

Telematic Schools Project



2022 SUBJECT WORKBOOK Grade 10



A joint initiative between the Western Cape Education Department and Stellenbosch University.



**Western Cape
Government**
Education



Stellenbosch
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forward together
sonke siya phambili
saam vorentoe



BROADCAST SESSIONS

GRADE 10

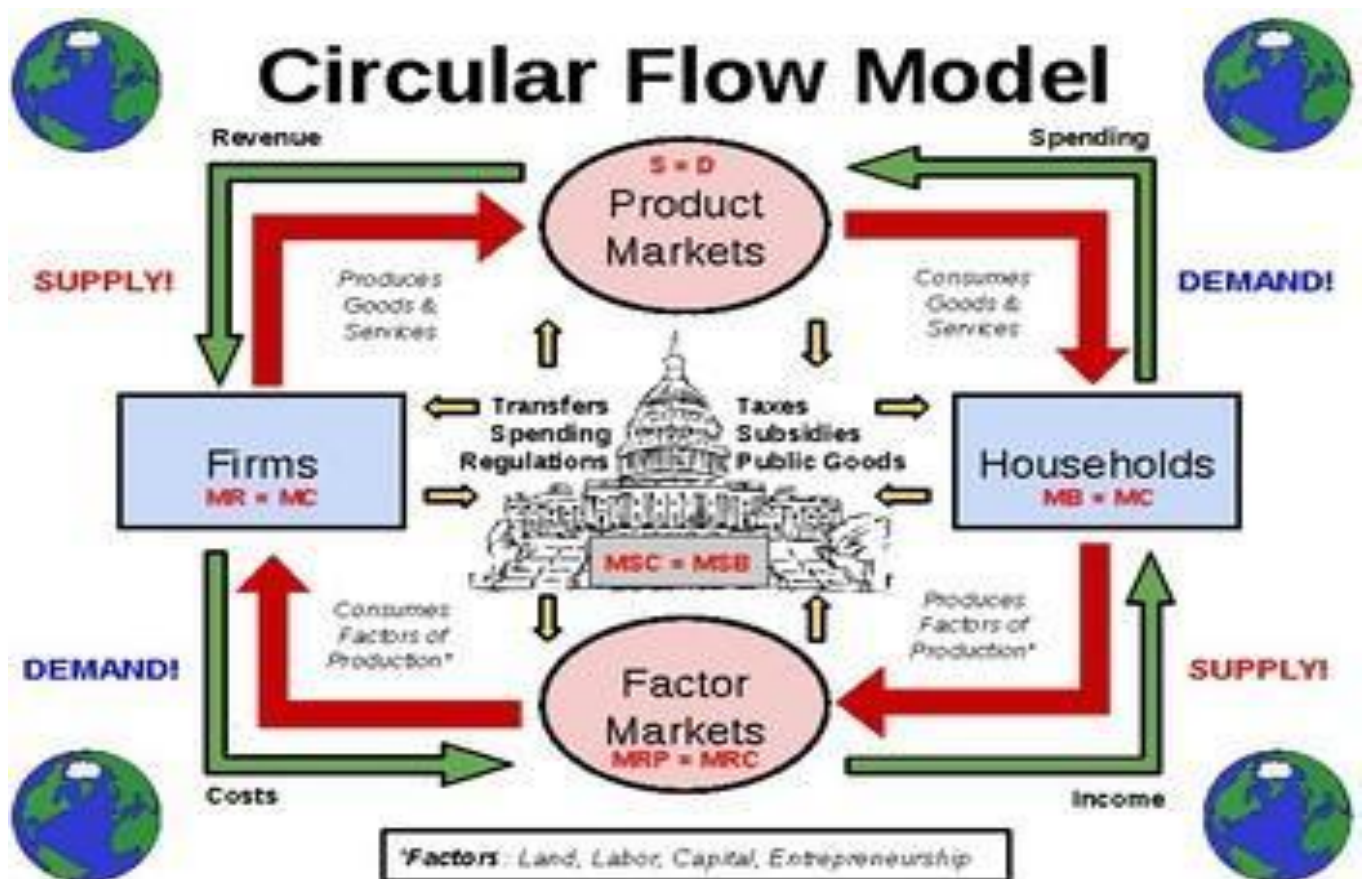
Circular Flow
Business Cycle
Market Forces

