



Stellenbosch

UNIVERSITY
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forward together
sonke siya phambili
saam vorentoe

Economic and Management Sciences
EyeNzululwazi ngoQoqosho noLawulo | Ekonomiese en Bestuurswetenskappe

Department of Economics

Economics 144
(12084 - 144)

General Module Outline
2022

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1. INTRODUCTION

1.1. THE PURPOSE OF THE MODULE FRAMEWORK

This module framework contains important information regarding the contents, assessments and administration of the module. The module framework is a document that is regarded as a “contract” between a lecturer and student.

1.2. MODULE PREREQUISITES

Corequisite module: Economics 114

1.3. MODULE OUTCOMES

The successful student will be able to:

- to explain how the aggregate economy is measured and functions (including the multiplier model)
- to critically discuss unemployment and the role of fiscal policy
- to critically discuss inflation and the role of monetary policy
- to explain the money market and the role the central bank plays
- to appreciate and evaluate the role of technological change in the economy and how it affects income inequality
- to critically discuss the role of globalisation (international trade, migration and investment) in the aggregate economy
- to apply their economic knowledge to understand and critically debate South African contemporary economic issues, such as economic growth and development, inflation, unemployment, external stability, inequality, etc.

1.4. LANGUAGE OF INSTRUCTION

Economics 144 is presented according to the language option as indicated in the faculty language plan:

For undergraduate modules where it is reasonably practicable and pedagogically sound to have more than one class group, the following applies:

- There are separate lectures in Afrikaans and English.
- Learning opportunities, such as group work, assignments, tutorials and practicals involving students from both language groups are utilised to promote integration within programmes.
- Students are supported in Afrikaans and English during a combination of appropriate, facilitated learning opportunities (e.g. consultations during office hours, or scheduled tutorials and practicals).

2. ADMINISTRATION

2.1. MODULE CONVENOR

Name	Office	E-mail address	Telephone number	Consultation hours
Ms OG Ezeobi	Schumann 612	olivia@sun.ac.za	021 808 2828	By appointment

2.2. LECTURERS & OTHER INFORMATION

Name	Office	E-mail address	Telephone number	Consultation hours
Ms L Boltman	Schumann 605	lindiboltman@sun.ac.za	021 808 2243	By appointment
Ms OG Ezeobi	Schumann 612	olivia@sun.ac.za	021 808 2828	By appointment
Ms M Ngwenya	Schumann 620	mosima@sun.ac.za	021 808 2236	By appointment
Ms C Pengelly	Schumann 605	cassiepengelly@sun.ac.za	021 808 2243	By appointment
Ms C Smit	Schumann 506a	carina@sun.ac.za	021 808 2898	By appointment
Mr M Visser	Schumann 605	michalvisser@sun.ac.za	021 808 2243	By appointment

2.3. INTERNAL MODERATOR

Ms L Nieuwoudt

2.4. PHYSICAL ADDRESS OF THE DEPARTMENT

5th & 6th floors, CGW Schumann Building, Bosman Street
 Departmental telephone number: 021 808 2247

2.5. GROUPS

At registration you will automatically be placed into a designated group. This information is available on MySun and SUNLearn and is important for your schedule.

2.6. LECTURE TIMES

Lectures will be presented on the following days and times during 2022:

Group and Language	Day	Time	Venue
GR 1.1/Eng (Mr M. Visser)	Monday	08:00	Maths/Ind Psyc 1005
	Wednesday	09:00	Maths/Ind Psyc 1005
	Thursday	12:00	Maths/Ind Psyc 1005
GR 1.2/Eng (Ms L. Boltman)	Monday	08:00	Schumann Annex 1027
	Wednesday	09:00	Schumann Annex 1027
	Thursday	12:00	Schumann Annex 1027
GR2.1/Afr (Ms L. Boltman)	Monday	09:00	Schumann 104
	Wednesday	12:00	Schumann 104
	Thursday	08:00	Schumann 104
GR 2.2/Eng (Ms C. Pengelly)	Monday	09:00	Van der Sterr 1024
	Wednesday	12:00	Van der Sterr 1024
	Thursday	08:00	Van der Sterr 1024
GR 3.1/Afr (Ms C. Smit)	Monday	16:00	Schumann Annex 1027
	Tuesday	14:00	Schumann Annex 1027
	Friday	10:00	Schumann Annex 1027
GR 3.2/Eng (Ms M. Ngwenya)	Monday	16:00	Maths/Ind Psyc 1005
	Tuesday	14:00	Maths/Ind Psyc 1005
	Friday	10:00	Maths/Ind Psyc 1005
GR 3.3/Eng (Ms O. Ezeobi)	Monday	16:00	Van der Sterr 1010
	Tuesday	14:00	Van der Sterr 1010
	Friday	10:00	Van der Sterr 1010

Please note that all lectures will be presented face to face in the lecture venues. There will be no livestreaming of lectures nor recordings of lectures.

