



ECONOMICS 288

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1. MODULE OUTCOMES FOR THE YEAR

After the successful completion of this module students would have achieved the following Learning Outcomes (LOs):

LO1- contextualise contemporary issues through a basic economic framework.

LO2- calculate/solve and interpret basic economic indicators/statistics.

LO3- engage, reason and work with peers on relevant economic issues/phenomena.

LO4- write concisely about economic issues.

2. COURSE OUTLINE TERM 1

Theme 2 – Economic agents and the rules of the game

After completing the second theme you will be able to describe a pareto criterion and how real world social interactions have undesirable economic outcomes (unit 5). The firm is introduced in its internal structure of owners, managers, and employees in order to explain the business organisation, principal agents and their interactions under incomplete contracts (unit 6). The firm and its external interaction in an economic system is described to illustrate how supply to its customers occurs (unit 7). Buying and selling in markets interactions is modelled under competitive equilibrium. Price-setting and price-taking firms in a market show how models of perfect competition are a rarity and why (unit 8). Lastly unit 9 then introduces the labour market and how wages, profits and unemployment play a significant role in economy.

[UNIT 5 – Property and power: Mutual gains and conflict](#)

After studying this unit, you should at least be able to:

- contextualise and describe institutions and power (LO1)
- evaluate institutions and outcomes: Pareto criterion and Fairness (LO3)
- discuss technical, economical and biological feasible allocations (LO4)
- contextualise the redistribution policy of surplus and raising efficiency (LO4)

UNIT 6 – The firm: Owners, managers, and employees

After studying this unit, you should at least be able to:

- identify a Firm with its organisation of ownership and control (LO1)
- determine employment rents by counting the cost of job loss (LO2)
- applying the labour discipline model in the context of owners, employees and the economy (LO3)
- contextualise principle and agents and the interactions under incomplete contracts (LO1)

UNIT 7 – The firm and its customers

After studying this unit, you should at least be able to:

- define economies of scale of a firm (LO1)
- determine cost functions of a firms production incentives (LO2)
- identifying a firms process of setting the price to maximise profit (LO3)
- write about why government tax policy is informed by elasticity of demand (LO4)
- evaluate price-setting firms and market power effects on the need for competition policy (LO3)

UNIT 8 – Supply and demand: Price-taking and competitive markets

After studying this unit, you should at least be able to:

- define demand and supply to model buying and selling (LO1)
- determine market and equilibrium price with price-taking firms (LO3)
- identify the gains from trade, allocation and distribution in a competitive equilibrium (LO1)
- contextualise the model of perfect competition and its assumptions with the real world (LO3)
- write about the search for competitive equilibria if they exist (LO4)
- identify the differences between price-setting firm (monopoly) and price-taking firm (perfectly competitive market) (LO1)

UNIT 9 – The Labour Market: Wages, Profits and Unemployment

After studying this unit, you should at least be able to:

- describe the wage-setting curve, price-setting curve in the labour market (LO1)
- measuring the employment and unemployment in an economy (LO2)
- contextualising the firm's hiring decision with respect to labour productivity (LO3)
 - recalling here the firm's incentive to maximise profits
 - determining the firms choice in the wage level
- evaluating how wages, profits and unemployment in the whole economy are determined (LO4)
- interpreting how labour market equilibrium is interconnected to the distribution of income (LO3)
- contextualise labour supply, labour demand and bargaining power in south Africa (LO2)
- discuss whether labour market policies will address unemployment and inequality in south Africa (LO3)

3. IMPORTANT ASSESSMENT INFORMATION

3.1 Further Assessments (summative and/or formative)

Electronic Lab attendance (every Wednesday at 16:00) is compulsory. Submissions and/or quizzes are to be completed in the class. **The further assessment contributes 10% towards your final mark each semester (in total 20% for the year).**

3 rd April	Activity 6 – Game theory
10 th April	Activity 7 – Land Reform case study [U5]
17 th April	Activity 8 – Firms cost & profit functions (Supply) [U6&7]
24 th April	Activity 9 – Supply Demand Markets [U7&8]
TBA	Activity 10 – South African anti-competitive case studies [U8]
TBA	Activity 11 – Labour Data in South Africa [U9]

3.2 Tutorials

- Formative Tutorial attendance is compulsory. Tutorials will start on **Tuesday the 9th of April 2019, and then** weekly.

NOTE: The Tutorials on the **Public Holiday Friday on the 19th of April** will be held on the **Tuesday the 23rd of April 2019** which follows a **FRIDAY TIMETABLE** as per [Stellenbosch University Calendar](#). No further tutorials will take place in the week of the 23rd of April 2019. Consult the [Provisional Timetable link](#).

3.3 Summative Assessments

<u>Assessment 1 Semester 1 (A1S1)</u> Group assignment 20 March 12:00 (midday) 15%
<u>Assessment 2 Semester 1 (A2S1)</u> Test 21 May 09:00 20%
<u>FAS</u> Semester 1 weekly computer lab assignments/quizzes 10%

4. GENERAL COURSE INFORMATION

It is imperative that you consult the separate General Information document (available on SUNLearn) regarding the prescribed text, goals of this course and specific information on administrative issues, tests, etc. This document simply outlines the first term's work coverage.