Session	Date	Time	Topic
English	02/14/2022	16h00-17h00	Circular Flow and Business Cycles
Afrikaans	02/15/2022	16h00-17h00	Ekonomiese Kringloop en Sakesiklusse
English	04/05/2022	16h00-17h00	Market forces
Afrikaans	04/06/2022	16h00-17h00	Markkragte



INTRODUCTION

Circular Flow Business Cycle



CLOSED ECONOMY: THREE participants

Households
Businesses
Government/State

or

OPEN ECONOMY: FOUR participants

Households
Businesses
Government/State
Foreign sector



TERMINOLOGY

Term	Definition
The Circular Flow	A simplification of a diagram showing how the economy works
The Business Cycle	A phenomenon of successive periods of increasing and decreasing economic activity
	CLOSE ECONOMY ONLY THREE PARTICIPANTS
	OPEN ECONOMY FOUR PARTICIPANTS
	LEAKAGES WITHDRAWAL OF MONEY FOR THE ECONOMIC CYCLE (LOCAL ECONOMY)
	INJECTIONS REPRESENTS AN INCREASE IN MONEY IN THE LOCAL ECONOMY (MORE INVESTMENT)



TERMINOLOGY

Term	Definition
	<p>GROSS DOMESTIC PRODUCT IT IS THE TOTAL VALUE OF ALL FINAL GOODS AND SERVICES PRODUCED WITHIN THE BORDERS OF THE COUNTRY WITHIN A SPECIFIC PERIOD OF TIME, USUALLY A YEAR</p>
	<p>Business cycle is measured in time series. From Peak to Peak and Trough to Trough</p>
	<p>Upswing It is when the economy is growing and is usually in the recovery and prosperity phase</p>
	<p>Downswing Its when the economy is slowing down or declining and is usually in the recession and depression phase</p>
	<p>EXOGENOUS FACTORS FACTORS THAT ORIGINATE FROM OUTSIDE THE ECONOMIC SYSTEM</p>
	<p>ENDOGENOUS FACTORS FACTORS THAT ARE PART OF THE ECONOMIC SYSTEM</p>



TAKE NOTE



CIRCULAR FLOW

Households

Money and goods and service flow between households and business sector
Owners of factors of production
Earn an income and pay taxes to government

Business Sector

Buys factors of production from the factor market
Pays for factors of production to households
Produces goods and services
Sells on goods market to households and state
Earn an income and pay taxes

Government

Money, goods and services flow between government, households and businesses
Government buy factors of production and pays for them on factor market
Buys goods and services from businesses and pay for them
Receives income through taxes from households and businesses
Provides public goods and services

Foreign Sector

Imports are seen as **leakages** because money leaves the country
Exports are seen as **injections** because money enters the country



TAKE NOTE



BUSINESS CYCLE

Business cycle refers to the phenomenon of successive periods of increase and decrease of economic activity

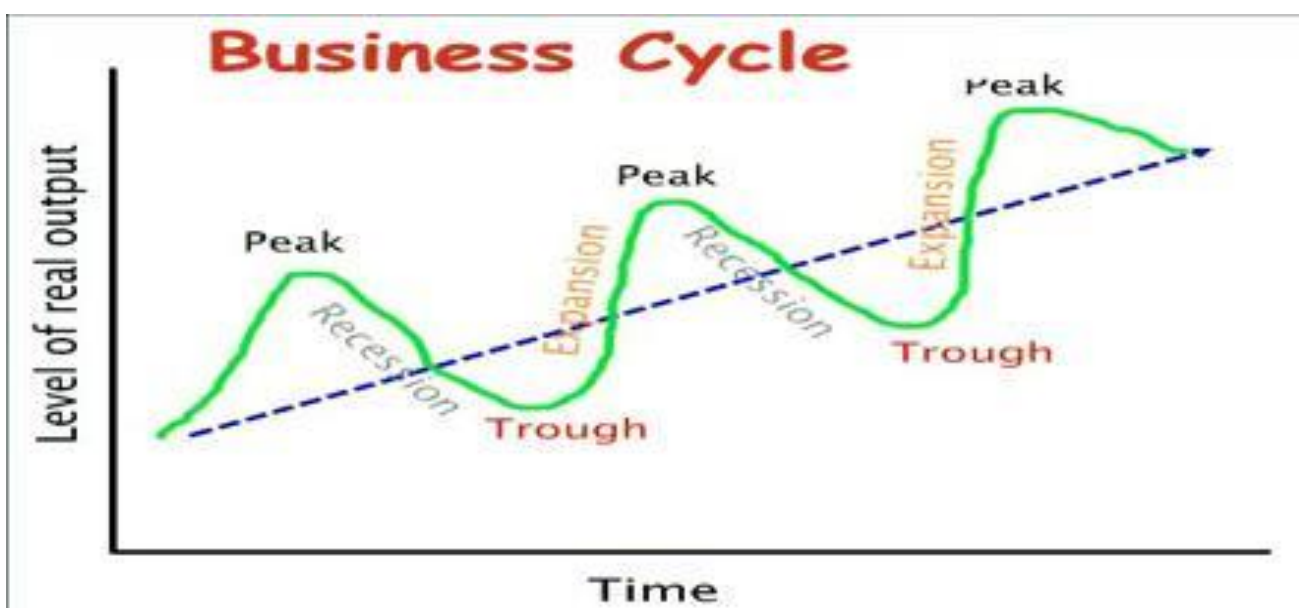
Trend line: shows the economy is growing and going upwards in the long run

