El Colegio de México
Centro de Estudios Económicos

Macroeconomics 3

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Syllabus v2.0

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Class time: Tuesday & Thursday 8:00 to 9:30hrs
Classroom: TBD
Site: apoyodidactico.colmex.mx/course/view.php?id=1214

Laboratorista: Jesús Martín Fernández Urbina
Laboratorista E-mail: jmfernandez@colmex.mx
Laboratorio time: Wednesday 12:30 to 14:00hrs

1 Overview

This course covers the basic theory behind Business Cycles (the short-run), Economic Growth (the long-run), and Macroeconomic Policy at an intermediate level. So far, you have mostly seen intuitive ideas about all of these topics, and now we will use some economic models and some math to understand the mechanics behind them.

The course is structured with a few goals in mind. First, that you get used to think analytically and formally about macroeconomic issues. Second, to guide you in translating empirical observations you may have into basic macroeconomic models, as well as using models you'll learn to give you insight into real macroeconomic problems. Third, to give you insights on how to use macroeconomic theory to inform policy recommendations. Fourth, to help you prepare for more advanced courses in macroeconomics (and related fields) you will encounter later.

2 Prerequisites

In terms of theory, I only expect you to know Macroeconomic theory at a basic level. The intuitive understanding you have is already good.

In terms of math. I expect you to know only the math you have learned so far here at El Colmex. Basic optimization with constraints will be more than enough for most of the course. In any case, I will cover a quick math refresher at the beginning so that we are all on the same page.

3 Class Materials

3.1 Main textbook references

There is no single perfect macroeconomics textbook. This will probably always be true. Thus we will have three main references instead. One is *Macroeconomics* by Williamson, which covers almost all topics we will be discussing during the semester but lacks some depth in several of them. The second reference will be *Macroeconomic Fluctuations and Policies*, by Challe, which is a fantastic and (relatively) up-to date textbook focused on business cycles. The third reference is *Introduction to Economic Growth*, by Jones and Vollrath, which is also fantastic and focused on growth.

3.2 Other textbook references and lecture notes

I will be supplementing the main references with my own notes from time to time and also with readings I find relevant over the weeks. In particular, I will also add some chapter references to *Macroeconomics: Policy and Practice*, by Mishkin, which is strong for monetary topics, and *Macroeconomics*, by Jones, which is strong for growth-related topics. Both of these texts are slightly easier in the math than our three main references, so if you feel you need something slightly more intuitive to follow, these are great for that purpose.

3.3 Other (more advanced) non-required textbook references

On the other hand, if your analytical and mathematical skills are way above the level expected in class, I encourage you to take a look at the books listed below. **Please notice however that none of the books in this subsection are required readings for the course.**

- Heijdra, *Foundations of Modern Macroeconomics*
- Wickens, *Macroeconomic Theory: A General Equilibrium Approach*
- Niepelt, *Macroeconomic Analysis*
- Alogoskoufis, *Dynamic Macroeconomics*

3.4 Class website

We will be using Moodle for hosting the contents of the class.[1] You will soon have access to it and I will be distributing slides and/or readings there and more details over the course of the semester.

4 Grading Policy

4.1 Grading shares

- **15%** Presentation
- **15%** In-class Participation
- **20%** Midterm exam 1
- **20%** Midterm exam 2
- **30%** Final Exam

4.2 Presentation

The last week of the semester, we will have presentations. Two sessions with three 30 minute presentations each. This time includes time for questions and answers so you should aim to prepare a 20-25 minute presentation. We will have thus six teams. I will randomly assign each of you to a team.

The topics of the presentation will be policy for Growth, Fiscal Policy, and Monetary Policy. Two teams will work on Growth, two will work on Fiscal Policy, and two will work on Monetary Policy. If your team has a strong preference for any of these topics let me know as soon as possible, otherwise I will assign you a topic.

The general idea for this presentation is that I will assign you a country. Then, if your topic is Growth you will generate and present a proposal for that country to foster its economic growth; if your topic is Fiscal or Monetary Policy you will propose and present the corresponding policy. For any of the three cases you will base your proposal on the theory learned throughout the course as well as relevant (macro)economic data you gathered about the country.

