

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 will typically receive many papers and memos each day and would not spend more than a few minutes on each. Moreover, she would already understand well the general 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 colleagues back in their capitols. However, in the last 15 or so years, almost all such papers are published on line, and the external audience has become perhaps the more 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. More 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

Policy writing should be aimed at convincing the reader of something. Simply presenting a set of facts will be of limited interest. Before starting to write your piece, it can be helpful to ask yourself: what question(s) 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 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 useful to tell your readers up front what your conclusions 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 useful approach to drafting a policy paper is 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 strengthen your arguments. Such materials should be easily understood--visual presentations that need long explanations rarely add much to your analysis. Trying to incorporate too much information in a single chart, for example, often makes the point of the chart difficult for the reader to comprehend.

Assignment 1. Student Presentations

Classes 7 and 8 will be taken up by student presentations. These presentations should be 20-30 minutes in length, with an additional 5-10 minutes for questions and comments from the professor and class. Feel free to use PowerPoint, Keynote or other presentation tools, but these are not required.

The topic of the presentation is up to you, although it should draw from the course material. The same topic should serve as the basis for your presentation and your policy note—the presentation can serve as a mechanism for receiving feedback that can be incorporated into your note. You will find a list of suggested topics in the description of the policy note assignment, below.

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 suggestions for 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), 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. Advanced economy monetary policy: has it reached its limits?

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

5. Should the US/EU/Japan embark on a major infrastructure expansion?

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

6. Brexit—likely impact on (choose one): UK, Euro area, China, Japan, global economy.

There have been a number of quick analyses of the potential impact of Brexit on specific countries and the global economy, but thus far little in the way of serious research. One can look at newspaper reports (especially the FT), various central bank websites as well as the IMF and World Bank and private sector reports.

7. IMF reforms—what is need to make the Fund a more effective institution.

There have been a number of academic analyses of the Fund's role in the global economy and what changes are needed to improve its effectiveness and/or fairness. (I can provide some specific recommendations.) The Fund itself has several papers focused on quota reform and its Internal Evaluation Office (IEO) has looked at a range of issues around reforms. The G20 has also over time made recommendations.

8. The Greece crisis--What could have been done differently? What should be done now?

You can start with a series of IMF papers beginning from the initial program staff report in 2010 and continuing with subsequent program reviews and debt sustainability analyses (DSAs). There are also a number of academic and other papers that provided critiques of the Role of the IMF and EU in Greece.

You do not need to limit yourself to the reference sources listed above; these are simply meant as potentially useful starting points. I am happy to discuss further with you once you have. Topic in mind. You may also write a memo on a subject of your choosing, but should 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.