REVISION TERM 1 GRADE 7 EMS NOTES

- Give the following summary to your learners:
  - Traditional societies did not need money. They provided for most of their own needs and traded without money
  - Bartering is trading without money where products are swop for products
  - Promissory notes were first used by subsistence farmers, who used them to buy seed and pay rent for land
  - Early coins were often made from gold and silver, but now other cheaper metals are used
  - Paper money was first introduced by the Chinese. Today most countries have their own currency
  - Electronic banking has made it much easier and safer for people to use their money

- the role of money in South Africa:
  - Medium of exchange
  - Store of value
  - Money is a unit of account
  - Money is a standard for postponed payment

- the characteristics of money:
  - Durable
  - Divisible
  - Scarce
  - Portable

- Ask the learners if the following are needs or wants:
  1. Food = need
  2. A house at the sea = want
  3. An expensive coat = want
  4. Shelter = need
  5. Dinner at a restaurant = want
  6. Education = need
  7. Water = need
  8. A flashy car = want

- basic needs for individuals and explain it:- food, clothing, shelter, water, sanitation
- the basic needs for families and explain it:
  - safety and security, providing work, recreation, primary health care, cultural needs
- the basic needs of communities and explain it:
  - health care, education, security, markets
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- basic needs for countries and explain it:
  - education, transport, security

- Discuss the difference between primary needs and secondary needs (wants)
  - Primary needs = are things that a person cannot live without
  - Secondary needs (wants) = things that we wish to have in life, but we do not have to have in order to survive

- Explain the following statement:

"We have unlimited wants but limited resources to satisfy our wants and needs" – Economic problem

Q: Explain the difference between goods and services
A: goods are products we buy that are made or grown and services are things people do for us which we pay for.
Q: What do we call items that are taken straight from nature and are often used to make finished products?
A: raw materials

➢ Goods and services can be divided up into different categories:

Goods	Services
Natural goods: goods in their natural state, for example wood	**Essential services: services that we need every day such as waste removal, public transport and electricity**
Manufactured goods: goods that have been changed from their natural state by production, for example a wooden table	**Non-essential services: services that we do not really need to function but are nice to have, such as a garden service**
Utility goods: goods that we use every day, for example knives, forks and so on	
Luxury goods: goods that we can live without such as sport cars	
Consumable goods: goods that do not last like food	
Durable goods: goods that last a long like furniture	
Capital goods: goods that we use to produce products or provide a service like machinery or a washing machine in a laundry business	

following are formal or informal businesses:

- ➢ Street vendor = informal
- ➢ Spar = formal
- ➢ Spaza shop = informal
- ➢ Business selling furniture = formal
- ➢ Attorney = formal

- A formal business operates in the economic sector that includes all jobs with normal hours and regular wages. A formal business pays income tax and other regulation levies.
- An informal business is the opposite. It is part of the economy that is not taxed. It is not controlled by government in any way.

➢ Entrepreneurs start different types of businesses. These can be divided into three types of business:

- Manufacturing business, which manufacture (make) goods for example clothes, furniture and so on
- Trading business, which sells ready-made goods for example food, cleaning

products and so on

- Service business, which offer services for example plumbing, doctors and so on.

➢ Advantages and disadvantages of formal and informal businesses:

Type of business	Advantages	Disadvantages
Formal	***Able to access business loans from the financial sector *Can access larger consumer markets *Can attract better workers**	***Cost of registration *Regulations mean more administration *Income tax and various levies increase business costs**
Informal	***No establishment costs *Not registered for income tax**	***Difficult to get financial loans *Little prospect of growth or stability**

The role of formal and informal businesses as producers and consumers

Businesses as consumers

➢ Businesses operate to satisfy the needs of the consumers
➢ This means that they are all producers of something or another
➢ Producers have a responsibility to offer good quality products at the best price

Businesses as consumers

➢ All businesses are consumers, too
➢ They use water and electricity, cleaning products, transport services, telephones, and so on to run their particular business.

The effect of natural disasters and health epidemics on formal and informal businesses

Natural disasters

➢ Infrastructure such as roads, etc. – inaccessible to get to customers
➢ The physical structure of the business – impossible for a business to operate
➢ Equipment may be destroyed – impossible for a business to operate
➢ Essential services such as electricity may be cut off – impossible for a business to operate
➢ Damage to stock.

Health epidemics

➢ Effect on the productivity of workers and on the profits of the business.