BACK-TO-OFFICE PRESENTATION

ONE-YEAR PUBLIC POLICY PROGRAMME (MP1) AT GRIPS, TOKYO, JAPAN

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GRIPS Silver Jubilee
1997-2022
looking back, looking forward

Introduction

- The National Graduate Institute for Policy Studies (*政策研究大学院大学, Seisaku Kenky Daigakuin Daigaku*), also known as GRIPS, is a prestigious research graduate school in Roppongi, Tokyo, Japan.
- It is a national university that is funded by the Japanese government and stand-alone graduate school with an attached research centre and a global reach.
- In August 2020, IDEAS ranked GRIPS to be the second highest-ranking Economics and Finance institute in Japan, after the University of Tokyo.
- The National Graduate Institute for Policy Studies (GRIPS) aims to contribute to the development and sophistication of democratic governance in Japan and the world through research and education related to policy and policy innovation.
- GRIPS offers only master's degree and doctoral courses in Public Policy, Science and Technology Innovation Policy Program, Strategic research program and Global Leadership Development Program (GLD) now the Global Governance Programme(G-Cube).

Programme Overview

- The one-year master's programme in Public Policy (MP1) program primarily targets mid-career public officials with excellent academic and work credentials.
- The curriculum of the One-Year Public Policy Program (MP1) consists of core subjects, policy-specialized subjects, and elective subjects, and students are expected to acquire basic analytical skills across multiple areas in the core subjects.
- There are four concentration areas within the program (economic policy, international development studies, international relations, and public policy) to acquire more specialized knowledge.
- My concentration area was International Development Studies (IDS). The IDS concentration aims to foster technical skills for solving development problems using economics as the basic tool. The curriculum covered a wide range of topics in development (e.g., micro and macroeconomics, econometrics, development economics, policy analysis, trade and industry, environment, market and government, and science and technology) and is especially designed for researchers and policy makers interested in development issues.
- One is expected to earn 30 credits, 6 core credits, and write a policy paper (thesis) to meet the requirements to graduate from the course

Programme Overview-Courses offered

- **Mandatory or core courses**
  - ***Introduction to Public Policy Studies***
  - ***The World and the SDGs***
  - ***Policy Debate Seminar I &II***
  - ***Tutorial***
  - ***Basic Japanese***
  - ***Thesis and Policy Paper Writing***

- **Selected courses**
  - ***Microeconomics I & II***
  - ***Macroeconomics I & 11***
  - ***Introduction to Applied Econometrics***
  - ***Science, Technology, and Innovation Policy (STI)***
  - ***Trade and Industrial Development***
  - ***Development Economics***
  - ***Cost Benefit Analysis I***
  - ***Policy, Design and Implementation***
  - ***Monetary and Fiscal Policy***
  - ***Modernization of the Financial Sector***
  - ***Fiscal Policy in Japan***
  - ***International Development Policy***
  - ***Comparative Political Economy***

Objectives of the programme

- The program aims to develop human resources with advanced policy-making and analytical skills that can meet the diverse needs of students and meet the policy challenges faced by developing countries.
- The purpose of the program is to foster students' policy-making abilities and improve their analytical abilities through comparative research between their own country and Japan through an understanding of policy research that takes into account Japan's experience.
- The purpose of the course is to contribute to policy research in each student's own country and to expand the international and intellectual network of government officials in Japan and other countries through research and analysis using policy development in Japan as an example.
- The programme fosters building an international network among students.

Policy Paper-Thesis

- **Title:** ASSESSING THE IMPACT OF PUBLIC DEBT ON ECONOMIC GROWTH IN LOWER-MIDDLE-INCOME COUNTRIES
- **Research gap:** Most literature on the topic is based on examining the relationship between **public debt** and **economic growth** in **advanced countries and emerging economies**. However, there is significant potential to investigate the **public debt-economic growth** relationship in **lower-income economies**, where existing research is relatively limited.
- **Research Question:** What is the impact of public debt on economic growth in lower-middle-income countries?

