

**Applied Macro and International Economics II**  
**15.723**  
**2024 Syllabus**

This course is the continuation of 15.702 and is restricted to eMBA's and Sloan Fellows. The content is similar to 15.014 that I teach to the MBAs, except that this course goes a little bit deeper into economic policy..

The course is divided in two distinct sections. The first one addresses questions of sustainability from a macroeconomic point of view. The underlying problem is how can standards of living be improved in a sustainable manner. In this context, sustainability has more than one dimension: (i) obviously sustainability from the environmental and resource use; but also from the (ii) social and political; (iii) institutions; (iv) economy and markets; (v) organizations; (vi) relations; (vii) and personal. Growth in standards of living and social wellbeing needs all dimensions to be internally consistent. For example, it makes no sense to grow the economy if that is inconsistent with the environment. Furthermore, it is inconsistent if growth collides with personal aspirations. We develop a framework (called BBNN) where we can study the interactions between all these dimensions and study each one in particular. We will use my class notes to develop this framework. The second part of the course deals with two topics. ESG measurement and Crypto Assets. I discuss how do we measure ESG and what are their problems. I also discuss the carbon markets and how they are badly design. The course ends with a primer on the economics of crypto assets: its design problems and how to move forward.

All the readings are from my class notes (MIM) "Managerial International Macroeconomics".

Importantly, we will use notes that I have been writing. The chapters will be available as we go along... Videos? Yes, we will have some videos. Those will be available on Canvas as well.

**Grading**

Grading is participation (40%) and one final project (60%). The project is the following:

Pick a country of your choice (preferably a country that has problems)

1. Do a diagnostic in the BBNN
2. Do a forecast on what is likely to happen to the demand, wages, and wage inflation
3. Describe one short run problem the country is having
4. Describe one long run problem the country has.
5. Propose a Fiscal/monetary/labor/exchange rate policy to deal with the short run problem
6. Describe what happens to the BBNN
7. Propose a reform to address the long run problem
8. Discuss what are the possible consequences

The long run problems can be related to growth but also to sustainability broadly defined: environment, labor treatment, social unrest, discrimination, crime, etc. Design regulation/market/incentives in such a way that the problem is addressed. Find the unintended possible consequences and include in your design any contingent transfer required to have political support for it. You can assume that you have all the political power to be able to address the problem.

Deliverables:

Teams decided

Topic of the project sent to me and TA

The project due

February 15<sup>th</sup>

March 7<sup>th</sup>

May 2<sup>nd</sup>

## **Contact Information**

### ***Professor***

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## **Communication**

Please, use emails! And very important, in the subject please put 15723. I receive hundreds of emails a day and I have a special filter in the email when I deal with this course. This will maximize the likelihood that I read your email!

Class Schedule in Next Page.

| Class | Date    | Day |           | Title   | Material Before Class   | Material to complement and explore further                                     |
|-------|---------|-----|-----------|---|---|--|
| 1     | 1/25/24 | Th  | in Person | Introduction, BBNN Internal and External Adjustment   | Reading:<br>BBNN: Basic - the BB (Chap 5)<br><br>Videos:<br>BBNN 01, 02, 03                             | 15.702 material:<br>ClassNotes: Chap 1,2,3,4<br><br>Videos:<br>BBNN 04, 05     |
| 2     | 2/1/24  | Th  | Virtual   | BBNN: Internal and External Adjustment (part 2)       | Reading:<br>BBNN: Basic - the NN (Chap 5)<br><br>Videos:<br>BBNN 10, 11                                 | ClassNotes: Chap 9<br><br>Videos:<br>BBNN 12,13                                |
| 3     | 2/8/24  | Th  | in Person | Automatic Adjustment and External Account Measurement | Reading:<br>(FT): National and International Accounts (Chapter 16)<br><br>Videos:<br>BBNN 14            | Videos:<br>ER.1.Regimes<br>ER.2.CentralBankAccounting<br>ER.3.UIP<br>ER.4.PPP  |
| 4     | 2/15/24 | Th  | Virtual   | Shocks to BB and NN                                   | Reading:<br>BBNN: Shocks (Chap 6)<br><br>Videos:<br>BBNN 20,21,22,23                                    |  |
| 5     | 2/22/24 | Th  | in Person | Trust, Development, and Chocolates                    | Simulation:<br>No Reading<br>No videos  | ClassNotes: Chap 10  |
| 6     | 2/29/24 | Th  | Virtual   | Social Peace Line and Political Cycles                | Reading:<br>BBNN: Social Peace (Chap 7)<br><br>Videos:<br>BBNNSP 1,2                                    | BBNNSP 5,6,7   |
| 7     | 3/7/24  | Th  | Virtual   | Sustainability: Promise and Environmental Line        | Readings:<br>BBNN: Sustainability (Chap 8)<br><br>Paper:<br>Aggregate Confusion                         | Promise 3,4,5  |
| 8     | 3/14/24 | Th  | Virtual   | Work of Future  | Videos:<br>WoF.gpt<br>WoF.labor<br>WoF.context.1<br>WoF.epoch   | WoF.measurement<br>WoF.context.2   |
| 9     | 3/21/24 | Th  |           | No Class  |   |  |
| 10    | 3/28/24 | Th  |           | No Class  |   |  |
| 11    | 4/4/24  | Th  | in Person | Social Choice Problem                                 | Videos:<br>sc.1.PublicGoods<br>sc.2.Condorcet<br>sc.3.Manipulation                                      |  |
| 12    | 4/11/24 | Th  | Virtual   | Banking Crises  | Reading:<br>HBS 9708001: Chronology of the Asian Financial Crisis<br><br>Videos:<br>Banks 1, 2, 3, 4, 5 | Banks 6  |
| 13    | 4/18/24 | Th  | Virtual   | Crypto Assets   | Videos:<br>Crypto.intro<br>Crypto.internet.asssets<br>Crypto.bitcoin.uth<br>Crypto.bitcon.blockchain    | Crypto.currencies<br>Crypto.problems<br>Crypto.infrastructure<br>Crypto.ledger |
| 14    | 4/25/24 | Th  | in Person | Social Safety Nets: Education and Healthcare          | Videos:<br>ssn.1.euro.system<br>ssn.2.us.system<br>ssn.3.adv.disadv                                     |  |