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UNIVERSITY  
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**Economic and Management Sciences**  
**EyeNzululwazi ngoQoqosho noLawulo | Ekonomiese en Bestuurswetenskappe**

# Department of Economics

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## Macroeconomics (12084 - 214)

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## Work Programme 2022

Updated: 15 March 2022

Lecturer: Mrs Liezl Nieuwoudt: [LNIEUW@sun.ac.za](mailto:LNIEUW@sun.ac.za)  
Tutors: Mr Hassan Essop: [hessop@sun.ac.za](mailto:hessop@sun.ac.za)  
Ms Katrien Smuts: [ksmuts@sun.ac.za](mailto:ksmuts@sun.ac.za)

Internal moderator: Prof RCC Jafta

## **BASIC INFORMATION** \*

### **1. MODULE PREREQUISITES**

Prerequisite pass module: Economics 114

Prerequisite pass module: Economics 144

### **2. OVERVIEW, PURPOSE AND OUTCOME OF THE MODULE**

Understanding macroeconomic theory is essential for an insight into the functioning of the economy and how it affects participants. However, the modern approach to macroeconomic theory is underpinned by microeconomic fundamentals; as such, we utilize a more modern approach to intermediate macroeconomic theory and model development.

We start with an introduction and study of measurement of macroeconomic variables and issues pertaining to contemporary macroeconomics. This is followed by the development of a set of key business cycle facts that is used throughout the course. Given the importance of microeconomic foundations for our course, we conduct a detailed study of the behaviour of consumers and firms before developing a one period model of the economy. The next step thereafter is to consider a two period model, which allows us to answer complicated policy questions related to consumption-savings decisions and the impact government policy can have on the economy.

Students are expected to work diligently throughout the course. To facilitate this process, tutorial sessions have been scheduled where students will get the opportunity to discuss tutorial answers and to pose further questions. In addition, students must remember that all work discussed in lectures or tutorials, including material in the slides that may or may not be in the textbook, can be included in tests or exams.

### **3. LANGUAGE OF INSTRUCTION**

Economics 214 is presented according to the language option indicated in the faculty's language policy.

For this undergraduate module where both Afrikaans and English are used in the same class group, the combination of facilitated learning opportunities is as follows:

- During each lecture, all information is conveyed at least in English and summaries or emphasis on content are also given in Afrikaans. Questions in Afrikaans and English are, at the least, answered in the language of the question.
- 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).
- For first-year modules, SU makes simultaneous interpreting available during each lecture. During the second and subsequent years of study, simultaneous interpreting is made available by SU upon request by a faculty, if the needs of the students warrant the service and SU has the resources to provide it. If two weeks have passed with no students making use of the interpreting service, it may be discontinued.

\* *Complete information about administrative rulings and assessment of this module is outlined in a separate document on SUNLearn.*

**4. LECTURER:**

Mrs Liezl Nieuwoudt  
 CGW Schumann-building, room 512  
 Tel. 021-808 2247  
 E-mail: [LNIEUW@sun.ac.za](mailto:LNIEUW@sun.ac.za)

**5. GROUP ALLOCATION****Formal lectures:**

| GROUPS | DAY       | PERIOD | BUILDING AND VENUE    |
|--------|-----------|--------|-----------------------|
| Gr 1   | Monday    | 15:00  | MathsSc/IndPsych 1005 |
|        | Tuesday   | 12:00  | MathsSc/IndPsych 1005 |
|        | Thursday  | 14:00  | MathsSc/IndPsych 1005 |
| Gr 2   | Tuesday   | 09:00  | MathsSc/IndPsych 1005 |
|        | Wednesday | 11:00  | MathsSc/IndPsych 1005 |
|        | Friday    | 12:00  | MathsSc/IndPsych 1005 |

Please check SUNLearn for further guidelines regarding the mode of lectures (face-to-face and/or online).

The attendance of all synchronous activities are compulsory.

**Tutorial periods:**

| LANGUAGE OF INSTRUCTION | DAY      | PERIOD | BUILDING AND VENUE |
|-------------------------|----------|--------|--------------------|
| Afrikaans               | Tuesday  | 13:00  | CGW Schumann 104   |
| English                 | Thursday | 13:00  | CGW Schumann 104   |
| English                 | Friday   | 14:00  | CGW Schumann 104   |

**6. PRESCRIBED LITERATURE:**

The prescribed textbook is: Williamson, SD. 2017. *Macroeconomics* 6th edition (Global edition). Cape Town: Pearson.

**Other literature used:**

From time to time additional literature may be used in class. These notes will be made available in class. Notes will only be made available once in the class. If you are not present in the class you must collect the notes yourself within 2 days at Ms Wanza in Room 609.

The references in the work programme refer to Williamson.

**7. SUNLearn**

SUNLearn is an integral part of this module and should be consulted regularly for resources, communication (including marks) and learning activities.

## 8. CONSULTATION TIMES

Send an e-mail to your lecturer or tutor to make an appointment or you can also do it right after class.

## 9. FLEXIBLE ASSESSMENT

Economics 214 makes use of summative and formative assessment. Summative assessment compiles out of main assessment A1; main assessment A2 as well as a main assessment A3. There is also a further assessment opportunity FA (essay) that will be taken into consideration when compiling the final mark.