3. RESOURCES

3.1. PRESCRIBED TEXTBOOK

The Core Team (2017). *The Economy - Economics for a Changing World*. Oxford University Press: United Kingdom.

This textbook is available for free as an eBook. More information will be given in class. <https://www.core-econ.org/the-economy/>

3.2. SUGGESTED ADDITIONAL RESOURCES AND LITERATURE

Class notes and additional resources will be provided on SUNLearn.

4. LEARNING METHODOLOGY

4.1. METHOD OF INSTRUCTION

Face-to-face teaching in respective lecture venues.

4.2. PARTICIPATION IN MODULE ACTIVITIES

To ensure that you still master the learning outcomes of this module, you are expected to keep up to date with the online learning activities such as the SUNLearn quizzes and actively participate in lectures and tutorials for this module.

4.3. TUTORIAL CLASSES

Objectives:

- to provide academic support to students
- to persuade students to work on a regular basis
- to encourage students to work independently

Tutorials offer additional academic support to students and must under no circumstances be seen as a substitute for reading the textbook, and listening to video/audio files. The classes will be presented on a weekly basis in hybrid format (a combination of in-person tutorials, with livestreaming to allow students to attend the tutorials online) during the semester, starting from the week of 8 August. More details will follow on SUNLearn.

ALL students are strongly encouraged to participate in tutorials from the beginning of the semester.

4.4. SUNLEARN

SUNLearn should be consulted regularly for resources, communication (including marks) and learning activities.

4.5. CONSULTATION TIMES AND THE USE OF THE SUNLEARN DISCUSSION FORUM

Consultation with lecturers are by appointment only. Please email your lecturer to make an appointment.

The Discussion Forum function on SUNLearn should be used for all queries relating to the course content of the module. The discussion forum enables peer-to-peer learning and students are encouraged to answer each other's questions. It is not necessary to start and sign-off the posts with formal greetings as you would an email. If your query consists of multiple questions, please number your questions. Questions posted on the Discussion Forum will be answered in the language in which it was raised.

All queries not relating to the course content can be emailed to your lecturer. If a query about course content is of such a nature that it is difficult to ask and / or answer by means of the Discussion Forum, you are welcome to make an appointment with the lecturer.

E-mails to lecturers and queries on the Discussion Forum will be answered during office hours within a reasonable time, taking lecturers' other responsibilities into account. Please note that the SUNLearn Discussion Forum is a public platform.

4.6. COPYRIGHT

Stellenbosch University holds the copyright to all material in this module. Material which is made available through SUNLearn may be subject to certain licencing conditions. You may only use the material for your own private study and research at the University and not for any other purpose. Printed material is also only made available for class discussion, private study and research purposes. Further reproduction or distribution of such material is prohibited. Contravention of these rules will result in disciplinary action and may result in legal action.

5. FLEXIBLE ASSESSMENT FOR SEMESTER MODULES

Flexible assessment, in line with the Undergraduate Assessment Regulation of the Faculty of Economic and Management Sciences, is followed in this module. Please watch the information video on https://youtu.be/jFwRSY_9AKM and read the regulation on the faculty's webpage (www.sun.ac.za/ems under the "current students" tab).

This approach to assessment puts the responsibility of learning in the student's hands. Make use of all available assessment opportunities and ensure that you understand how assessment in the module works.

5.1. ASSESSMENT OPPORTUNITIES

Assessment 1 (A1) Test 31 August 2022 Contribution to FM: 40%	
Further Assessment (FA)	
Summative (FAS) None	Formative (FAF) Tutorials There will also be SUNLearn quizzes available for self-assessment.
Assessment 2 (A2) Test 4 November 2022 Contribution to FM: 60%	
Assessment 3 (A3) Test 28 November 2022 Contribution to FM: 60%	

Please note: It is your responsibility to request special arrangements for main assessment opportunities that have been scheduled on religious holidays. The following apply:

- For A2 and A3 the examination office will make the necessary arrangements where possible. Visit the Examinations Office in Admin A in the course of the last two class weeks of the semester.
- For A1 the department will make the necessary arrangements if it can be feasibly done in accordance with the arrangements usually made by the examination office for A2 and A3. If you want to request special arrangements contact your lecturer at least two weeks before **each** assessment opportunity.