Business Cycle consists of:

- ✓ Recovery
- ✓ Prosperity
- ✓ Peak
- ✓ Recession
- ✓ Depression
- ✓ Through

And then we start over

Example:





TAKE NOTE



BUSINESS CYCLE

Recovery: time of renewed economic growth; more jobs, production increase

Prosperity: great degree of optimism in the economy; entrepreneurs borrow more money to buy machines and equipment; employment levels rise; can lead to inflation

Recession: there is negative economic growth for TWO consecutive quarters; jobs are being lost and a feeling of pessimism

Depression: no ONE country can go into depression, this is a world event; money in short supply, leads to decline in spending; negative impact on investment spending

When economic activity is at its lowest, a trough is reached

Exogenous Factors

- ✓ Outside our control and is bad for the economy
- ✓ Political shocks, weather, riots, etc. all affect the growth in the economy negative
- ✓ It cannot be controlled

Endogenous Factors

- ✓ Are part of the economic system
- ✓ Expansion phase also contains mechanisms that eventually cause a contraction of economic activity
- ✓ When there is an increase in demand for foreign goods it effects the Balance of Payments negatively
- ✓ Interest rates may even increase

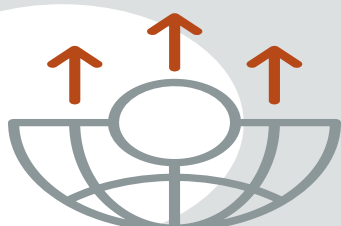
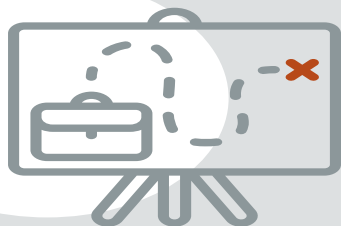


CONCEPTS



CIRCULAR FLOW

WHAT YOU SHOULD KNOW



Before

No circular flow, no products and no jobs, no money to buy goods and services
No government to provide public goods and services

During

Goods and service are being produced by **business**
Households receive an income and buy goods
Government receive taxes and provide public goods and services
Goods are exported and imported

After

Wants and needs are provided and the economy grows which means government, households, businesses and foreign sector are all working

We have **Closed** and **Open economic** systems.

In South Africa we have an open economy because we trade with other countries

Injections are good for the country because money flows into the economy and goods out

Leakages are bad for the country because goods flow in but money flow out

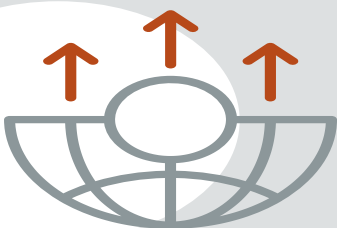
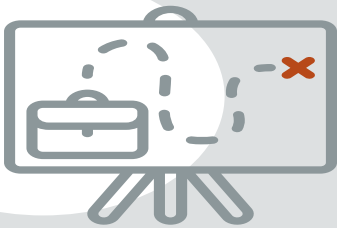