I will evaluate your presentations based mainly on the following criteria.

- The presenters clearly communicated the policy recommendation.
- The presenters properly founded the policy recommendation based on the theory learned in class.
- The presenters used the appropriate empirical data to substantiate the policy recommendation.
- The presentation (slide deck) is of high quality.
- The presenters' executive summary is of high quality.

Noticed that I will not ask you to submit a long-length written work. I will however ask you to send me the slides of your presentation and a short (1 to 2 page) executive summary of the policy recommendation and its

[1] The web address is here: https://apoyodidactico.colmex.mx/course/view.php?id=1214

(theoretical and empirical) justification.

Importantly however, there are two things that can earn you *negative* points. If you exceed your allocated time, points will be deducted. If you fail to respectfully pay attention to the other students' presentations, points will be deducted.

I will provide further details about the presentation around the mid of the semester.

4.3 In-class Participation

There will be two parts of the participation grading. One will be participation during our regular lectures which will be 10%, and another will be participation during the laboratorios which will represent the other 5%. See below the details.

4.3.1 Participation during regular lectures

I encourage you to actively participate during the lectures. A good participation can be anything from a great question, to a great comment. There is also an additional way to participate which I will describe now.

I encourage you to read the (economic) news consistently. This is because, at the beginning of every class I will ask which is the most interesting piece of (macroeconomic) news you've read since the end of our last lecture. News from recognized national outlets are valid (El Economista, El Financiero, El Universal, La Jornada, etc.) but I also encourage you to read some international ones (in particular The Economist, The New York Times, and The Wall Street Journal). Bring your (printed) favorite piece of news every class and take advantage of this chance to participate.

I will keep a record of your participation during class and, based on the final count (meaning, after I have considered the participation level for each of you), I will determine a threshold (say $\underline{\theta}$), which will be less than the maximum and more than the minimum. If you are above the threshold $\underline{\theta}$ you will get the full 10% here. If you are below $\underline{\theta}$, your grade for this subsection will be in proportion to the threshold.

4.3.2 Participation during the laboratorios

I will deliver "preparation homework assignments" over the course of the semester. The grade for these will be zero (meaning they don't count for the course grade directly). They are called "preparation" because they will guide you in preparation for the exams. The participation in the laboratorios will be based on this because the laboratorista will go over some (or all) of the problems in detail and you will be able to participate there. The laboratorista will typically ask for help in completion of some (or all) the steps in a problem, and your collaboration in solving the exercises will count as participation. This is why if you want to participate during the laboratorios you will have to solve the homework ahead of time. The laboratorista will keep a record of your participations and I will use this count to assign a grade for this subsection. Again, I will determine a threshold (say $\underline{\kappa}$), which will be less than the maximum and more tan the minimum. If you are above the threshold $\underline{\kappa}$ you will get the full 5% here. If you are below $\underline{\kappa}$, your grade for this subsection will be in proportion to the threshold.

4.4 Exams

We will have three in-person exams, two midterms and one final. The midterm exams will **not** be cumulative, midterm 2 will cover Part 1 and Part 2 of the schedule, while midterm 2 will cover Part 3 of the schedule.[2] The **final exam will be cumulative** (meaning, it will cover the whole semester). The content of the exams will be based mainly on the lecture materials (slides, etc.) and the the preparation homeworks, but there might be some bits from the readings as well. More details about each single exam will be given when we approach each of them.

4.4.1 Exam Policy

As mentioned, exams will be done in-person. Unless you are facing extraordinarily pressing circumstances during the specific day of the exam, there will be **no** make up exams. If one of such circumstances appear, please let me (and the Coordinación) know as soon as possible.

The exams will be closed-book (i.e. books, notebooks, cheatsheets, notes, *acordeones*, ChatGPT, Claude, etc. are not allowed during exams). Electronic devices will be forbidden during the duration of the exams (e.g. smart watches, phones, smart glasses, etc. will not be allowed). More generally, **no form of cheating will be tolerated**.

5 Other Important Information

5.1 Attendance

As you know, attendance is mandatory at El Colmex.[3] So you must attend both the main lectures and the laboratorios. Attendance **will** be recorded for both.

