



## Course and Examination Fact Sheet: Autumn Semester 2024

### 3,212: Macroeconomics II

ECTS credits: 4

#### Overview examination/s

(binding regulations see below)

central - Written examination, Digital, Individual work individual grade (100%, 90 mins.)

Examination time: Lecture-free period

#### Attached courses

Timetable -- Language -- Lecturer

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

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

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

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

#### 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 / tightening; 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
- These course elements provide feedback to the students and do not enter the final grade

*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 / tightening
  - 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.

## Course literature

Olivier Blanchard, Macroeconomics, 8<sup>th</sup> 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.

## Examination information

### Examination sub part/s

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

##### Examination modalities

Examination type	Written examination
Responsible for organisation	central
Examination form	Written exam
Examination mode	Digital
Time of examination	Lecture-free period
Examination execution	Synchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	100%
Duration	90 mins.

##### Examination languages

Question language: English  
Answer language: English

##### Remark

--

##### Examination-aid rule

Closed Book



The use of aids is prohibited as a matter of principle, with the exception of pocket calculator models of the Texas Instruments TI-30 series and, in case of non-language exams, bilingual dictionaries without any handwritten notes. Any other aids that are admissible must be explicitly listed by faculty members in the paragraph entitled "Supplementary aids" of the course and examination fact sheet; this list is exhaustive.

Procuring any aids, as well as ensuring their working order, is the exclusive responsibility of students.

## Supplementary aids

The examination will be conducted as a digital examination with the following admissible media:

- **Private notebook** (compulsory) – no tablets!
- **Mains adapter** (compulsory)
- External computer mouse (optional)
- External computer keyboard (optional)

We would like to point out explicitly that the examination cannot be taken with tablets/iPads.

You will need the following for the examination:

- Appliance and system requirements: [cf. StudentWeb](#)
- Special software: [LockDown Browser](#)
- HSG log-in including access modalities
- WLAN – operational access to Eduroam

Please make sure that

- all the updates have been carried out before the examination.
- In the run-up to digitally conducted examinations, technical tests (mock examinations without grades) are carried out. Participation is urgently required!
- You yourself are responsible for the perfect working order of your appliance, [cf. also StudentWeb](#).
- Keyboard stickers in the language in which the examination is conducted (such as English, German, as well as Arabic, Chinese, Russian, Japanese, etc. in language examinations) are permitted. The stickers must be identical with the original characters of the language concerned.

Any use of additional appliances that are not listed above will be strictly prohibited throughout the examination.

Any necessary actions with another software or additional appliances require the express prior approval of the persons in charge of the examination and are only permitted under supervision.

Any infringement of these rules of conduct may be sanctioned as an infringement of the rules of the University.

---

## 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, 8<sup>th</sup> 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 43 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, 22nd August 2024);
- Examination information (supplementary aids, examination contents, examination literature) for decentralised examinations: in CW 42 (Monday, 14. October 2024);
- Examination information (supplementary aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 43 (Monday, 21 October 2024);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: two weeks before ending with de-registration period in CW 45 (Monday, 04 November 2024).