CONCEPTS



BUSINESS CYCLE

WHAT YOU SHOULD KNOW

**Before**

Low economic growth leads to downswing, loss of jobs and recession.
We end up in a trough

During

When the economy recover and there is an upswing
More jobs are created, which lead to prosperity

After

If prosperity happens, South Africans have a better future and poverty can be reduced

TRENDS LINE: The economy is always growing even if it is slow

UPSWING: when there is a general increase in economic activity

DOWNSWING: When there is a general decline in economic activity

LENGTH: We measure a business cycle from a peak to a peak and a trough to a trough

COMPOSITION: Recovery, Prosperity, Recession and Depression



SESSION 1 | ACTIVITY



Worksheet 1

CIRCULAR FLOW

ANSWER THE QUESTION IN
YOUR BOOK ON THE SPACE
PROVIDED.

Question 01

How many participants are
There in an OPEN economy?

Answer 01

Question 02

Why are leakages bad for the
Economy?

Answer 02

Question 03

Describe the term GDP

Answer 03

Worksheet 2

BUSINESS CYCLE

ANSWER THE QUESTION IN
YOUR BOOK ON THE SPACE
PROVIDED.

Question 01

Why does South Africa not have any
control of exogenous reasons for a
business cycle?

Answer 01

Question 02

How is a business cycle measured?

Answer 02

Question 03

What is the lowest point of a business
cycle?

Answer 03



CLASS DISCUSSION

PROBLEM 01

How can the South African economy be changed from a resource to an export economy?

PROBLEM 02

What must happen in the economy to create more job opportunities and to reduce the unemployment rate of 33.4%?

PROBLEM 03

How can South Africa's economy show growth of 6% to stop poverty?

PROBLEM 04

Is the current system of SASSA sustainable in our economy and how can it be changed?



RECAP OF TODAY'S CLASS

SUMMARY 01

Circular flow is a simplification of how the economy works

SUMMARY 02

There are FOUR participants in a open economy and South Africa has an open economy because we trade with other countries. Our biggest trading partner is China

SUMMARY 03

Business Cycle refers to the phenomenon of periods of increasing and decreasing economic activity

SUMMARY 04

The longer a length of a business cycle is, the stronger the economy.
Every economy wants an upswing because it means job creation.
A downswing is bad news because people lose their jobs and that leads to poverty

“ The future belongs to those who believe in the beauty of their dreams. ”
— Eleanor Roosevelt





INTRODUCTION

MARKET FORCES

DEMAND SCHEDULE:

DEMAND:

The quantity of goods and services that prospective buyers are willing to purchase at the given price within a given period of time.

SUPPLY:

Supply is the quantity of a good or service that producers plan to sell or are willing to sell at each possible price during a specific period of time.



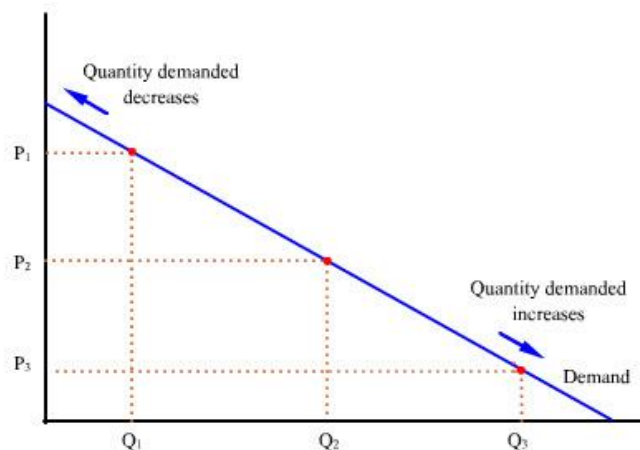
	Price per Pizza	Quantity Demanded per Week (millions)
<i>a</i>	\$15	8
<i>b</i>	12	14
<i>c</i>	9	20
<i>d</i>	6	26
<i>e</i>	3	32

The higher the price, the lower the quantity demanded, Ceteris Paribus – Law of Demand



DEMAND

DEMAND CURVE: Generally, it has a downward sloping curve or a Negative Gradient. Why? Law of Demand



