The Scientific Council of the School has validated a proposal from Paris 1 for a non-specialized, selective masters program (ETE). To attain the criteria of academic and pedagogic excellence imposed by the council, we were led to reinforce our training program--more teaching hours required for students--and to broaden its scope by opening up a large number of possible specializations.

The academic staff of ETE is drawn from the Centre d’Economie de la Sorbonne (CES), which is the joint University Paris 1 and CNRS research unit located at the Maison des Sciences Economiques (MSE), boulevard de l’Hopital, 75013 Paris. The CES brings together about 50 researchers, most of them teaching at least one course in the ETE masters program.

The creation of the ETE masters led us to restructure the supply of masters programs at Paris 1 so as to make it more simple and understandable, and to bring it closer to international standards. Most second year courses are open to foreign students and taught in English if necessary. The first year is taught in French. However, foreign students are redirected to the new Erasmus Mundus masters (Quantitative Economic Methods, QEM) that was recently created by Bernard Cornet with Bielefeld and Autonoma (Barcelona) as partners.

In the first year of operation of ETE, 2006-2007, we were not able to completely reorganize the masters programs of Paris 1 as we wanted. We took the existing masters and selected a fraction of the students of these masters to whom we offered the possibility of receiving a diploma supplement from the PSE. In exchange, they were required to take and validate 15 courses instead of the regular 10. This approach was quickly found to be inadequate. PSE students were taking classes side by side with regular students. Many PSE students eventually questioned the return to the additional 5 courses and dropped out. The program had multiple directors, one for each “approved” program, coexisting with the management of ETE. We therefore lobbied the head of the Economics Department at Paris 1 to accept a more consequential reform of the masters programs. This approach was risky since masters programs are only evaluated, and possibly reorganized, once every four years, and there are two years remaining before the next round. The PSE was the key argument in our negotiation with the Economics Department and other administrative bodies in the university (CEVU).

Convincing our colleagues and the management of the university that the creation of PSE was a good reason to reform masters programs before the end of the 4-year term has been challenging. Reducing the number of programs offered also required hours of discussions and negotiations. The transformation is not yet complete--there are still too many courses being taught--but we believe that substantial progress has been made.

The new masters program that has been put into place this academic year, 2007-2008, is operating without a distinct authorization from the Ministry, and thus the students will receive the former diplomas. We have prepared a “request for authorization” (demande d’habilitation) which will be sent to the Ministry by the end of November. Hopefully, the student protests against the government’s proposed reforms of higher education (the “loi LRU”) will not stop the University administration from transferring our project to the Ministry.

General presentation

The ETE masters selects about 60 students and proposes high-level courses in econometrics, microeconomics, macroeconomics and international economics. The first year coursework corresponds to the second year of the Magistère d’Economie program at the University Paris 1. The second year admits first year students, but also benefits from enhanced cooperation with the Ecole
Nationale de la Statistique et de l’Administration Economique (ENSAE) and with the Ecole Normale Supérieure de Cachan (ENSC). The level of the 65 students present this academic year (2007-2008) in the second year of the ETE masters is very high.

The main objectives of the training program are as follows:

- Provide a deep understanding of the methods of macroeconomic and microeconomic theory,
- Provide a deep understanding of econometric methods, both theoretical and practical
- Provide a deep understanding of the following applications of economic theory: design and evaluation of economic policies, international economics and trade, labour and population economics, industrial organization, decision under uncertainty.
- Provide this training within a demanding scientific environment,
- Develop research ability by requiring the writing of research papers.

We expect that a significant fraction of the students will continue in the Ph.D. program (maybe 15 students) while the rest will go to directly the job market. Over the past 20 years, students of our Magistère program have found employment in the following sectors:

- Economic studies (particularly in banks, finance and insurance),
- Audit and consulting,
- International organisations and administrations,
- And, to a lesser extent, in industry, computer services, communications and marketing.

The masters program

First year (M1) (director: Katheline Schubert)

The first year imposes a heavy course load on students, far beyond usual standards in French universities: 12 courses of 39 hours each = 468 hours + 9 tutorials of 18 hours each = 162 hours. The M1 year features a set of 8 compulsory fundamental courses (linear econometrics, choice of time series or microeconometrics, microeconomic theory, industrial organisation, macroeconomics (essentially short run), monetary policy, trade and multinational firms), plus 3 optional courses out of a list of a dozen of courses proposed by other master programs of Paris 1. There is also a required English course and M1 students have to write a first-year thesis.

Second year (M2) (director: Jean-Olivier Hairault, deputy directors: Jean-Marc Tallon and Philippe Martin)

The second year program was created from the combination of 6 pre-existing specialities for masters programs. After the implementation of the Bachelor-Master-PhD reform (two years ago), all of the previously existing MPhil programs (Diplome d’Etudes Approfondies—DEA) were converted to masters programs. Given the size of the Economics Department at Paris 1 (about 60-70 assistant professors, 30-40 associate and full professors and 20-30 CNRS researchers), substantial segmentation had developed that was an obstacle to beneficial cross-fertilisation of competencies.