Formative assessment is not used in the calculation of the final mark and in In Economics 214 formative assessment will be done by means of electronic tutorials. The tutorial questions will be made available electronically on Mondays. Students must answer these questions electronically before Wednesdays 12:00. These assessment marks will be compiled into the final tutorial mark at the end of the semester. The worst two tutorial assessment marks will not be taken into consideration in this calculation. A student must achieve a mark of at least 50% in these electronic tutorials to pass this module. A student can pass the module if the requirements are not met by achieving a mark of 60% or above in A2 or A3.

Students have to write at least **two** of the three main assessment opportunities. Further summative assessment (FAS) is done with the aid of an essay.

The weights of the main assessment tests in the calculation of the final mark if summative main assessments A1 and A2 are written is as follows:

|                              | MARK |
|------------------------------|------|
| Summative Main Assessment A1 | 30   |
| Summative Main Assessment A2 | 60   |
| Essay FAS                    | 10   |
| FINAL MARK                   | 100  |

If a student did not achieve a final mark of at least 50% after summative main assessment A2, the student may write summative main assessment A3. The weights of the final mark are then as follows:

|                              | MARK |
|------------------------------|------|
| Summative Main Assessment A1 | 30   |
| Essay FAS                    | 10   |
| Summative Main Assessment A2 | 60   |
| Summative Main Assessment A3 | 60   |
| FINAL MARK                   | 160  |

In this case where a student uses A3 as a supplementary assessment to pass a **maximum final mark of 50%** can be obtained.

If a student missed summative main assessment A1, such a student may write summative main assessment A2. The student must then also write summative main assessment A3.

The **weights** of the main assessments in the calculation of the final mark if summative main assessment A1 is not written, but summative main assessments A2 and A3 are written are as follows:

|                              | <b>MARK</b> |
|------------------------------|-------------|
| Essay FAS                    | 10          |
| Summative Main Assessment A2 | 60          |
| Summative Main Assessment A3 | 60          |
| FINAL MARK                   | 130         |

*In this case a student will **not** be entitled to any further assessment opportunities.*

If a student wrote summative main assessment A1, but missed summative main assessment A2 the student may write summative main assessment A3.

The **weights** of the main assessments in the calculation of the final mark if summative main assessment A1 and the summative main assessments A3 are written are as follows:

|                              | <b>MARK</b> |
|------------------------------|-------------|
| Summative Main Assessment A1 | 30          |
| Essay FAS                    | 10          |
| Summative Main Assessment A3 | 60          |
| FINAL MARK                   | 100         |

*In this case a student will **not** be entitled to any further assessment opportunities.*

**NB: If a student missed two summative main assessment opportunities (irrespective of the reason) you cannot pass the course, because no student can pass on the grounds of only one main assessment opportunity.**

## 10. **ASSESSMENT DATES**

|                              | <b>DATE</b>     |
|------------------------------|-----------------|
| Summative Main Assessment A1 | Friday 29 April |
| Summative Main Assessment A2 | Tuesday 31 May  |
| Summative Main Assessment A3 | Monday 20 June  |

## 11. LECTURES:

This module consists of 18 lectures. The prescribed material will not be covered in detail in the lectures. PowerPoint slides and/or transparencies will only give the **main points** and are **not complete notes**. Therefore, it is important that you attend classes and take down class notes. It is also advisable to try to read through the relevant literature before a specific lecture. Prepare long enough before assessments make an appointment to see your lecturer if you have problems.

Lectures commence on 11 April (Group 1) and 12 April (Group 2) and will end on 19 May (Group 1) and 20 May (Group 2).

## **12. WORK PROGRAMME**

### **SECTION 1: INTRODUCTION AND MEASUREMENT ISSUES**

#### **12.1 BASIC MACROECONOMIC CONCEPTS AND MEASUREMENT**

*Chapters 1 & 2 [Only an overview will be given in class - Self study]*

What is Macroeconomics?

Basic concepts

Gross Domestic Product

Economics Growth

Business Cycles

Macroeconomic Models

Microeconomic Principles

Disagreement in Macroeconomics

What do we learn from Macroeconomic Analysis?

Understanding Recent and Current Macroeconomic Events

Measurement

Measuring GDP

National Income and Product accounts

Components of Aggregate Expenditure

Nominal and Real GDP and Price Indices

Problems with Measuring Real GDP and the Price Level

Savings, Wealth and Capital

Labour Market Measurement

#### **12.2 BUSINESS CYCLE MEASUREMENT**

Regularities in GDP Fluctuations

Comovement

Components of GDP

Price Level and Inflation

Labour Market Variables

Seasonal Adjustment

*Chapter 3*

### **SECTION 2: BASIC MACROECONOMIC MODELS: A ONE-PERIOD MODEL AND MODELS OF SEARCH AND UNEMPLOYMENT**

#### **12.3 CONSUMER AND FIRM BEHAVIOUR: THE WORK-LEISURE DECISION AND PROFIT MAXIMISATION**

The Representative Consumer

The Representative Firm  
*Chapter 4*

## **12.4 A CLOSED-ECONOMY ONE-PERIOD MACROECONOMIC MODEL**

Government

Competitive Equilibrium

Optimality

Working with the Model:

    The Effects of a Change in Government Purchases

    A Change in Total Factor Productivity

A Distorting Tax on Wage Income

    Tax Rate Changes

    Laffer Curve

A Model of Public Goods

    How Large Should the Government Be?

*Chapter 5*

## **SECTION 3: SAVINGS, INVESTMENT AND GOVERNMENT DEFICITS**

### **12.5 A TWO-PERIOD MODEL: THE CONSUMPTION-SAVINGS DECISION AND CREDIT MARKETS**

A Two-Period Model of the Economy

The Ricardian Equivalence Theorem

*Chapter 9*