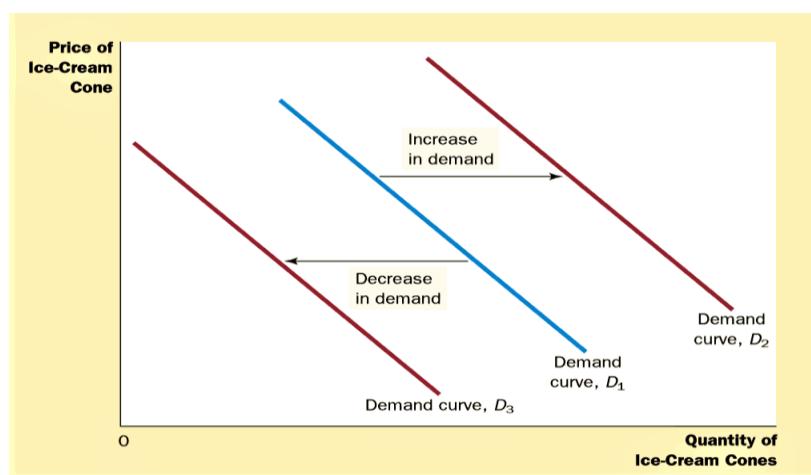
THE LAW OF DEMAND

- As the price of a product increases, the quantity demanded for it decreases
- As the price of the product decreases, the quantity demanded for it increases

FACTORS THAT INFLUENCE DEMAND

- Price of the product
- Price of related products
- Income of consumer
- Tastes and preferences of the consumer
- Size of households
- Weather conditions

SHIFT OR CHANGES ON THE DEMAND CURVE:



- An increase in demand = a shift to the right
- A decrease in demand = a shift to the left

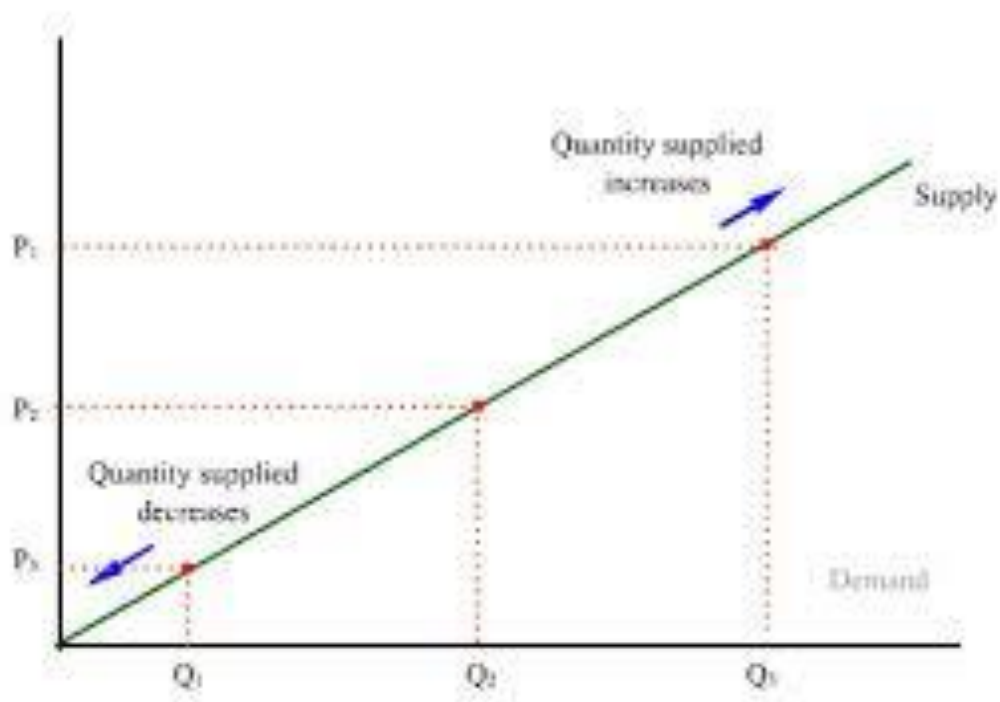


SUPPLY

SUPPLY SCHEDULE: The lower the price = Less quantity will be supplied, Ceteris, Paribus

	Price of Stuffed Animals	Quantity of Stuffed Animals
A	5	0
B	10	100
C	15	200
D	20	300
E	25	400
F	30	500
G	35	600
H	40	700
I	45	800
J	50	900

