



Course and Examination Fact Sheet: Autumn Semester 2020

3,212: Macroeconomics II

ECTS credits: 4

Overview examination/s

(binding regulations see below)

Central - Written examination (90%, 90 mins.)

Examination time: inter-term break

Decentral - examination paper written at home (individual) (10%)

Examination time: term time

Attached courses

Timetable -- Language -- Lecturer

[3,212,1.00 Macroeconomics II: Lecture and Independent Studies](#) -- Englisch -- [Weiss Janosch](#) , [Koeniger Winfried](#)

[3,212,2.01 Macroeconomics II: Exercises and Independent Studies, Group 1](#) -- Englisch -- [Weiss Janosch](#)

[3,212,2.02 Macroeconomics II: Exercises and Independent Studies, Group 2](#) -- Englisch -- [Weiss Janosch](#)

[3,212,2.03 Macroeconomics II: Exercises and Independent Studies, Group 3](#) -- Englisch -- [Weiss Janosch](#)

[3,212,2.04 Macroeconomics II: Exercises and Independent Studies, Group 4](#) -- Englisch -- [Weiss Janosch](#)

[3,212,2.05 Macroeconomics II: Exercises and Independent Studies, Group 5](#) -- Englisch -- [Lukaszuk Piotr](#)

[3,212,2.06 Macroeconomics II: Exercises and Independent Studies, Group 6](#) -- Englisch -- [Lukaszuk Piotr](#)

Course information

Course prerequisites

Basic knowledge of microeconomics and macroeconomics at the assessment level. In particular, the course uses utility maximization building on Economics A and builds on the introduction into national accounts, real exchange rates and the IS-LM model treated in Economics B.

Learning objectives

Goal of the course is to familiarise students with key topics in macroeconomics, building on the foundations taught in the assessment year.

The main learning outcome is that students will be able to analyse macroeconomic effects of economic policies on their own. In particular, students will be equipped with a toolkit to analyse macroeconomic policy issues and to evaluate under which circumstances fiscal policy or monetary policy is effective.

Course content

Summary and description

This course focuses on the role of expectations for consumption and investment decisions, on economic policy in an open macroeconomy, and on core topics of fiscal and monetary policy.

The course has the following **topics / learning units**:

1. Financial markets and asset pricing

Expectations and the price of assets; the yield curve, forward guidance by monetary policy and quantitative easing; the role of fundamentals and speculative bubbles in stock markets

2. Consumption and investment



The permanent income hypothesis; user cost and Tobin's Q; the implications of expectations for economic policy

3. The effectiveness of fiscal and monetary policy in an open economy

Mundell-Fleming model of a small open economy; exchange rate regimes and economic policy transmission; expectations and exchange rate crises

4. Expectations and monetary policy

Lucas critique; time inconsistency: rules versus discretion; politics and monetary policy; unpleasant monetarist arithmetic and hyperinflations

5. Government expenditure, budget deficits and public debt

Neoclassical and Keynesian analysis; Ricardian equivalence

6. Public debt and sovereign debt crises

Debt dynamics and fiscal rules

Methods used and actively applied by students in exercises

- Topic 1, 3-4: Linear algebra. Calculation of an equilibrium as the point of intersection of the supply and demand curves. High-school mathematics: Calculation rules for logarithms and exponential functions, derivatives ...
- Topic 2, 5-6: Solving static optimisation problems with constraints using the Lagrangian method. Difference equations and phase diagrams for the analysis of the dynamics of public debt.

Measurements of learning success

- Weekly tutorials and case studies
- 6 online tests during the semester to test learning progress

Detailed description of assessment of learning success for specific learning objectives in the online tests

(for each of the six topics / learning units of the lecture)

- Knowledge and understanding of economic theories

Online Test 1: Present values, Asset pricing, Yield curve, Quantitative easing

Online Test 2: Permanent income hypothesis, Determinants of consumption and investment decisions

Online Test 3: Mundell-Fleming model, Exchange rate regimes and economic-policy effectiveness

Online Test 4: Topics in monetary policy (e.g., time inconsistency problem)

Online Test 5: Government expenditure, Ricardian equivalence

Online Test 6: Government debt

- Critical assessment of economic theories

Online Test 1-2 and 4: Understand the role of expectations for economic decisions and the effects of economic policy

Online Tests 1-5: Identify explicit and implicit assumptions of economic models

Online Tests 1-3: Understand the key assumptions that distinguish different economic theories

- Application of economic theory

Online Tests 3-5: Apply models to analyse effects of economic policy

Online Tests 3-5: Distinguish different outcomes of economic policy that are predicted by different models



Links to other courses in the economics curriculum

The course Macroeconomics III complements this course by analysing the determinants of economic growth and the long run.