The calculation of your final mark (FM) is based on a weighted formula. The formulas used to calculate the FM after A2 and A3 are as follows:

FM after A2 =

$$\left(\frac{\text{weight of A1}}{\text{total weight}} \times \text{A1 mark}\right) + \left(\frac{\text{weight of A2}}{\text{total weight}} \times \text{A2 mark}\right)$$

FM after A3 =

$$\left(\frac{\text{weight of A1}}{\text{total weight}} \times \text{A1 mark}\right) + \left(\frac{\text{weight of A2}}{\text{total weight}} \times \text{A2 mark}\right) + \left(\frac{\text{weight of A3}}{\text{total weight}} \times \text{A3 mark}\right)$$

When calculating a FM using the formulas please note the following:

- The total weight is the sum of the weights of all the assessment opportunities that you have completed (minimum 100). Even if you missed assessment opportunities, the total weight will be at least 100.
- For all missed assessment opportunities, a zero mark is awarded.

5.2. PASS REQUIREMENTS

Firstly, a FM of **at least 50** is required to pass the module. The formulas for the calculation of the FM is set out above. Secondly, **at least two main assessment opportunities MUST be completed** to achieve a valid FM in a semester module. In other words, you must complete at least two of the following: A1, A2 and A3. If you do not obtain a valid FM you fail the module. Finally, take note of the **participation percentage and/or level of competency percentage** which must be achieved to pass the module (along with the relevant outperformance clause).

5.3. ACCESS TO ASSESSMENT 3 (A3)

Note that it is not necessary to submit medical certificates or any other documents for missed assessment opportunities.

You have access to A3 if either of the following applies:

- If you completed all of the main assessment opportunities other than A3 (A1 and A2) but have not obtained a FM of 50 or more, you have access to A3 in order to improve your FM to 50.
- You missed a main assessment opportunity (A1 or A2) for whatever reason. In this case, a FM of 50 or more can still be obtained if you make use of A3.

- If you missed two main assessment opportunities (A1, A2) **you cannot obtain a valid FM and therefore you fail the module**. However you still have access to A3 in order to allow you the opportunity to obtain a FM that could adhere to prerequisites or other requirements.

No further assessment opportunities will take place after A3.

5.4. WORK COVERED PER ASSESSMENT OPPORTUNITY

The prescribed work covered per assessment opportunity is as follows:

- Assessment 1: Will be communicated through SUNLearn
- Assessment 2: Will be communicated through SUNLearn
- Assessment 3: Will be communicated through SUNLearn

5.5. TURNOVER TIME/FEEDBACK

Test marks will be available within 2 – 3 weeks.

5.6. HANDOUT OF TESTS AND APPEAL PROCEDURE

Information on this will be posted on the module's SUNLearn page.

5.7. INTERPRETATION OF RESULTS ON THE OFFICIAL UNIVERSITY SYSTEM (MY.SUN)

Important: You must check your A1 and A2 marks on SUNLearn.

After A2 you may see the following information on the official university system (MySun) when checking for your marks:

- A $FM \geq 50$ and a comment of "pass" or "pass with distinction".
- A $FM \leq 45$ and a comment of "further assessment allowed". This can mean one of the following:
 - You **completed all main assessment opportunities** and failed after A2. You have access to A3 as an opportunity to pass the module with a maximum FM of 50.
 - You **missed one main assessment opportunity** and have access to A3 as an opportunity to obtain a FM of 50 or above.
- No final mark and a comment of "further assessment allowed". This can mean one of the following:
 - You did not complete enough main assessment opportunities to obtain a valid FM, but nevertheless obtained a $FM \geq 50$. In this case you have to complete A3 to obtain a valid FM to pass the module.
 - You are involved in a Central Disciplinary Committee case and the verdict is pending.
 - You missed too many main assessment opportunities and it is not possible to obtain a valid FM anymore. Even though you cannot pass the module you may complete A3 in order to allow you the opportunity to adhere to any prerequisites or other requirements.

After A3 you may see the following information on the official university system (MySun) when checking for your marks:

- A $FM \geq 50$ and comment of “pass” or “pass with distinction”.
- A $FM \leq 45$ and comment of “fail”.
- A $FM \leq 45$ and comment of “insufficient assess” (insufficient assessment opportunities completed). This means that you did not complete enough main assessment opportunities to obtain a valid FM.
- No mark and a comment of “no assessment done”. This means that you did not complete any assessment opportunities.

