Research and Applied Master’s Degrees from the School of Economics and Finance - designed to meet the requirements of a rapidly growing country

The rapid development of societies and markets, scientific and technological progress, and globalization have made the society and the economy of knowledge the leaders of the development process. A country’s economic growth is linked to its acquisition and application of knowledge, as well as to the quality of its human resources, which are created through the education received. “In effect, knowledge is the source of competitive advantage in society today, the essential factor in the wealth of nations.” (Rodríguez-Ponce & Palma-Quiroz, 2010, p. 9).

Education, and especially higher Education, has a strategic role in the social and economic growth of every nation, as the principal agent in the production and diffusion of knowledge, innovation, and technological development, and in the formation and the strengthening of human talent in the society. Through the cycles of schooling, scientific as well as social skills are taught so that individual can participate in the society’s growth and development with a social sensitivity. The Universidad EAFIT is not estranged from this process, and in its academic, cultural, and social offerings, it seeks to become a leader for change and a promoter of the growth and revitalization of the social, economic, and political fabric.

Research Master’s degrees seek to develop the skills that facilitate participation in research processes that generate new knowledge of technological processes. The thesis in these degrees should demonstrate the acquisition of scientific research skills that are appropriate for an academic researcher and that can be reinforced in a doctoral program. (National Council of Accreditation CNA, 2006, p. 6)

Applied Master’s degrees are intended to provide training in a particular area of knowledge and to develop skills that facilitate the solution of problems or the analysis of particular situations that have a disciplinary, inter-disciplinary, or professional nature, via the acquisition of knowledge, methodologies, and techniques of a scientific or artistic nature. The thesis in these degrees can be a case study, the solution of a concrete problem, or the analysis of a particular situation.

The Applied Master’s degrees in the School of Economics and Finance of the Universidad EAFIT are innovative research programs through which the University seeks to contribute to the progress of the nation. The Applied Masters in Finance, as well as the applied Masters in Economics, are the University’s contribution to the economic and financial strengthening of Colombia.
The School of Economics and Finance is negotiating a series of international agreements for a variety of cooperative arrangements, from a semester abroad to double degrees with foreign universities of renown. Examples of the latter arrangement include Master’s degrees in Economics and Finance with Florida International University (FIU) and a Master’s degree in Financial Administration with Brandeis University in Waltham, Massachusetts (USA) and with University Carlos III de Madrid (Spain).
The Journal Ecos de Economía rises to Category A2 in Publindex

As a result of the Second Update of the National Bibliographic Index – Publindex in 2013, the School of Economics and Finance’s journal, Ecos de Economía, has been reclassified into a higher category, Category A2, which places it among the best journals in economics and finance in Colombia. The journal’s goal is to meet the highest standards of academic quality and to participate in the creation and diffusion of the knowledge that is on the frontier of research in economic and financial fields. Through the selection of articles with the greatest relevancy, the journal seeks to position itself as an important source of knowledge nationally and internationally and as an attractive publication option for authors and researchers everywhere. Thanks to the school’s professors, the authors, the referees, and the readers, as well as to our editorial and scientific committees, for their support and contribution in the achievement of these objectives.

We invite you to visit our website: www.eafit.edu.co/ecos and send us your articles for publication

The article entitled, “Which team will win the 2014 FIFA World Cup: A Bayesian Approach for Dummies,” written by professors Andrés Ramírez Hassan of the Universidad EAFIT and Johnatan Cardona Jiménez of the Universidade Federal do Rio de Janeiro is number one in recent downloads in the areas of Econometric and Statistical Methods and Bayesian Analysis in one of the most prestigious academic networks in the world, the Social Science Research Network (www.ssrn.com).

The article presents an econometric model that estimates the most likely champion in the World Cup of soccer, based on historic information about prior World Cups and information from betting houses around the world. The model estimates that there is a 20% chance that Brazil will be the world champion, followed by Germany (14%), Argentina (12%), and Spain (6%). The model also estimates that the probability that Colombia will win the World Cup is 3%. The article has been mentioned by eight sources in the media: Internationally in CNN en Español, Football Perspective, and De Standaard de Bélgica, and in Colombia: La República, El Colombiano, Blue Radio, Semana, and Une.

Read the complete article

Andrés Ramírez Hassan
The article entitled, European Energy Industry Shocks, Corporate Control and Firms’ Value, written by Professor John Jairo García and Francesco Trillas, recently was listed among the ten most-downloaded articles in the Social Science Research Network.

