



## Course and Examination Fact Sheet: Autumn Semester 2020

### 9,276: Debt and Fiscal Policy

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

Decentral - Presentation (individual) (50%)

Examination time: term time

Decentral - Active participation (10%)

Examination time: term time

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

Examination time: term time

#### 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.

#### Learning objectives

In terms of content, learning objectives are: understanding sovereign debt crises, their different causes and their consequences; the consequences of low equilibrium interest and inflation rates for monetary policy.

In addition to the content of the course, students will learn to read and digest a recent scientific paper, to present its main conclusions potentially without necessarily having understood every aspect of the paper.

#### 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 2 & 3). 2. One full Saturday towards the end of the semester for student presentations (Dec 05).



*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**

The course will primarily be taught face-to-face. In case circumstances will change, the lecturer will inform about any changes by email and the course will take place via zoom.

In the case of the President's Board having to implement new directives due to the SARS-CoV-2 pandemic in AS2020, the course information listed above will be changed as follows:

- The course is conducted online via the platform Zoom;
- The lecturer informs via e-mail on the changed implementation modalities of the course;

The examination information listed below would be changed as follows:

The student presentations will be held via zoom as well. The 2 problem sets will be solved at home in any case.

- The presentation are conducted online and are being recorded;

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%)

Examination time: term time

##### **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%)

Examination time: term time

### 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%)

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

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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 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).