

ECONOMICS

Grade 10 | Module 1.2

The Economic Problem

Student Note-Building Framework

*Use this handout alongside the online content to build your own set of notes.
Fill in definitions, examples, and summaries as you work through each section.*

Name:

Class:

Date:

How to Use This Handout

- 1. Read the online content** — Work through each section on the course website before completing the corresponding section here.
- 2. Fill in key terms** — Write definitions in your own words — this helps you remember them better than copying.
- 3. Complete the prompts** — Answer the guiding questions using the lined spaces provided.
- 4. Add your own notes** — Use the margins and blank spaces to add examples, diagrams, or extra details.
- 5. Use the checkboxes** — Tick off items as you complete them to track your progress.
- 6. Reflect** — The reflection boxes at the end of each section help you check your understanding.

1. Economic Scarcity

1.1 Human Material Needs

After reading the online content, complete the following:

Human material needs	
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Individual material needs	Collective material needs

Give your own example of a collective material need and explain why it must be shared:

Individual material needs are divided into two types. Complete the table:

Primary material needs	Secondary material needs

Give two examples of primary needs and two examples of secondary needs from your own life:

Explain why human material needs in general are described as “insatiable”:

Can an individual material need be satisfied? Explain with an example:

What is the human economic motive?

 Section 1.1 — Check Your Understanding

Can you distinguish between individual and collective needs with your own examples?

Can you explain why material needs are insatiable even though individual needs can be satisfied?

1.2 Economic Scarcity (The Scarcity Problem)

Economic scarcity	
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In your own words, explain the reason for economic scarcity:

There are two forms of scarcity. Complete the table and provide your own example for each:

Form of scarcity	What does it mean?	Your own example
Absolute scarcity		
Relative scarcity		

Important distinctions — explain each in your own words:

Why is economic scarcity NOT the same as poverty?

Why is economic scarcity NOT the same as a shortage of a product?

What does economic scarcity give rise to?

 **Section 1.2 — Check Your Understanding**

Can you explain the difference between absolute and relative scarcity?

Can you explain why a rich person still experiences economic scarcity?

2. Economic Choices (The Choice Problem)

After reading the online content, complete the following:

What two dilemmas do people face when trying to satisfy their material needs?

Consumption choices (individual)	Production choices (community)

The community's production choices involve the three central economic problems. Summarise each:

Problem	What must be decided?	Your own example
WHAT to produce		
HOW to produce		
FOR WHOM to produce		

Why is every economic choice described as a "problem"? Give two reasons:

Link the three types of production to what they mean:

Effective production	
Efficient production	

Equitable production

Explain the trade-off between efficient and equitable production. Why might promoting one harm the other?

Section 2 — Check Your Understanding

Can you explain the difference between consumption choices and production choices?

Can you describe the trade-off between efficiency and equity with an example?

3. Opportunity Cost

Opportunity cost

Work through the following examples and then create your own:

Individual example from the notes:

A person can buy a car OR a caravan for R100 000. They choose the car. What is the opportunity cost?

Community example from the notes:

A community has R10 million and can build a clinic OR a fire station. They choose the clinic. What is the opportunity cost?

Now create your own example of opportunity cost for an individual:

Now create your own example of opportunity cost for a community:

Why is opportunity cost considered the “true” economic cost, rather than accounting cost?

Section 3 — Check Your Understanding

Can you define opportunity cost without looking at your notes?

Can you explain opportunity cost to a friend using a simple everyday example?

4. Production

In your own words, what does production involve?

4.1 The Factors of Production

Define each factor of production and give your own example:

Factors of Production	
Capital goods	
Labour	
Natural resources	
Entrepreneurship	

4.2 Types of Products

Complete the classification of goods:

Classification of Goods	
Consumer goods	
• Non-durable	
• Semi-durable	
• Durable	
Capital goods	
Services	

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4.3 Production Activities

Classify production activities into three groups and give an example for each:

Types of Production	
Primary production	
Secondary production	
Tertiary production	

4.4 Specialisation in Production

Labour specialisation	Product specialisation

Why does specialisation lead to greater production and more welfare?

Section 4 — Check Your Understanding

Can you name and define all four factors of production?

Can you classify a list of goods into non-durable, semi-durable, and durable?

Can you explain the difference between primary, secondary, and tertiary production?

5. Exchange (Trade)

Why does specialisation make exchange (trade) necessary?

A market	
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Complete the table on markets for goods and services:

Markets for Goods and Services	
Wholesale markets	
Retail markets	
Service markets	
International markets	

What is the market for factors of production? What is traded there?

Local markets	International markets

Section 5 — Check Your Understanding

Can you explain the connection between specialisation, surplus, and exchange?

Can you name and describe four types of markets for goods and services?

6. Consumption

Consumption	
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What types of goods and services do households spend on?

The government has two types of consumption expenditure. Complete the table:

Individual consumption expenditure	Collective consumption expenditure

Give your own example of each type of government consumption expenditure:

 **Section 6 — Check Your Understanding**

Can you explain what consumption means in Economics?

Can you distinguish between individual and collective government consumption expenditure?

Module 1.2 — Summary & Self-Assessment

Use this checklist to confirm you have covered all the key topics. Tick each item when you are confident you understand it.

- ☐ I can define human material needs and distinguish between individual and collective needs.
- ☐ I can explain the difference between primary and secondary material needs with examples.
- ☐ I can explain why human material needs in general are insatiable.
- ☐ I can define economic scarcity and explain its cause.
- ☐ I can distinguish between absolute scarcity and relative scarcity.
- ☐ I can explain why scarcity is not the same as poverty or a shortage.
- ☐ I can explain what consumption choices and production choices are.
- ☐ I can describe the three central economic problems (WHAT, HOW, FOR WHOM) and link them to types of production.
- ☐ I can explain the trade-off between efficiency and equity.
- ☐ I can define and apply the concept of opportunity cost with my own examples.
- ☐ I can name and define all four factors of production.
- ☐ I can classify goods into consumer goods (non-durable, semi-durable, durable) and capital goods.
- ☐ I can distinguish between primary, secondary, and tertiary production.
- ☐ I can explain labour specialisation and product specialisation.
- ☐ I can define a market and name different types of markets.
- ☐ I can explain the link between specialisation, surplus, and exchange.
- ☐ I can define consumption and distinguish between individual and collective government expenditure.

Personal Notes & Questions

Use this space to write down any questions, ideas, or connections you want to explore further: