the clarity and persuasiveness of their arguments and their ability to respond to questions.

## **Assignment 2. Policy Memo**

**Each student will prepare a 2-3 page policy memo.** Imagine that you are writing this memo for the Managing Director of the IMF. You can assume that others within the Fund will be reading the memo, but it will not be published externally. You may include charts or tables if helpful, but this should be done within the overall limit on length.

**The following are potential subjects for your memo**, with some suggestions for potential reference sources:

### **1. China: What Are the Risks of a Hard Landing?**

See recent IMF Staff Reports and Working Papers on China (see [imf.org](http://imf.org)), research by the World Bank, papers by David Dollar and Nicholas Lardy, many pieces on China in the Economist or Financial Times (FT).

### **2. Emerging market debt: how worried should we be?**

See recent papers in the IMF's Global Financial Stability Report (GFSR), World Economic Outlook (WEO), and Asia and Pacific Regional Economic Outlook (REO). Also see research by World Bank, and Asian Development Bank, among others.

### **3. Japan: Is Abenomics Working?**

See recent IMF Staff Reports and Working Papers from the IMF, research from the Bank of Japan and many academics, as well as articles in FT and Economist.

### **4. US: Should the Federal Reserve begin to raise interest rates?**

See IMF WEO and GFSR, IMF Staff Reports on the US, research by the Federal Reserve, and many academics, plus the FT and Economist.

### **5. Should the US embark on a major infrastructure expansion?**

See IMF WEO (2014) and articles by Summers, and others, on this topic and fiscal multipliers more generally.

You do not need to limit yourself to the reference sources listed above; these are simply meant as potentially useful starting points. You may also write a memo on a subject of your choosing, but you will need to have that subject approved in advance.

Students will be graded based on how well they follow the guidelines for good writing policy (above), in particular on how clear and persuasive their memos are.

### **Assignment 3. Practice Interview**

On the last day of class, we will have one-on-one practice interviews. These are meant to simulate a typical interview at the IMF for entrance into its Economist Program (EP) for recent graduates of masters or PHD programs in economics or related fields. These interviews will be 15-20 minutes, about half the length of an actual interview.

A few things to keep in mind when preparing for this interview:

- The interview will typically be centered on 3-4 questions, aimed at testing your knowledge of macroeconomic concepts and linkages.
- The questions will generally cover four major macroeconomic policy areas: fiscal policy, monetary and exchange rate policy, financial policies and structural policies.
- Interviewers will often make use of ongoing events or debates in international economics to shape their questions. For example, an interview taking place now might include questions on risks to emerging market economies, developments in China, or the effectiveness of quantitative easing in advanced economies. So, while it is not really possible to guess what questions might be asked, it would nevertheless be useful to understand the major global economic issues being debated at the time.
- In general, questions such questions do not have a single “right” answer. Instead, the interview panel will be interested in hearing how you think through issues, and whether you understand linkages between policies and across countries. This means that your answers should spell out your thinking regarding such linkages and should not assume they will be obvious to the panel. Similarly, your answers may rest on certain assumptions and, if they do, it is useful to make those explicit.
- If you are unsure about what the question is, you should try to seek clarity before answering

Students will be graded on how well they demonstrate their understanding of the issues, in particular the links between sectors and policies, how persuasive they are, and how successful they are in explaining their thought process.