SUPPLY CURVE: Generally, it has an upward sloping curve or a Positive Gradient
Why? Law of Supply





SUPPLY

LAW OF SUPPLY

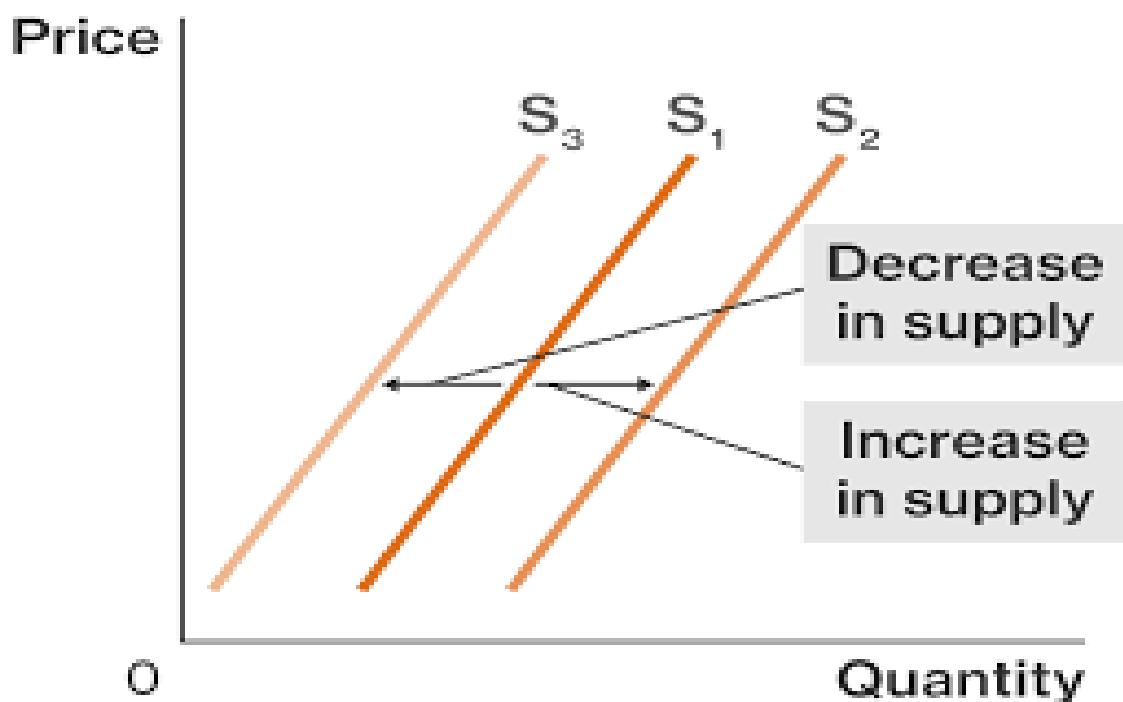
- As the price of the product increases, the supply of the product will increase, ceteris paribus
- As the price of the product decreases, the quantity supplied will decrease, ceteris paribus.

FACTORS THAT INFLUENCE QUANTITY SUPPLIED

- Price of goods or services
- Price of alternative goods and services
- Price of factors of production
- State of the technology

SHIFT / CHANGES IN SUPPLY CURVE

- When the supply curve moves to the right = an increase in supply
- When the supply curve moves to the left = a decrease in supply