Policy Paper

➢**Variables**

- GDP growth, GDP per capita growth
- Investment (Public)
- Central government debt (Gross)
- Central government debt– as a share of GDP
- Log of population
- Foreign Direct Investment (FDI)
- 48 Lower-Middle-Income Countries

- Sources: IMF, World Bank, World Development Indicators

Methodology

- Multiple linear regression (similar to Cecchetti et al. (2011), controlling for country specific factors

Regression Model

$$g_{i,t} = \beta_0 + \beta_1 \left(\frac{Debt}{GDP}\right)_{i,t} + \beta_2 FDI_{i,t} + \beta_3 \ln population_{i,t} + \varepsilon_{i,t}$$

Fixed effects regression

$$g_{i,t} = \beta_0 + \beta_1 \left(\frac{Debt}{GDP}\right)_{i,t} + \beta_2 FDI_{i,t} + \beta_3 \left(\frac{Investment}{GDP}\right)_{i,t} + \gamma_i + \varepsilon_{i,t}$$

Methodology

SSA dummy

$$g_{i,t} = \beta_0 + \beta_1 \left(\frac{Debt}{GDP}\right)_{i,t} + \beta_2 FDI_{i,t} + \beta_3 \left(\frac{Investment}{GDP}\right)_{i,t} + \beta_4\, SSA\ dummy + \gamma_i + \varepsilon_{i,t}$$

Threshold if debt ≤ 90%

$$g_{i,t} = \beta_0 + \beta_1 \left(\frac{Debt}{GDP}\right)_{i,t} + \beta_2 FDI_{i,t} + \beta_3 \left(\frac{Investment}{GDP}\right)_{i,t} + \gamma_i + \varepsilon_{i,t}\ ,\ if\ debt \leq 90\%$$

Results

$g_{i,t}$	(1)	(2)	(3) SSA only	(4) If debt ≤ 90%
$Debt_{i,t}$	-0.0033 (0.0039)	-0.01346 ** (0.0059)	-0.01051 (0.0254)	-0.0159 (0.0086)
$FDI_{i,t}$	0.00047*** (0.00006)	0. .00053*** (0.00011)	0.00811 (0.00068)	0.00104 (0.0003)
$POP_{i,t}$	0.0016** (0.00066)		-0.0245 (0.02729)	-0.00635 (0.0091)
$INV_{i,t}$		4.4994 *** (0.3299)	0.1592 (0.0439)	-2.6107 (1.5306)
N	957	937	293	861
R^2	0.0603	0.1006	0.0679	0.0198
Fixed $effects_i$	No	Yes	Yes	Yes

Note: Column (1) indicates the effects of Public debt on growth. Column (2) indicates the effects of public debt on growth using country effects (Hausman test).

Results

- The baseline regression finds a negative relationship between debt and GDP growth in the selected but not statistically significant.
- The fixed effects regression finds a more statistically significant effect between debt and GDP.
- R-squared is low because there may be other factors affecting GDP growth for which data is not available
- When the outcome variable is changed to GDP per capita growth, we lose significance. This could be because of fewer observations and also due to other omitted factors affecting per capita growth.

Results

- Using Sub-Saharan African countries as a dummy variable, the regression analysis showed that public debt negatively affected economic growth however indicated a positive correlation with public investment but was not statistically significant.
- A threshold was set after regressing with several estimates and concluded that when public debt is at a threshold of 90 per cent for Sub-Saharan African countries, it negatively impacts economic growth but when set below 60 per cent there is a positive correlation.
- The threshold analysis showed no significant correlation for other lower-middle-income countries even though its impact was negative.

Observations and Recommendations

- Generally, from this study high public debt negatively affects economic growth in lower-middle-income countries.
- When debt is used for public investment it enhances economic growth while keeping the debt-to-GDP low since these investments are able to bring in revenue for repayments of the debt.
- Sub-Saharan African countries should desist from using public debt for consumption and budget support activities but rather channel it into investments that would yield returns and enhance economic growth in the long-run.
- Public debt could be useful when it is a minimum level to avoid the possibility of ‘’debt overhang’’ where countries are not able to repay back loans and other obligations back to creditors when it is due.

Extra Curricular Activities

Visit to the Bank of Japan

Visit to Panasonic Center Tokyo

Expected Output

- Students are equipped to be future managers and leaders with the basic skills and knowledge needed for policy analysis and management in their countries.
- The students are also expected to be innovative policy analysts who possess not only a high level of technical knowledge but also an awareness of the social responsibilities attendant upon their positions.
- The Science Technology and Innovation (STI) course under programme aims to cultivate human resources who can apply a scientific approach in the planning, drafting, execution, evaluation and revision of STI policy and strategy.
- The course intends to equip the public officials and practitioners with skills for STI policy analysis and planning needed in developing countries.

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THANK YOU

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