García and Trillas’ article presents preliminary evidence about the impact on the behavior of investors of the deregulation of the European electric power market. The article identifies three stylized facts. First, regulatory reform in Europe was accompanied by a wave of acquisitions. Second, the mergers and acquisitions had a positive effect on the stock prices of the target companies and a smaller effect, or a negative effect on the value of the acquiring companies. Third, the effect of the announcements of the acquisition on the returns for firms competing with the merged firms depends on the degree of competition in the market.

Jorge Eusebio Arango, graduate of the University’s Specialization in Finance, was named president of the Compañía Nacional de Chocolates.

Arango is an economist from the Universidad de los Andes, with a Specialization in Finance from the Universidad EAFIT and a Masters in Financial Studies from the University Strathclyde Glasgow (Scotland). Previously, José Eusebio Arango was Vice-president of Sustainable Development. International Vice-president, and Financial Manager at the firm.
Special Events

During May 8-10 the Sixth Annual Meeting on the Economics of Risky Behaviors (AMERB), sponsored by IZA and Georgia State University, took place at the Universidad EAFIT. Thirty-two researchers participated from numerous countries and universities, such as Berkeley, Chicago, Maastrich, South Florida, Cornell, and Essex. The keynote speech, “Why Are So Many Americans in Prison?,” was given by Steven Raphael, a professor and researcher at the University of California and IZA.

On April 29th a conference was held on early childhood development in Colombia to discuss the importance and the implications of development during early childhood and to showcase the results achieved in national, department, and municipal programs that monitor and protect children during their early years. The conference was a cooperative effort of public and private groups and was organized by the Bank of the Republic, the Center for Social Thought, the Universidad EAFIT, and the Éxito Foundation and was supported by the City of Medellin’s Good Start program (Buen Comienzo).

* The conference “Early Childhood Development in Colombia: Achievements and Challenges” took place at the Universidad EAFIT

The conference was an event designed to analyze the characteristics of early childhood programs and their impact, discuss research and challenges for the future, and listen to invited speakers, including Costas Meghir, Professor at Yale University (USA) and Orazio Attanasio, Professor at University College of London (England). They emphasized the importance of early childhood programs in the public agenda and their return on investment. In addition, research was presented that described the benefits of these programs and the status of public policy on early childhood development at the national, regional, and local levels.

During the first semester of 2014, the Master’s Program in Finance sponsored the Eighth Research Seminar in Finance.

The Research Seminar in Finance is an activity created by the Master’s Program in Finance to facilitate the exchange of knowledge related to finance. The Seminar invites expert researchers to share their research projects with other researchers and students through conferences and dialogue between individuals.

The Master’s in Finance is a program with an international orientation, thanks to its continuous updating of material from curricula overseas and the participation of visiting professors from overseas in events, such as the Research Seminar in Finance. During the current semester, two professors, Diego Cueto Saco, Doctor in Administration, Concordia University, Montreal, Canada, a research professor specialized in Corporate Government and International Finance in Emerging Markets; and Diego Amaya, Doctor in Financial Engineering, HEC Montreal, Canada, Assistant Professor of Finance at UQÀM - Université du Québec à Montréal de Canada, presented their research.

Colombian professors, including José Eduardo Gómez of the Bank of the Republic, and Alejandro Piedrahita of Bancolombia, and professors from EAFIT’s Department of Finance also presented their academic research.

The program Revenue Management for senior executives of Bavaria SAB Miller began on April 21st at the MBA facilities of the Universidad EAFIT.

The inauguration of the program, which was focused on revenue management in mass marketing companies, included the presence of Juan Luis Mejía, Rector of the University, and Juan Felipe Mejía, Dean of the School of Economics and Finance, who provided a welcoming address, followed by Gavin Hudson, Vice-president of sales for SAB Miller. In addition to the national account managers, other executives of the company, including Sandra Rivillas, Human Resources Business Partner, Diana Carvajal, Director of the Academy of Sales for Bavaria, and Patricia Benavides, Financial Planning y Analysis Manager de SAB Miller, also attended. The course lasted 16 hours, and its academic content was developed by Miguel Upegui, Ex Country Manager of Whirlpool Colombia. The closing address, “The Role of Leader in the History of Colombian Society, was presented by Diana Uribe.
The Master’s in Financial Administration is offering three summer courses during the months of June and July.

The courses in Collective Portfolio Management, Management of Financial Risk, and Cash and Liquidity Management will be taught by the following professors:

**Jesús David Moreno: Collective Portfolio Management / June 12 - 14**

David Moreno is a Professor in the Department of Economics of the Firm at Universidad Carlos III in the area of Financial Economics and Accounting.

He has a Doctorate in Economic Sciences from the Universidad de Alcalá in Madrid (Spain) and a BA in Economics from the same university.

He teaches classes in Financial Management for the Diploma in Business Administration and in Management of Portfolios and Fixed Income Assets in various Master’s programs.