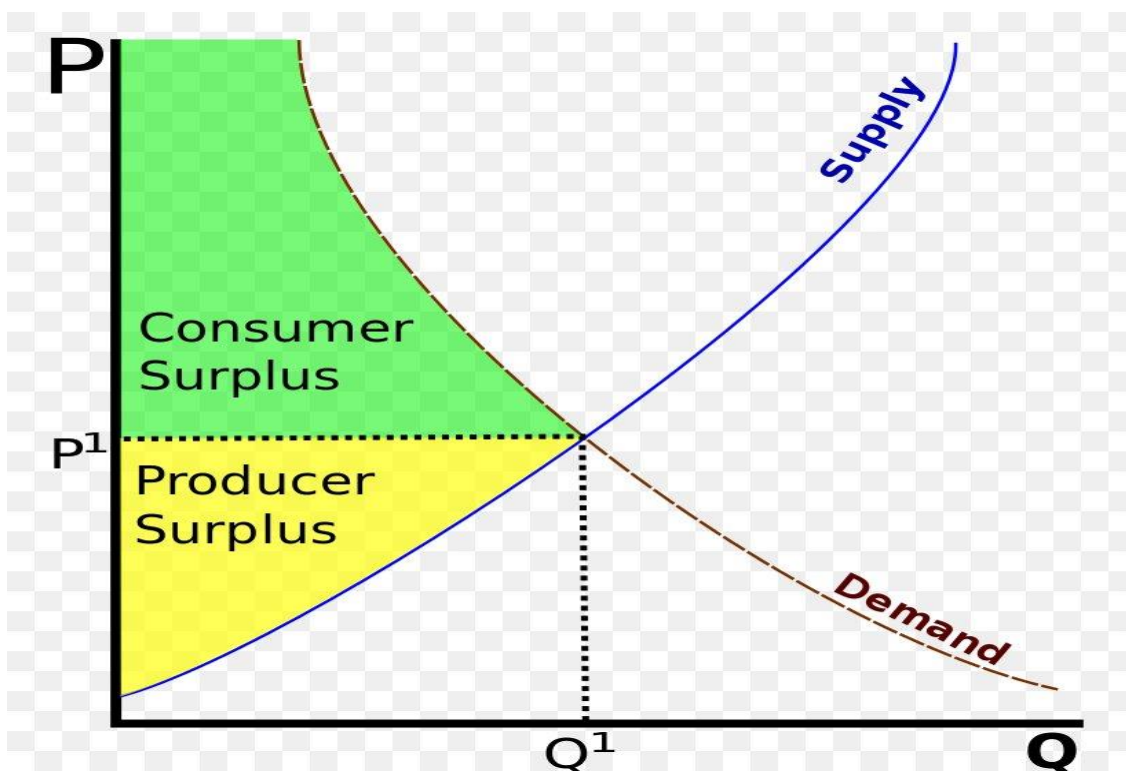




PRICE FORMATION

- Prices are formed through the interaction of DEMAND and SUPPLY
- Prices are normally formed in a market
- A market can be any place or situation
- A market consists of buyers (demand) and sellers (supply)

Price of Wilson blocks	Quantity demanded	Quantity supplied
R0.50	100	20
R1.00	80	40
R1.50	60	60
R2.00	40	80
R2.50	20	100





SESSION 2 | ACTIVITY



Worksheet 1

DEMAND

ANSWER THE QUESTION IN
YOUR BOOK ON THE SPACE
PROVIDED.

Price of Wilson blocks	Quantity demanded
R 0.50	100
R 1.00	80
R 1.50	60
R 2.00	40
R 2.50	20

Question 01

Describe the law of demand

Answer 01

Question 02

Name TWO factors that influence
demand

Answer 02

Question 03

Why would a demand curve shift to
the right?

Answer 03

Question 04

Use the demand schedule on the left and draw the demand curve below:



SESSION 2 | ACTIVITY



Worksheet 2

SUPPLY

ANSWER THE QUESTION IN YOUR BOOK ON THE SPACE PROVIDED.

Question 01

Describe the law of supply

Answer 01

Question 02

Name TWO factors that influence supply

Answer 02

Question 03

Why would a supply curve shift to the left?

Answer 03

Question 04

Use the supply schedule on the left and draw the supply curve below:

Price of Wilson blocks	Quantity supplied
R 0.50	20
R 1.00	40
R 1.50	60
R 2.00	80
R2.50	100



PRICE FORMATION

Use the demand and supply schedules below and draw both the demand and supply curves on the same axes

Price of Jive	Quantity Demanded	Quantity Supplied
R 5.00	100	20
R 6.00	80	40
R 7.00	60	60
R 8.00	40	80
R 9.00	20	100

RECAP OF TODAY'S CLASS

SUMMARY 01

Demand refers to the quantity of goods and services that prospective buyers are willing to purchase at the given price within a given period of time.

SUMMARY 02

Demand curve has a negative slope from left to bottom right.

SUMMARY 03

Supply is the quantity of a good and service that producers plan to sell or are willing to sell at each possible price during a specific period of time.

SUMMARY 04

Supply curve has a positive slope from bottom left to top right.

