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Curriculum Vitae
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Major Fields of Concentration

Macroeconomics, International Economics, Applied Econometrics

Education

Degree	*Field*	*Institution*	*Year*
Ph.D.	Economics	University of Minnesota (expected)	2003
M.A.	Economics	University of Minnesota (expected)	2002
Licenciatura	Economics	Instituto Tecnológico Autónomo de México (ITAM)	1997

Dissertation

Title: “Essays on Macroeconomics”
Dissertation Advisor: Professor Narayana Kocherlakota
Expected Completion: June 2003

References

Professor Narayana Kocherlakota	(650) 725-8719 nkocher@stanford.edu	Department of Economics Stanford University Landau Economics Building 579 Serra Mall Stanford, CA. 94305
Professor Timothy J. Kehoe	(612) 625-1589 tkehoe@econ.umn.edu	Department of Economics University of Minnesota 1035 Heller Hall 271-19th Avenue South.
Professor Erzo Luttmer	(612) 625-5054 luttmer@econ.umn.edu	Minneapolis, MN. 55455.

Honors and Awards

2002-2003	International Student and Scholar Services (ISSS) Scholarship, University of Minnesota.
1999-2002	Distinguished Instructor, Department of Economics, University of Minnesota.
1997-2002	Ph.D. Scholarship, CONACYT, Mexico.
1997-1999	Ph.D. Scholarship, Ministry of Finance, Mexico.
1997-1998	Graduate School Fellowship, University of Minnesota.

Teaching Experience

1998-2002 *Instructor*, Department of Economics, University of Minnesota.
Taught *Principles of Microeconomics* and *Intermediate Macroeconomics*, *International Trade* and *Economy of Latin America*.

1997-1998 *Teaching Assistant*, Department of Economics, University of Minnesota.
Led recitations for *Principles of Macroeconomics*.

Research Experience

1995-1997 *Advisor to the Chief Economist*, Mexican Ministry of Finance.
Assisted in several research projects that included studies on inflation, the Mexican Social Security System Reform and estimation of econometric models.

1994-1995 *Department Chief*, Foreign Affairs General Management, Mexican Ministry of Agriculture.

Papers

Papers soon to be available for download at http://www.econ.umn.edu/~miguelc.

"Homework in Mexico: Explaining Output Variability in Less Developed Economies," University of Minnesota, mimeo, September 2002.

Work in Progress

"Trade Credit and the Business Cycle." University of Minnesota, mimeo, December 2002.

Dissertation Abstract

First Essay: *Homework in Mexico: Explaining Output Variability in Less Developed Economies*

The standard deviation of Mexican GDP around trend is about two and a half times that of the US. Consumption is almost as volatile as output in Mexico while in the US consumption volatility is half of output volatility. These are empirical facts that have been shown to hold not only in the case of Mexico, but also in some other less developed economies.

In this paper we investigate the extent to which the extra volatility can be explained by differences in the substitutability between home and market goods in the two countries. We present a standard neoclassical model with home production and show that there exists a positive relationship between the elasticity of substitution between market and home goods and output volatility. Our conjecture is that consumers in less developed economies tend to have higher levels of such elasticity.

Using a novel Mexican data set that includes numbers on the use of time, income and expenditures of households, we estimate the elasticity of substitution between home and market goods and find it to be higher. Moreover, when we use this estimate in a standard neoclassical model with home production we can explain almost all output volatility in Mexico.

Second Essay: *Trade Credit and the Business Cycle*

Output variability in Less Developed Countries (LDC) tends to be high compared to richer economies. In this paper we argue that part of the extra volatility can come from the fact that with underdeveloped financial systems, firms tend to rely on other sources of financing different than banks. Trade credit (the credit given in the form of goods from one firm to another) can be such a way to obtain financing.

We present a model of a small open economy in which firms lend to each other an intermediate good and can obtain financing from a foreign bank at a constant rate. When an unexpected aggregate shock hits the economy there is a "propagation" mechanism through the chains that are established through trade credit: marginal firms that were having close to zero profits are unable to pay their obligations after the shock. Other firms counting on those receipts to pay outstanding debt will have to sacrifice profits in order to meet their own obligations.

We calibrate the model for the Mexican and US economies and show that the higher use of trade credit in Mexico can explain some of the extra output volatility seen in this country relative to the US.