He has published in international journals of renown, such as the Journal of Banking and Finance and the European Journal of Operational Research.

**Jorge Martínez: Management of Financial Risk / June 19 - 21**

Director of MG-RISK Counseling Associates, a firm providing consulting related to economic services, financial risk, and asset valuation. Previously Director of the Latin Institute of Finance, Director of Integrated Management of Legal and Quality Risks for Banorte-Generalí of the Banorte Financial Group. Partner-Director of InBank, a Mexican investment bank, Senior Economist, Corporate Planning, Competitors Intelligence Unit, CEMEX, Associate Professor in the Department of Economics, ITESM, Associate Professor at EGAE del Tec of Monterrey, Instructor at the New York Institute of Finance, a company of the Financial Times, Academic Director and Founder of the FMA (Financial Management Association), and Certified Financial Analyst (CFA).

**Patrick Peters: Cash and Liquidity Management / July 17 - 19**

Executive Director of Global Business Solutions, Bank of America Merrill Lynch. Currently Professor in the MBA and Master of Finance programs at EGAE, the London School of Economics, University of Buenos Aires y Hamilton College of New York. He has been CFO of Astra-Zeneca, AVON Mexico. And he has been a Keynote speaker for Eurofinance and a Speaker at the Congreso de Tesorería at Asobancaria in Colombia.

The Department of Economics is offering the following summer courses:

**Applications and Indicators of Foreign Trade and Commercial Policy**, for undergraduate students and employees of Pro-Export and the Medellin Convention Bureau. The professors will be Sebastian Castresa, a Research Assistant in CEPAL’s Division of International Trade and Integration, and José Durán, an official in the Economic Affairs office of CEPAL’s Division of International Trade and Integration.

**Economics in 3D**, for students in 9th, 10th, and 11th grade of secondary school in Medellín. The course, taught by professors from the Universidad EAFIT, will include topics in macroeconomics, microeconomics, techniques in economic measurement, and the history of economic thought.

On May 6th the School of Economics and Finance held a teleconference entitled, “TICs and Competitiveness in Small and Medium Enterprises” directed by the Manager of MiPyme, Vive Digital, and the Ministry of TIC, Claudia Marcela Giraldo, in the context of the Specialization in Management of Small and Medium Enterprises offered by the School.
Participation in seminars and events

Professor Thomas Goda presented the paper The Role of Income Inequality and Wealth Concentration in the Recent Crisis, on May 7th at the International Colloquium at the Rio Branco Institute in Brasilia (Brazil), which included well-known academics, such as Amitava Dutt and Thomas Palley.

In his paper Professor Goda investigates the role of income and wealth inequality in the recent financial crisis in the Euro Zone. He finds that the increase in inequality in recent decades was a critical element in the creation of the crisis. The implication is that the search for a more equal distribution of income and wealth should be an important goal in political economy not only once a crisis has been overcome, but also as a permanent component of the understanding of the causes of these crises.

The Public Policy Group at London School of Economics invited Professor Thomas Goda to write an article, entitled “Rising wealth concentration helped lead to the 2008 financial crisis and continues to contribute to ongoing financial instability.” The article was published in the blog USApp on April 9, 2014. In the text the professor explains the role that wealth concentration plays in the stability of the financial sector. The article argues that the concentration of wealth is the key to understanding the recent financial crisis and the search for yield that still continues.

Important activities sponsored by the Financial Laboratory

The first of these, the Bloomberg Seminar, took place on March 25, under the direction of Andrés Quintero, a representative of this firm. He explained the applications and functions of the Bloomberg system and how it can be used in decision-making.

The second event, the Forum “Road to Investment,” sponsored by EAFIT at its main campus in Medellín, was directed to individuals interested in the Colombian stock exchange, with the goal of promoting the local market.

The third event, the AMV Conference, “Everything you need to know about the Trust business,” under the direction of Claudia Cecilia Mejía, regional manager of Fiducial for Antioquia and the Coffee region, examined different aspects of trust management.

The fourth event, on May 2nd was the finish to the “Stock Millionaire Contest,” organized by the Colombian stock market, which seeks to promote the capital market among University students through a virtual simulation. This competition involved the participation of two groups from Universidad EAFIT, who managed to score in the ten top places.

The group Zero Gambling, composed of Camilo Martinez, Andrés Felipe Pacheco, and Santiago Durán, won fourth place, and the group DEA investments, composed of David Agudelo, won tenth place.
Two conferences, “The prices of electricity in Colombia, comparisons, regulation, and market” and “Aníbal Galindo, the Colombian economist of the 19th century” were presented by Professor Luis Guillermo Vélez in the Weekly Economic Seminar of the Bank of the Republic in Medellín. The first of the conferences was presented on October 4th of last year. The second was presented on February 14, 2014. Professor Vélez also was a participant in the Wholesale Energy Market Conference in Cartagena (Colombia) in October 2013. His contribution related to the effects of regulation and market behavior on the price of electricity in Colombia.