5.2 Homework Assignments

See subsection 4.3.2.

5.3 AI Usage Policy

I encourage you to use any form of AI for helping you prepare for the exams. You are encouraged to also use it for preparing your presentations. In any case, please notice that for what is being graded you will not be able to use AI directly, thus use it judiciously to help you in the learning process rather than in substitution of it.

Important note: AI will **not** be allowed **during** exams or **during** your presentations.

5.4 Academic Dishonesty

Any form of academic dishonesty, including but not limited to cheating and plagiarism, **will not be tolerated** and will be reported to all relevant instances. The penalties for academic dishonesty at El Colmex are severe and are detailed in the Artículo 59 of the Reglamento General de Estudiantes de El Colegio de México.

[2] See the preliminary schedule at the end of the Syllabus.

[3] According to the Artículo 51 of the Reglamento General de Estudiantes de El Colegio de México, one of your obligations is to attend at least to 90% of each course sessions.

6 Preliminary Schedule

Below you can see the tentative schedule for the course session by session. It includes the date, the topic, and the approximate corresponding chapters from the textbooks mentioned in sections 3.1 and 3.2. A couple of notes are important here. First, this is tentative and subject to change according to the speed we are progressing in class. Second, for some sessions I might specify subsections of the chapters listed here. Third, W is the Williamson textbook, C the Challe one, and JV the Jones and Vollrath one. These are the three important ones but I add some chapter references to the Mishkin (M) textbook and the Jones textbook in case you find those useful.

Table 1: *Tentative Course Schedule*

Lecture	Week	Date	Topic	W	C	JV	M	J
			Part 1 – Preliminaries					
0	1	4-Aug	Introduction and Syllabus					
1	1	4-Aug	Macroeconomic Measurement	2, 3	1	1	2, 8	2
2	1	6-Aug	Math Refresher					
			Part 2 – The Long Run					
3	2	11-Aug	Solow Model	7		2	6	5
4	2	13-Aug	Solow Model	7		2	6	5
5	3	18-Aug	Applications of Solow Model	8		3		
6	3	20-Aug	Applications of Solow Model	8		3		
7	4	25-Aug	Malthus Model	7		8		
8	4	27-Aug	Malthus Model	7		8		
	5	1-Sep	**MIDTERM 1**					
			Part 3 – The Short Run					
9	5	3-Sep	Microfoundations	4, 9	2.2, 2.3, 3.1		18, 19	
10	6	8-Sep	Aggregate Demand		2		9, 10	
11	6	10-Sep	Aggregate Demand		2		9, 10	
12	7	15-Sep	NO CLASS					
13	7	17-Sep	Aggregate Supply		3		11	
14	8	22-Sep	Aggregate Supply		3		11	
15	8	24-Sep	AS–AD Equilibrium and Shocks		4		12	
16	9	29-Sep	Unemployment	6	5		20	7
17	9	1-Oct	Unemployment	6	5		20	7
	10	6-Oct	**MIDTERM 2**					
			Part 4 – Macroeconomic Policy					
18	10	8-Oct	Monetary Policy	12, 18				
19	11	13-Oct	Monetary Policy	13, 14, 15	6			

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Lecture	Week	Date	Topic	W	C	JV	M	J
20	11	15-Oct	Monetary Policy	13, 14, 15	6			
21	12	20-Oct	Monetary Policy	13, 14, 15	6			
22	12	22-Oct	Monetary Policy	13, 14, 15	6			
23	13	27-Oct	Monetary Policy	13, 14, 15	6			
24	13	29-Oct	Fiscal Policy		7		16	
25	14	3-Nov	Fiscal Policy		7		16	
26	14	5-Nov	Fiscal Policy		7		16	
27	15	10-Nov	Fiscal Policy		7		16	
28	15	12-Nov	Fiscal Policy		7		16	
	16	17-Nov	Presentations: Teams 1, 2, 3					
	16	19-Nov	Presentations: Teams 4, 5, 6					
	17		Exam preparation week					
	18		**FINAL EXAM**					

Notes: W = Williamson; C = Challe; JV = Jones and Vollrath; M = Mishkin; J = Jones. Schedule and readings are tentative and may be adjusted during the semester.