

ECONOMIC AND MANAGEMENT SCIENCES

GRADE 9

TERM 2

**The economy –
PRICE THEORY:**

MEMORANDUM:

Activity 1: Concepts relating to Price theory

1.1.1. A

1.1.2. D

1.1.3. E

1.1.4. C

1.1.5. B

1.2. Define the following concepts:

1.2.1. Law of Demand

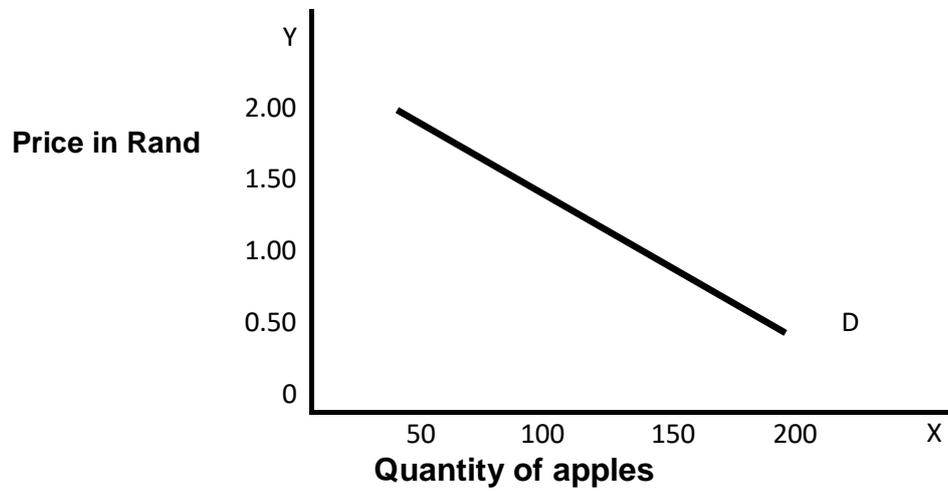
- The **Law of demand** is an economic principle which stipulates that consumers will buy more of a product if the price is lower; and that they will buy less of a product if the price is higher.

1.2.2. Law of Supply

- **Law of Supply** is an economic principle stipulating that if demand remains the same, the price will decrease when the quantity of a product supplied decrease; and that the price will increase when the quantity of a product supplied increase.

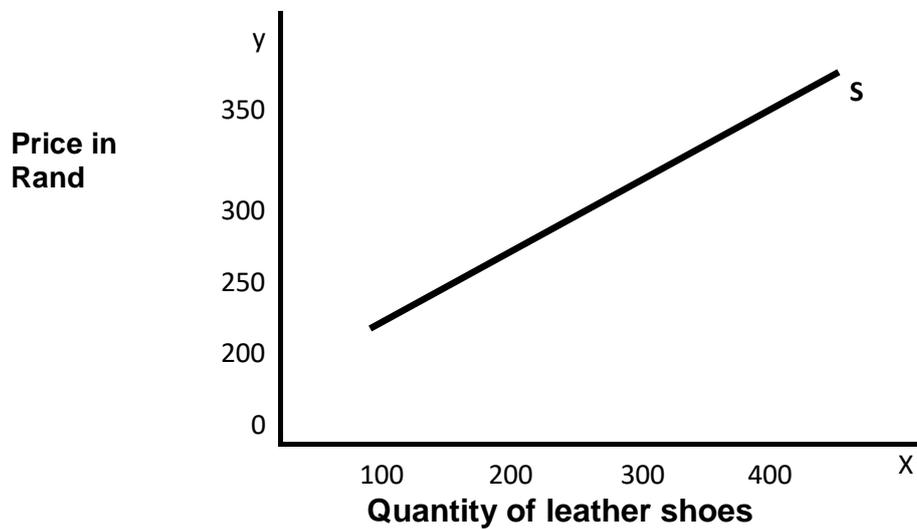
Activity 2: Graphical illustration of a Demand curve

Demand curve of Apples:



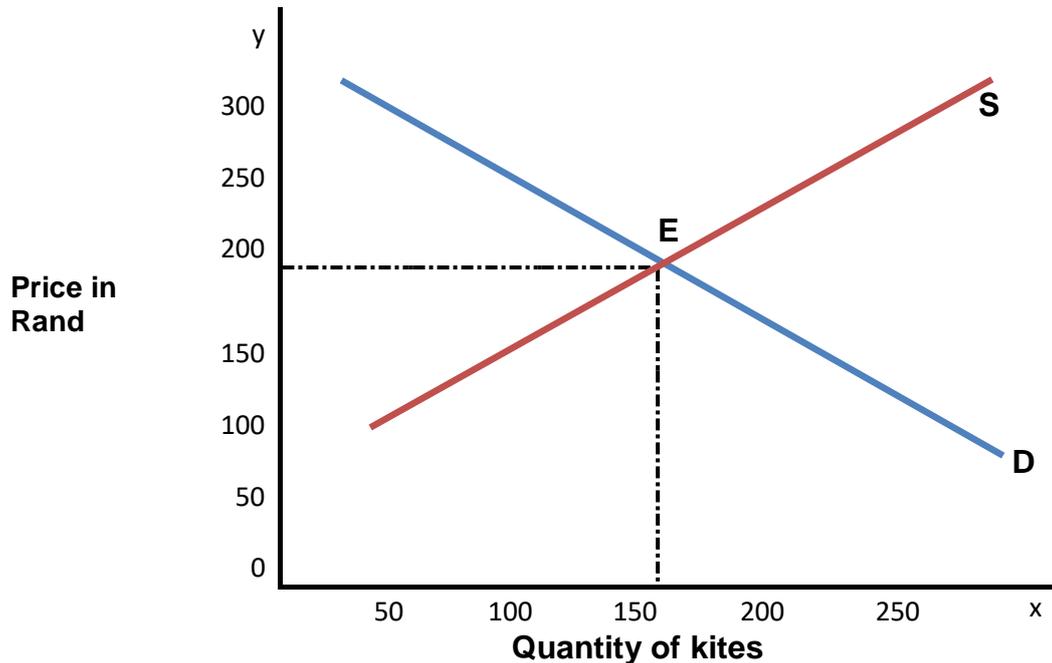
Activity 3: Graphical illustration of a Supply curve

Supply curve of leather shoes:



Activity 4: Graphical illustration of a Demand and Supply curve

4.1. Demand and Supply curve of kites:



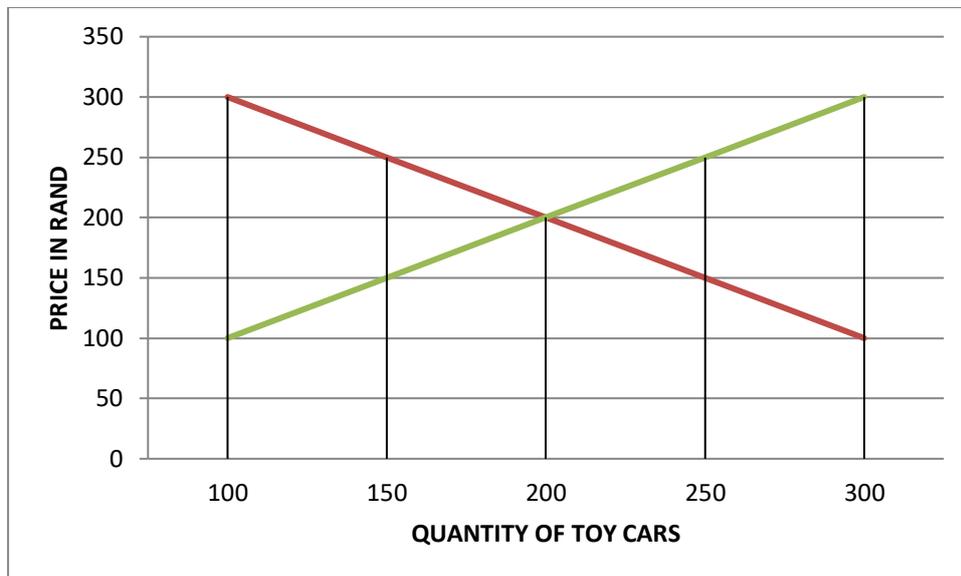
- 4.2. Equilibrium price: R200
Equilibrium quantity: 150 kites
- 4.3. R250
- 4.4. 200 kites

Activity 5: Equilibrium; Demand and Supply schedules

- 5.1. Market equilibrium refers to the point where quantity demanded is the same as quantity supplied at the same price. It also refers to the point where the demand and supply curves cross each other.
- 5.2.1. R20
- 5.2.2. 110 photo frames
- 5.2.3. 80 photo frames
- 5.2.4. 80 photo frames
- 5.2.5. **Complete:** 50 photo frames will be demanded at R30, while 170 photo frames are supplied by the business.

Activity 6: Demand and Supply curves

Demand and Supply curve of Danny's toy cars for March 2020:



Green= supply

Red= demand

Activity 7: Changes in quantity demanded and supplied

7.1. Study the demand curve and complete the explanation.

Explanation:

When the price is R50, consumers are prepared to buy **25** plastic buckets; but when the price increase to **R150**, consumers are only prepared to buy 15 buckets.

Thus, one can derive that when the price is **higher**, **less** products will be bought by consumers.