The following masters programs have now been integrated into ETE: industrial organization, decision theory, labour economics, macroeconomics, international economics and econometrics. Each of these specialties now provides different courses for a single program, replacing a multitude of distinct programs each with its own (sometimes redundant) courses. Because French universities are slow to accept reforms, the ETE masters’ M2 courses are comprised of more or less all of the 65 courses that were previously offered. We were able to rationalize some courses by 1) defining 11 fields into which all courses are allocated, 2) creating one fundamental course of 36 hours by field, 3) allowing for 3 or 4 advanced courses of 18h in each field. Students are required to choose 4 fundamental courses and 6 advanced courses in the M2 year. The idea is that, at the end of the year, those advanced courses with too few students that are not thought necessary will be cancelled; those with few students that we want to keep will be transformed into advanced courses in the first year of the PhD program.
Fundamental courses are worth 6.5 ECTS, advanced courses 3 ECTS and the master thesis counts for 12 ECTS.

The 11 fields are as follows:

**Microeconomics:**
- Empirical microeconometrics
- Decision, behavioural and information economics
- Family, labour and population microeconomics
- Industrial organization, markets and public policy
- Theory

**Macroeconomics:**
- Fluctuations and stabilisation policies
- Growth and long-run policies
- Labour macroeconomics and employment policies
- Macroeconomic methods

**International finance and trade:**
- Trade
- International macroeconomics

Tutorial hours are budgeted (600 hours paid by PSE to Paris 1) and can be used either to organize reading groups, student seminars or tutorials. Note that we prefer to transfer money to Paris 1 to finance teaching hours (and hopefully, in the near future, we will be able to buy out teaching hours) because Paris 1 pays much lower payroll taxes than PSE. We are attempting to get Paris 1 to pay each tutoring hour at the rate for a course hour, which would double hourly compensation (120 euros per hour instead of 60). This will allow us to compensate our CNRS colleagues teaching in the program at a more competitive level.

**Seminars**

The ETE program of PSE also helps to foster a vibrant research environment, as a good research environment is essential to providing a high level masters education. ETE helps to fund the following research seminars:

- Applied microeconomics
- Macroeconomics
- Microeconomic theory and decision
- International trade
- Environment
- Macroeconomic dynamics
- Industrial organization

In addition, it subsidizes student lunch seminars (in applied microeconomics, macroeconomics and international finance and trade), with the particular aim of training Ph.D. students to write and present papers.

Most of these seminars existed before the PSE was created and a shift in institutional culture was already at work independent of the PSE. What the PSE helped do was pressure people into attending the seminars. “If you expect to get something from PSE, then you are better off coming to seminars,” was the message that was passed to the members of the CES, and it seems to be working. Also, being
able to compensate seminar organizers with a salary (or, more correctly, the promise of a salary) made the seminar organizers a bit more zealous; for example, they are now more inclined to take the speakers out for dinner. The promised salaries should materialize soon.

Finally, the establishment of an institution that united Paris 1 and Jourdan promoted joint ventures such as the “international trade” seminar, which is alternatively at Paris 1 and Jourdan.

What remains to be done

It is clear that, without the PSE, it would have been much more difficult to implement the changes that have just been described. The main difficulty that we face is that our intended reforms are not only technical but also cultural. Active researchers should teach less than pure lecturers. Graduate courses should only be taught by active researchers. Graduate training requires a regular presence at the office (at least half of the week would be desirable), so that professors can interact with junior colleagues and students. (Sharing offices is a problem that the new PSE building should eventually solve, unless the MSE building can be expanded beforehand.) Participation in seminars is compulsory, and such participation includes accepting to devote a fraction of one’s time to talk to visitors even if you did not invite them and occasionally participating in seminar dinners.

This cultural change can not take place overnight. Think, for example, about teaching in English. Some otherwise very competent colleagues have difficulty teaching in English. If you require them to teach in English, even the French students will be lost. Currently, the majority of our students are French so we let them teach in French. There are enough professors who can teach in English to satisfy the hunger for knowledge of our foreign students.

The cultural change was already at work before the PSE was created. Nevertheless, the PSE is facilitating the change in two ways. First, it provides a prestigious brand name (with no copyright) that definitely helps to attract the best students. My experience of international graduate programs suggests that our students can hold their own against such competition. Second, it provides powerful incentives, both monetary (labour contracts) and symbolic (titles), for the academic staff.

Unfortunately, everything that we do for the PSE at Paris 1 has to be negotiated either with the department of economics—for teaching matters—or with the CES—for research matters. It would definitely help ETE if a second program, gathering a significant share of the CES staff not already incorporated into ETE, was approved.

Jean-Marc Robin
Director of ETE
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