



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION

SEKHUKHUNE SOUTH DISTRICT

GRADE 10

ECONOMICS PAPER 1
JUNE-2023

MARKS: 100

TIME : 1h30 min

This question paper consist of 9 pages

Stanmorephysics

INSTRUCTIONS AND INFORMATION

1. Answer FOUR questions as follows in the ANSWER BOOK:

SECTION A: COMPULSORY

SECTION B: Answer any ONE of the two questions.

SECTION C: Answer ONE of the two questions.

2. Number the answers correctly according to the numbering system used in this question paper.
3. Write the number of the question above each answer.
4. Read the questions carefully and start each question on a NEW page.
5. Leave 2 – 3 lines between subsections of questions.
6. Answer the questions in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
7. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
8. Use only black or blue ink.
9. Non-programmable pocket calculators may be used.
10. Write neatly and legibly.



SECTION A (COMPULSORY) QUESTION 1 20 MARKS

1.1 Various possible options are provided as possible answers to the following questions. Choose the answer and write only the letter (A – C) next to the question number (1.1.1 – 1.1.5) in the ANSWER BOOK.

1.1.1 Normative economics...



- A depends on opinions
- B depends on facts
- C depends on research
- D depends on questions

1.1.2 Absolute scarcity prevails because...

- A
 - A there are not enough resources to produce all the goods and services.
 - B people are too poor to afford the goods and services.
 - C free goods do not have exchange value.
 - D resources are enough to produce all the goods and services.

1.1.3 The basic problem faced by all nations is...

- A Consumption
- B Distribution
- C Scarcity
- D Production

1.1.4 Which ONE of the following is NOT one of the four participants in the circular flow model?

- A Household
- B Injections
- C State
- D Business sector

1.1.5 Which period of the business cycle is associated with rising profits and consumption?

- A Trough
- B Downswing
- C Prosperity
- D Peak



(2x5) (10)

- 1.2 Choose a description in Column B that matches with an item in Column A. Column A. Write only the letter (A-F) next to the question number (1.2.1-1.2.5) in the ANSWER BOOK

COLUMN A	COLUMN B
1.2.1 Equitability	A. The owners of factors of production
1.2.2 Secondary sector	B. The sector that manufactures and processes raw materials so that they are in a form fit for human consumption.
1.2.3 Household	C. Ensures that the benefits of society`s resources are distributed fairly among society members.
1.2.4. Boom	D. The economic indicator that moves the same way that the economy does.
1.2.5 Coincident indicator	E. The period of very high economic activity just before the economy slows down.
	F. The sector that render services to make the product available to consumers.

(5x1)(5)

- 1.3 Give one term for the following descriptions. Write only the term next to the question number (1.3.1 -1.3.5) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The study of application of statistical methods in Economics.

1.3.2 The right that every living person should have

1.3.3 The type of economy where the foreign sector is excluded.

1.3.4 A country`s record of transaction with the rest of the world

1.3.5 Unpredictable fluctuation that may occur at any time. (1x5) (5)

TOTAL SECTION A: 20



SECTION B

Answer only ONE of the two questions in this section in your ANSWER BOOK

QUESTION 2

40 MARKS

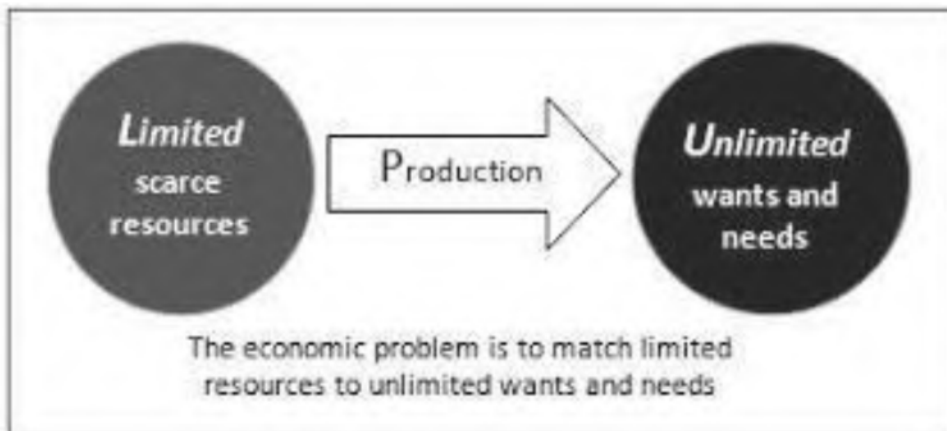
2.1 Answer the following questions:

2.1.1 Name ANY TWO fields of study that are related to Economics. (2x1) (2)

2.1.2 What is the relationship between scarcity and opportunity cost? (1x2) (2)



2.2 Study the diagram below and answer the questions that follow:



2.2.1 Which element of economics is depicted by the diagram above? (1)

2.2.2 Name the economic system where the authorities decide on the production and distribution of the products. (1)

2.2.3 Briefly explain *Economic efficiency*. (2)

2.2.4 Why is it easier to test the prediction of a theory in the natural sciences than in the social sciences? (2)

2.2.5 If you were appointed to conduct a research using scientific method what steps would you follow? Mention only TWO

(2x2) (4)



2.3 Study the table below and answer the questions that follow

Spending component	Rand (billions)
Consumption spending (C)	1473
Government spending (G)	505
Investment (I)	468
Exports (X)	657
Less Imports (Z/M)	(678)
GDP @ market price	2425
Factor income earned abroad by South Africans	34
Factor income earned in South Africans by foreigners	(87)
Gross National Income	A