7.2. Study the supply curve below and complete the explanation.

Explanation:

When the price is R50, **40** umbrellas are supplied, but when the price increase to **R65**, quantity supplied also increases from 40 to 50. Thus, one can derive that when prices **increase**, quantity supplied also **increase**

Activity 8: Increase and Decrease in Demand and Supply

8.1. Name two reasons for an increase in demand, as well as two reasons for a decrease in demand.

Reasons for increase in demand	Reasons for decrease in demand
Market share increase due to population growth	Market share decrease due to a decline of the population
Quality of products improve while the prices remain unchanged	Quality of products deteriorate while the prices remain unchanged
A change in consumer preferences making the product more popular	A change in consumer preferences making the product less popular
Substitute products becoming more expensive	Substitute products becoming cheaper
Higher levels of consumer income	Lower levels of consumer income

8.2. Name two reasons for an increase in supply, as well as two reasons for a decrease in supply.

Reasons for increase in supply	Reasons for decrease in supply
The cost of raw materials decrease	The cost of raw materials increase
Methods of production and productivity improve due to better technology.	Methods of production and productivity become less effective.

ECONOMIC AND MANAGEMENT SCIENCES

GRADE 9

TERM 2

Entrepreneurship –
SECTORS OF THE ECONOMY:

MEMORANDUM:

Activity 1:

Definitions – Primary, Secondary and Tertiary sectors; Types of businesses in each sector

1.1. Complete the table below by defining the three economic sectors.

Primary sector	Secondary sector	Tertiary sector
Forms the first level of the economy and include all businesses involved in the extraction of natural resources and the production of goods in the farming, forestry, fisheries and mining sectors.	Forms the second level of the economy and include all businesses involved in the transformation of raw materials into finished goods by making use of the materials from the primary sector.	Forms the third level of the economy and include all businesses involved in rendering services and the sales of finished goods that were obtained from the secondary sector.

1.2. Give three examples of different businesses in each of the three economic sectors.

Primary sector	Secondary sector	Tertiary sector
Farms Forestry Fisheries Mining	Factories Refineries Bakeries Abattoirs	Any service provider Wholesalers Retailers
Any relevant answer.		

Activity 2:

Types of businesses in each sector; Interrelationship of the three sectors; Types of skills required in each sector

2.1. Study the diagram below and answer the following questions.



Picture A



Picture B



Picture C

2.1.1. Identify which sectors are represented by each of the pictures above.

Picture A: **Primary sector**

Picture B: **Secondary sector**

Picture C: **Tertiary sector**

2.1.2. Explain the interrelationship of the three sectors by using the production process of milk (from the diagram) to demonstrate your knowledge.

- Cows are being kept and fed in the **primary sector**.
- The **secondary sector** depends on the milk of the cows in the **primary sector** to be able to transform it into a final product.
- The **tertiary sector** sells the final product that is made in the **secondary sector**.
- The **primary** and **secondary sectors** depend on the support services provided in the **tertiary sector**. E.g. banking services, insurance, legal services, etc.

2.1.3. Indicate the type of skills needed the most in each of the three economic sectors. Briefly motivate your answer.

Primary sector	Secondary sector	Tertiary sector
Unskilled labourers	Semi-skilled labourers	Skilled labourers
Workers in the primary sector usually perform <u>physical labour</u> , like farm	Workers in the secondary sector usually perform <u>routine activities</u> , e.g. factory workers who need	A lot of opportunities for skilled labour exist in the tertiary sector, due to the fact that <u>critical and</u>

workers who do not require high levels of skill.	a certain extent of training to operate machinery.	<u>creative thinking abilities</u> are required.
--	--	--

Activity 3: Sustainable use of resources in the three sectors

3.1. Recommend three ways in which resources can be used on a sustainable and environmentally friendly way in the three sectors.

The 3 R's:

- **Recycle** – should not be discarded after use, but rather sent to recyclers or factories that will use it again in the production of other products.
- **Reuse** – other uses should be found for products to ensure optimal utilization. E.g. to reuse empty ice cream containers by storing washing pegs in it.
- **Reduce** – The use of harmful products should be limited to ensure that the environment is not polluted any further. It can also refer to the fact that we should reduce the use of resources in the production of goods.
- Most resources are not renewable, which means that it cannot be reproduced or imitated, e.g. water and coal.
- Resources must be used sparingly in order to ensure that it will still be available for future generations.

Activity 4: Role of the three sectors of the economy

4.1. Briefly explain the role of the three economic sectors.

Primary sector	Secondary sector	Tertiary sector
The primary sector employs the largest share of people in undeveloped countries due to the high levels of unskilled people.	As the population grows, the secondary sector also grows to satisfy increasing needs. More employment opportunities become available.	The tertiary sector put more goods and services and money in the economy than the other two sectors.
The primary sector plays a vital role in the economic growth of undeveloped or under developed countries.	The secondary sector plays a vital role in the economic growth of developing countries.	The economic importance of services in SA is increasing.
As technology improves, the risk arises that workers will lose their jobs and be replaced with machinery.	As technology improves, the risk arises that workers will lose their jobs and be replaced with machinery.	The tertiary sector is the largest sector in developed countries and employs the largest number of people.