



## Course and Examination Fact Sheet: Autumn Semester 2019

### 9,276: Debt and Fiscal Policy

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

Decentral - Presentation (individual) (50%)

Decentral - Active participation (10%)

Decentral - examination paper written at home (individual) (40%)

#### Attached courses

Timetable -- Language -- Lecturer

[9,276,1.00 Debt and Fiscal Policy](#) -- Englisch -- [Mankart Jochen](#)

#### Course information

##### Course prerequisites

This course aims at students with an interest in macroeconomics in general and fiscal policy and debt dynamics in particular. A solid background in macroeconomics at the graduate level, ideally Advanced Macro 2, is advantageous, not required though.

##### Course content

The financial crisis, the sovereign debt crisis and record low levels of interest rates have been among the most interesting aspects of the last couples of years.

Prior to the financial crisis, fiscal policy and issues related to government debt have been largely ignored in modern macroeconomics. There was a consensus among economists that monetary policy would be sufficient to deal with business cycle fluctuations, and that government debt crises would not happen in industrialized countries. The Great recession has changed these assessments and led to a renewed interest in these questions. This course will deal with the classical but also new work in these areas. We will look at models of government debt, fiscal policy under the zero (negative) lower bound for interest rates or in absence of an independent monetary policy (as is the case for Eurozone countries). The course will cover both: theoretical models and empirical studies in these Areas.

Thus, after the course students will know about possible explanations for these phenomena, and possible future scenarios. In Addition to acquiring this knowledge, students will learn to present (possibly quite complicated) research papers.

##### Course structure

The course will be consisting of lectures and student presentations. The course will have 2 blocks: 1. Two consecutive days of lecture in the break (Nov 4 & 5). 2. One full Saturday towards the end of the semester for student presentations (Dec 07). *Preliminary structure:*

**Government debt & debt crises** 1. Intertemporal budget constraint as solvency condition 2. Debt in an OLG model 3. Strategic default incentive 4. Empirics of sovereign default

**Fiscal multipliers** 1. Old and new theory 2. State contingent multipliers (with a focus on the zero lower bound on interest rates) 3. Empirics of the multiplier 4. Optimal fiscal consolidations

**Eurozone debt crises** 1. Multiple equilibria as a source of fragility. 2. Euro as foreign currency

##### Course literature

- Lecture notes (studynet)
- There is no textbook for this course
- Literature list (including papers for presentations) will be made available at the beginning of the course.



## Additional course information

If you have any questions concerning the course, please contact me: [jochen.mankart@bundesbank.de](mailto:jochen.mankart@bundesbank.de).

## Examination information

### Examination sub part/s

#### 1. Examination sub part (1/3)

##### Examination time and form

Decentral - Presentation (individual) (50%)

##### Remark

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##### Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

##### Supplementary aids

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##### Examination languages

Question language: English

Answer language: English

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#### 2. Examination sub part (2/3)

##### Examination time and form

Decentral - Active participation (10%)

##### Remark

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##### Examination-aid rule

Practical examination

No examination-aid rule is necessary for such examination types. The rules and regulations of the University of St. Gallen apply in a subsidiary fashion.

##### Supplementary aids

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##### Examination languages

Question language: English

Answer language: English

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#### 3. Examination sub part (3/3)

##### Examination time and form

Decentral - examination paper written at home (individual) (40%)

##### Remark

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##### Examination-aid rule



## Term papers

- Term papers must be written without anyone else's help and in accordance with the known quotation standards, and they must contain a declaration of authorship.
- The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the APA or MLA standards. The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into the text in accordance with the precepts of the applicable quotation standard, while informative and bibliographical notes must be added as footnotes (recommendations and standards can be found, for example, in METZGER, C. (2017), Lern- und Arbeitsstrategien (12th ed., Cornelsen Schweiz).
- For any work written at the HSG, the indication of the page numbers both according to the MLA and the APA standard is never optional.
- Where there are no page numbers in sources, precise references must be provided in a different way: titles of chapters or sections, section numbers, acts, scenes, verses, etc.
- For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B. (2018, Juristisches Arbeiten: Eine Anleitung für Studierende (6. Auflage), Zürich: Schulthess, or the recommendations of the Law School).

## Supplementary aids

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## Examination languages

Question language: English

Answer language: English

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## Examination content

Two problem sets with detailed questions will be posted during the first part of the course. Each problem sets counts 20% towards the final grade. The list of presentation topics (papers) will be distributed during the first lecture. Groups of 2-3 students can prepare a presentation together but each has to present.

## Examination relevant literature

The problem sets will describe the contents in detail. Literature list (including papers for presentations) will be made available at the beginning of the course. Lecture notes will be on study net by course start.

### Please note

Please note that this fact sheet alone is binding and has priority over any other information such as StudyNet (Canvas), personal databases or faculty members' websites and information provided in their lectures, etc.

Any possible references and links within the fact sheet to information provided by third parties are merely supplementary and informative in nature and are outside the University of St.Gallen's scope of responsibility and guarantee.

Documents and materials that have been submitted no later than the end of term time (CW51) are relevant to central examinations.

Binding nature of the fact sheet:

- Information about courses and examination time (central/decentral) and examination type starting from the beginning of the bidding on 22 August 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for decentral examinations after the 4th semester week on 14 October 2019
- Information about examinations (examination aid regulations, examination content, examination-relevant literature) for central examinations as from the starting date for examination registration on 4 November 2019

Please consult the fact sheet again after these deadlines have expired.



University of St.Gallen