Elective courses on labour markets, financial markets, consumption and investment, international economics allow students to deepen specific topics of the course Macroeconomics II.

Course structure

The course consists of lectures, classes and independent studies. The lectures follow the textbook and elaborate on certain topics. They provide the basic structure for the course and highlight key concepts from the relevant textbook chapters. The tutorials are devoted to discussing problems and exercises and the online learning material supplied for the independent studies. In doing so, a deeper and firmer understanding of the material shall be achieved.

The examination of the course Macroeconomics II consist of a central part (90%) and a decentral part (10%).

During the semester, 6 online tests have to be taken. For these tests the same rules apply as for a 'decentral examination paper.' They are an integral part of the independent studies.

Course literature

Olivier Blanchard, Macroeconomics, 7th or 8th global edition, Pearson Education.

Additional course information

Current Situation Covid-19

The course is conducted online via Zoom.

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, no further changes to the course structure and examination information are to be expected. Should there be any necessary changes, the lecturer will inform about them via StudyNet.

Note to all students who will participate in the repetition exam in the next spring term:

Please note that the online tests, denoted above by 'examination paper written at home (individually)', can only be taken during the autumn term. The obtained results will always count 10 percent of the overall grade, regardless of whether the final exam, denoted above by 'written examination', is taken at the end of the autumn term or at the end of the spring term (repetition exam). The 'examination paper written at home (individually)' consists of several parts, spread over the autumn term. These parts are accessible online on the course website, allowing students to participate in the 'examination paper written at home (individually)' also from abroad. Students have to keep themselves informed on the course website concerning the procedures, dates and deadlines for the examination parts during the term.

Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination time and form

Central - Written examination (90%, 90 mins.)

Examination time: inter-term break

Remark

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Examination-aid rule

Extended Closed Book

The use of aids is limited; any additional aids permitted are exhaustively listed under "Supplementary aids". Basically, the following is applicable:

- At such examinations, all the pocket calculators of the Texas Instruments TI-30 series and mono- or bilingual dictionaries (no subject-specific dictionaries) without hand-written notes are admissible. Any other pocket calculator models and any electronic dictionaries are inadmissible.
- In addition, any type of communication, as well as any electronic devices that can be programmed and are capable of communication such as notebooks, tablets, mobile telephones and others, are inadmissible.
- Students are themselves responsible for the procurement of examination aids.

Supplementary aids

None.

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/2)

Examination time and form

Decentral - examination paper written at home (individual) (10%)

Examination time: term time

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 which is a published template in StudentWeb.

The documentation of sources (quotations, bibliography) has to be done throughout and consistently in accordance with the chosen citation standard such as APA or MLA.

For papers in law, the legal standard is recommended (by way of example, cf. FORSTMOSER, P., OGOREK R. et SCHINDLER B., *Juristisches Arbeiten: Eine Anleitung für Studierende*, newest edition respectively, or according to the recommendations of the Law School).

The indications of the sources of information taken over verbatim or in paraphrase (quotations) must be integrated into texts 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., *Lern- und Arbeitsstrategien*, newest edition respectively).

For any work written at the HSG, the indication of the page numbers is mandatory independent of the chosen citation standard. 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.

Supplementary aids

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Examination languages

Question language: English

Answer language: English

Examination content

Material covered in the lecture, tutorials and independent studies



Exam-relevant literature

Examination relevant literature

Olivier Blanchard, Macroeconomics, 7th global edition, Pearson Education: Chapters 14-23, 24.3.

Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW51) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 42 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 34 (Thursday, 20 August 2020);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 12 October 2020);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 44 (Thursday, 29 October 2020).