

## **E230 Macroeconomics II**

Dr. Christian Manger  
Winter Semester

Lecture (2 SWS) + Tutorial (2 SWS)

For rooms and dates, please have a look at [Alma](#).

Visit <http://vwl-tuebingen.de/> for a summary of the modules offered in economics!

6 ECTS

### **Method of Assessment:**

Written exam (90 minutes)

### **Grading and Final Exam:**

The final exam counts for 100% of the final grade. As in most economics courses, you have to take one out of two exams: one at the end of the Winter Semester (usually in February) and one before the beginning of the Summer Semester (usually April, sometimes end of March). The exam dates are published by the examination office around the Holiday break. You can find a link to their website at <https://vwl-tuebingen.de/>. For each exam (February and April), there is a separate registration period which is indicated on the website of the examination office (link via <https://vwl-tuebingen.de/>). Please make sure to register for one out of these two exams during its registration period if you want to obtain ECTS for this course. Also, make sure to check the website of the examination office again a few days before your exam for the exact time and room.

### **Preliminary Content:**

1. Economic Growth – some stylized facts
2. Malthusian “Growth” Model
3. Solow Model I: capital accumulation, demographic change, costs of financial intermediation, golden rule, factor prices, convergence (can poor countries catch up?)
4. Solow Model II: technological progress, growth accounting, Solow residual, exact paths of capital and income
5. Sustainability: (Un-)limited growth in a world with finite resources? Climate change (theory and data)
6. Human Capital (endogenous growth), physical vs human capital, balanced growth path, normative discussion
7. Intertemporal consumption (savings) decisions and the role of expectations (intertemporal budget constraint and optimization, Euler equation, consumption smoothing, temporary shocks, permanent income hypothesis)
8. Fiscal stimulus with forward-looking consumers and the Ricardian Equivalence, interest rates (income (wealth) effect vs substitution effect, costs of financial intermediation)
9. Dynamic evolution of public debt (debt-to-GDP ratio, steady state, and sustainability)
10. Sovereign debt crises (interaction between bond yields and default risk, multiple equilibria)

### **Main Literature:**

Olivier Blanchard (and Gerhard Illing): “Macroeconomics” (or “Makroökonomie”), any recent edition, Pearson.

Stephen D. Williamson: “Macroeconomics”, 6th edition, global edition, Pearson.