6. WORK PROGRAM

Week	Date	Topic	Unit	Formative Assessment
1	18-Jul	Labour market	Unit 9	
2	25-Jul	Labour market	Unit 9	
3	01-Aug	Banks, money and credit	Unit 10	SUNLearn Quiz 1
4	08-Aug	Banks, money and credit	Unit 10	
5	15-Aug	Economic fluctuations and unemployment	Unit 13	SUNLearn Quiz 2
6	22-Aug	Unemployment and fiscal policy	Unit 14	SUNLearn Quiz 3
7	29-Aug	Unemployment and fiscal policy	Unit 14	SUNLearn Quiz 4a
	05-Sep	RECESS	RECESS	RECESS
8	12-Sep	Unemployment and fiscal policy	Unit 14	
9	19-Sep	Unemployment and fiscal policy	Unit 14	
10	26-Sep	Inflation, unemployment and monetary policy	Unit 15	SUNLearn Quiz 4b
11	03-Oct	Inflation, unemployment and monetary policy	Unit 15	
12	10-Oct	Inflation, unemployment and monetary policy	Unit 15	SUNLearn Quiz 5
13	17-Oct	Technological progress, employment, and living standards in the long run	Unit 16	SUNLearn Quiz 6

CONTENT COVERED IN EACH UNIT

UNIT 9 – THE LABOUR MARKET

- 9.1 The wage-setting curve, price-setting curve and the labour market
- 9.2 Measuring the economy: Employment and unemployment
- 9.3 The wage-setting curve: Employment and real wages
- 9.4 The firm's hiring decision
- 9.5 The price-setting curve: Wages and profits in the whole economy
- 9.6 Wages, profits, and unemployment in the whole economy
- 9.7 How changes in demand for goods and services affect unemployment

UNIT 10 – BANKS, MONEY AND THE CREDIT MARKET

Income, borrowing and saving

- 10.1 Money and wealth
- 10.2 Borrowing: Bringing consumption forward in time
- 10.3 Impatience and the diminishing marginal returns to consumption
- 10.4 Borrowing allows smoothing by bringing consumption to present
- 10.5 Lending and storing: Smoothing and moving consumption to the future
- 10.6 Investing: Another way to move consumption to the future

Balance sheet

- 10.7 Assets, liabilities, and net worth

Banks and money

- 10.8 Banks, money, and the central bank
- 10.9 The central bank, the money market, and interest rates
- 10.10 The business of banking and bank balance sheets
- 10.11 The central bank's policy rate can affect spending

Credit rationing

- 10.12 Credit market constraints: A principle-agent problem
- 10.13 Inequality: Lenders, borrowers, and those excluded from credit markets

UNIT 13 – ECONOMIC FLUCTUATIONS AND UNEMPLOYMENT

- 13.1 Growth and fluctuations

- 13.2 Output growth and changes in unemployment
- 13.3 Measuring the aggregate economy
- 13.4 Measuring the aggregate economy: The components of GDP
- 13.5 How households cope with fluctuations
- 13.6 Why is consumption smooth?
- 13.7 Why is investment volatile?
- 13.8 Measuring the economy: Inflation

UNIT 14 – UNEMPLOYMENT AND FISCAL POLICY

- 14.1 The transmission of shocks: The multiplier process
- 14.2 The multiplier model
- 14.3 Household target wealth, collateral, and consumption spending
- 14.4 Investment spending
- 14.5 The multiplier model: Including the government and net exports
- 14.6 Fiscal policy: How governments can dampen and amplify fluctuations
- 14.7 The multiplier and economic policymaking
- 14.8 The government's finances
- 14.10 Aggregate demand and unemployment

*Additional prescribed content for this section that is not in the CORE textbook:
All calculations and theory included in the guided exercise and tutorials*

UNIT 15 – INFLATION, UNEMPLOYMENT, AND MONETARY POLICY

- 15.1 What's wrong with inflation?
- 15.2 Inflation results from conflicting and inconsistent claims on output
- 15.3 Inflation, the business cycle, and the Phillips curve
- 15.4 Inflation and unemployment: Constraints and preferences
- 15.5 What happened to the Phillips curve?
- 15.6 Expected inflation and the Phillips curve
- 15.7 Supply shocks and inflation
- 15.8 Monetary policy
- 15.9 The exchange rate channel of monetary policy

15.10 Demand shocks and demand-side policies

15.11 Macroeconomic policy before the global financial crisis: Inflation-targeting policy

Additional prescribed content for this section that is not in the CORE textbook:

Inflation calculations (slides and examples to be provided on SUNLearn)

UNIT 16 – TECHNOLOGICAL PROGRESS, EMPLOYMENT, AND LIVING STANDARDS IN THE LONG RUN

16.1 Technological progress and living standards

16.2 The job creation and destruction process

16.3 Job flows, worker flows, and the Beveridge curve

16.4 Investment, firm entry, and the price-setting curve in the long run

16.5 New technology, wages, and unemployment in the long run

16.6 Technological change and income inequality

16.7 How long does it take for labour markets to adjust to shocks?

16.8 Institutions and policies: Why do some countries do better than others?

16.9 Technological change, labour markets, and trade unions

16.10 Changes in institutions and policies

16.11 Slower productivity growth in services, and the changing nature of work

16.12 Wages and unemployment in the long run

Additional prescribed content for this section that is not in the CORE textbook:

Information on South Africa's structural unemployment, education gap and technological change.