The article entitled, Market power in the spot market for power generation: methodologies for its analysis was presented by Professor John Jairo García in the Weekly Economic Seminar of the Bank of the Republic in Medellín on April 11th.

The article, co-authored with Professors Santiago Bohorquez and Gustavo López, of the Department of Economics and Fredy Marín, Professor in the Department of Basic Sciences, first analyzes international experience in monitoring and control of market power and then presents a methodology appropriate for monitoring strategic pricing behavior in the Colombian spot market for electricity. It includes an exponential supply function for the power pool based on a model of spot prices explained by costs, climatic conditions, interventions of the Energy and Gas Regulatory Commission, demand, quantities generated, and historic prices.

On May 2nd SIEDE, the Junior Researchers Group in Universidad EAFIT’s Department of Economics, presented two research projects, entitled “Corruption: Transcending borders” and “The effect of democracy on corruption: Income is key”. The Junior Researchers Group in the Department of Finance presented their project “The current state of financial education in private and public secondary schools in Medellín,” which has been investigated by students and professors in the new undergraduate program in Finance.

In addition to the two projects presented, SIEDE is working on a project that estimates the size of the informal sector of the Colombian economy and the impact of this sector on inequality and corruption. This Group is about to open a competition for papers to be presented at the Conference on “Crime, Informality, and Conflicts, which is scheduled for August 14th.
The article “The Future of Democracy and the Market Economy in Colombia” by Juan Felipe Mejía, Dean of the School of Economics and Finance, and Martín Posada, an undergraduate student of Economics, was published on May 22nd in the web page of the Center for Hemispheric Policy at the University of Miami (USA).

The article presents an analysis of the current Colombian economic and political environment and describes the development possibilities for the country and the region in the future. The text was written as part of a collection of articles included under the title, “The Future of Democracy and Market Economies in Latin America Task Force” and was financed by the U.S. Department of State.

The article, “Determinants of the spot price of electricity” by Professors John Jairo García y Gustavo López was published in the newspaper Portafolio on April 3, 2014.

In this article the professors explain that the 35% increase in the cost of electricity generation in Colombia between 2008 and 2012 was due primarily to two phenomena: the oligopolistic structure of the market and the climatic conditions during this period.

Read the complete article
I am an alumnus of the Master’s program in Economics at the Universidad EAFIT, in the class of December 2012. The curriculum in the Master’s program amply fulfilled my expectations because it complemented my electrical engineering training with a good foundation in economics, providing me with considerable tools to work in my current position, analyzing energy markets at Empresas Públicas de Medellín (EPM).

I was fortunate to be selected in EPM’s human talent competition, which provided a partial scholarship for my studies in the Master’s program. The scholarship facilitated my participation in the program, and the joint investment provided numerous benefits, since beyond supporting my professional development, it also produced benefits for the company, including my thesis, entitled “The Existence of Market Power in the Retail Supply of Natural Gas to Vehicles,” which provided information that enabled EPM to improve efficiency in this segment of the natural gas market. The University also learned from this research, which was presented in several national and international academic forums and subsequently was published in an article in a widely-renowned international economic journal.

EAFIT’s academic program provides the necessary economic foundations to understand the structure and the behavior of agents in markets and the influence of the macroeconomic environment on different socioeconomic activities. The results of this educational process then materialized in my Masters’ thesis.

Based on the results from this research, the company obtained the information necessary to design its business model for participation in the local market and to enhance competition and incentivize growth in the demand for natural gas, which reduces costs and emissions compared to the alternative fuels. The knowledge I acquired has enabled me to contribute to a variety of analyses related to the macroeconomic environment, multi-variable econometric projections, and to national and international energy markets of interest to the company.

In co-authorship with two researchers at the Universidad EAFIT, John Jairo Garcia and Hermilson Velasquez, I recently published an article entitled, “Empirical Evidence of Market Power in the Retail Market Supplying Gas-fueled Vehicles,” in the Spanish Journal Economia Aplicada - REA. This article resulted from the research in my Master’s thesis, which is one of the few academic studies on this topic.

In conclusion, I believe that the investment that a company makes in the academic training of its staff contributes to their retention and results in acquired knowledge at a cost that is competitive with acquisition of external consultants, whose knowledge does not remain entirely with the company. In addition, this approach creates an important link between industry and academia.