



Course and Examination Fact Sheet: Autumn Semester 2022

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 - Written examination (with individual examination duration) (10%)

Examination time: term time

Attached courses

Timetable -- Language -- Lecturer

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

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

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

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

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

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

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

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 and indications of the learning and teaching design

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, 8th global edition, Pearson Education.

Additional course information

The lectures are offered in person with a live stream. The interactive Q&A exercise sessions are in-person events without live stream. Solution videos for the exercises will be available on the Canvas course website.

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

Please note that the online tests, denoted by 'Written examination (with individual examination duration)', 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 'Written examination (with individual examination duration)' 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

The examination will be conducted on the campus using one:

- private notebook of the candidate (binding)
- external computer mouse (optional)
- external computer keyboard (optional)

We expressly point out that the use of tablets / iPads is strongly discouraged due to the lack of compatibility with the required software

The exact unit specifications will be announced later. Please check back here for the exact specifications. In any case you will need:

- A device that has Windows or MacOS as its operating system.
- Software: Minimum Office 2016 or Office 365
- Your HSG login incl. access modalities
- Internet browser with current updates
- WLAN - functioning access to Eduroam
- Battery life of 120' and/or battery charging cable

Please note that,

- Special software (Lockdown Browser) may be required to solve the exam. You will receive more detailed information in the course, or in the exam sheet.
- Technical tests (mock exams without grades) may be conducted before the central exam. Participation is strongly recommended!
- No screen privacy filter may be attached to the screen.
- You are responsible for the proper functioning of your device.

During the entire test, the use of additional equipment not listed above is strictly prohibited.

Any necessary actions with other software or additional devices require prior approval of the examination administration and are only permitted under supervision.

Any violation of these rules of conduct may be punished as a violation of the University's regulations.

Examination languages

Question language: English

Answer language: English

2. Examination sub part (2/2)

Examination time and form

Decentral - Written examination (with individual examination duration) (10%)

Examination time: term time

Remark

6 online tests during the semester

Examination-aid rule

Online remote examination - Open book

Students are free to choose aids but will have to comply with the following restrictions:

- Calculator models which do not belong to the Texas Instruments TI-30 series are explicitly not allowed.
- In addition, any type of communication is inadmissible, as are all electronic devices that can be programmed and enable



communication, such as electronical dictionaries, additional notebooks, tablets, mobile phones and other devices, which have not been explicitly permitted by the faculty member in charge.

The procurement of the electronic aids as well as ensuring their functionality and fulfillment of the technical requirements is the responsibility of the students.

The examination must be carried out using the programs defined in advance by the faculty member in charge. Mastery of the operation of the programs is part of the examination.

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 and the relevant literature (indicated below).

This covers the following topics: Financial markets and asset pricing, consumption and investment, effectiveness of fiscal and monetary policy in an open economy, expectations and monetary policy, government expenditure, budget deficits, public debt and sovereign debt crises

Examination relevant literature

Olivier Blanchard, Macroeconomics, 8th 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, 25 August 2022);
- Examination information (regulations on aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 17 October 2022);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 42 (Monday, 17 October 2022);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before the end of the registration period in CW 45 (Monday, 7 November 2022).