1

THE ECONOMIC CYCLE AND MARKETS*

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- 1 ECONOMIC AND MANAGEMENT SCIENCES
- 2 Grade 9
- 3 THE ECONOMIC CYCLE
- 4 Module 3
- 5 THE ECONOMIC CYCLE AND MARKETS
- 5.1 Activity 1: ECONOMIC CYCLE

SELF:

Draw your own version of the economic cycle so that both the participants and the flow are clear. Insert the diagram on a separate sheet.

5.2 Activity 2: MARKET FOR FACTORS OF PRODUCTION

GROUP:

Classify all the factors of production factors that will be available on the market for factors of production and indicate what remuneration will be paid to each.

- 1. FACTOR OF PRODUCTION
- 2. EXAMPLE
- 3. COMPENSATION

5.3 Activity 3: MARKET FOR CONSUMER GOODS

GROUP:

Classify the products that are traded on the market for consumer goods. Give two appropriate examples in each case.

- 1. TYPE OF PRODUCT
- 2. EXAMPLES

^{*}Version 1.1: Apr 7, 2009 3:34 pm -0500

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In a "closed" economy the STATE also plays an important role, seeing that the state is also a consumer (e.g. state hospitals that purchase food products and medical supplies on the market for consumer products). In addition, the state is also a producer (hospitals supply medical services to consumers).

Furthermore, the consumers pay taxes to the state and from these "funds" certain services that are of national interest are delivered, for example education and police services. In this way, when the state pays for the use of the services of the factor of production, for example salaries, the "tax money" flows back to the consumers.

5.4

5.5 Activity 4: ECONOMIC CYCLE THAT INCLUDES THE STATE

SELF:

Draw your own version of the economic cycle (that includes the state) so that both the participants and the flow are clear. Insert the diagram on a separate sheet.

5.6 Activity 5: SERVICES OFFERED BY THE STATE [LO 1.1]

GROUP:

Classify the services that are delivered by the state and give appropriate examples of each:

- 1. SERVICES DELIVERED BY THE STATE
- 2. EXAMPLES

6 Assessment

Learning Outcomes (LUs)

LO 1

the economic cycleThe learner will be able to demonstrate knowledge and understanding of the economic cycle within the context of "the economic problem."

Assessment Standards(ASs)

We know this when the learner:

- 1.5 explains the different flows of money, factors of production, goods and services in the economic cycle within the South African economy;
- 1.6 discusses the role of the foreign sector in the economic cycle;
- 1.7 illustrates by means of a graph and discusses how demand and supply influence prices;
- 1.8 critically assesses the influence and actions (strikes and stayaways) of trade unions in general and during the apartheid era on:

continued on next page

- the South African economy;
- political, economic and social transformation;
- labour issues;

1.9 discusses the effect of the national budget on the economy (e.g. taxation and expenditure on education, social welfare, health and security.)

Table 1

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ACTIVITY 1: The economic cycle

SELF:

Diagram illustrating economic cycle.

ACTIVITY 2: Market for production factors

GROUP:

Classification of production factors

Natural resources – Landowner - Rent

Capital - Loan from bank - Interest

Labour - Working as cabinet maker - Wages / salary

Entrepreneurial talent - Owner/manager - Profit

ACTIVITY 3: Market for consumer goods

Classification of products in market for consumer goods

- 1. Durable goods, e.g. cars, furniture, equipment, etc. (long-term use)
- 2. Semi-durable goods, e.g. a pen, pencil, etc.
- 3. Non-durable goods, e.g. foods, fuel, etc. (once-only use)
- 4. Services, e.g. medical services, etc.

ACTIVITY 5: Services provided by the state

Classification of services provided by the state

• Ensuring security:

SAPS, SANDF, Correctional Services.

• Ensuring social services:

Hospitals, pensions, schools, low-cost housing.

Regulating relations in business: Legislation with regard to labour, pollution, etc.

Financial organisation by means of the Land Bank, SARS, etc.

Research by means of the CSIR, SABS, etc

• Supplies economic infrastructure:

Electricity, roads, traffic control, etc.