Source: SARB Quarterly Bulletin 2013

- 2.3.1 Which method was used to calculate GDP in the above table? (1)
- 2.3.2 Name any other ONE method used to calculate the GDP. (1)
- 2.3.3 Briefly describe the term *factor income*. (2)
- 2.3.4 Why it is important that the government and other South Africans buy local products? (2)
- 2.3.5 Use the figures in the table above to calculate the value of **A**.
Show all calculations. (4)
- 2.4 Distinguish between *absolute scarcity* and *relative scarcity*. (8)
- 2.5 Analyse leakages and injections of the circular flow with relevant examples. (8)
- [40]**

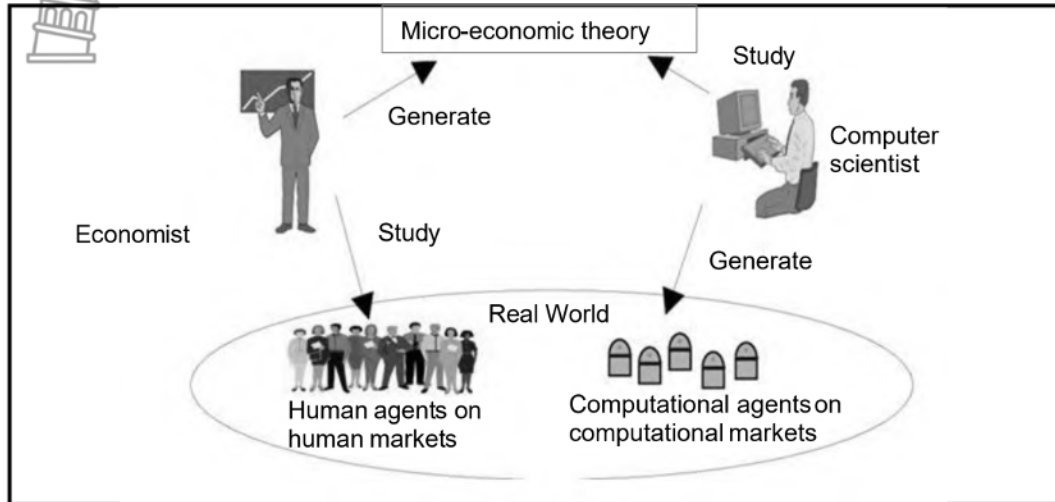


QUESTION 3

3.1 Answer the following questions:

- 3.1.1 Name TWO branches of economics. (2x1) (2)
- 3.1.2 Explain the term exogenous factors. (1x2) (2)

3.2 Study the following information and answer the questions that follow:

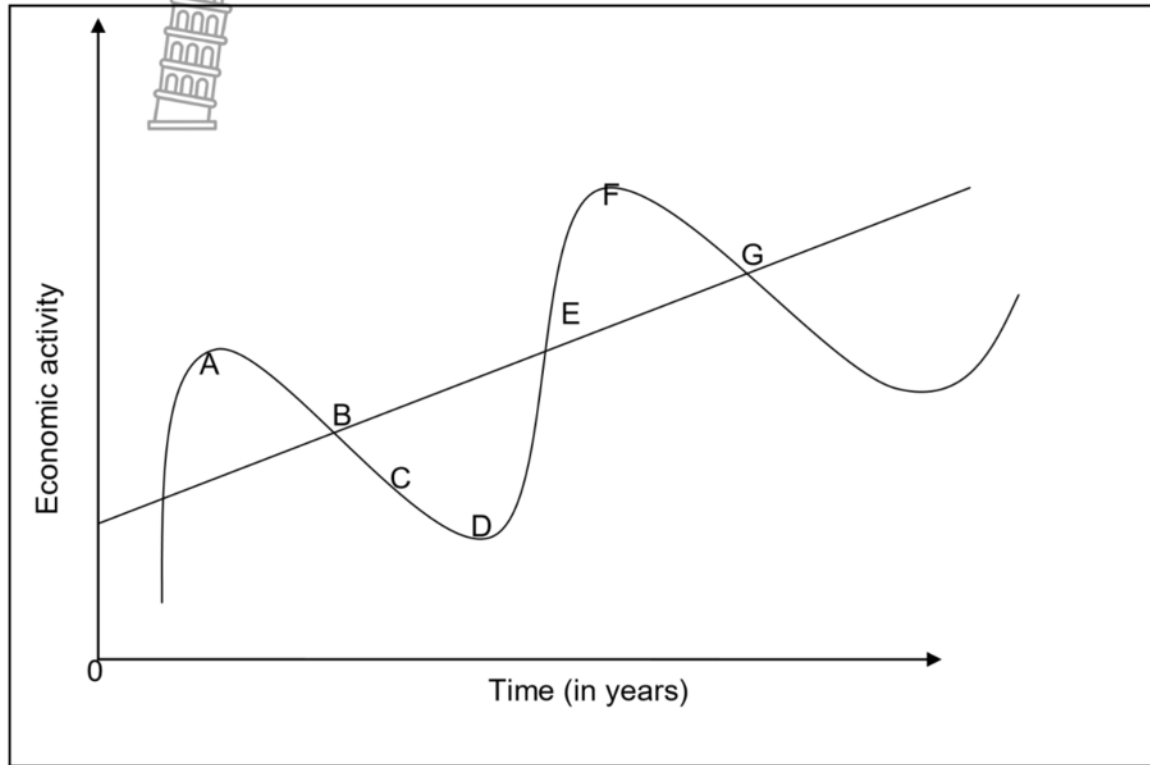


[Adapted source: Google images]

- 3.2.1 Name ONE factor to consider when choosing a career. (1)
- 3.2.2 Identify a career related to Economics. (1)
- 3.2.3 Briefly describe the term *microeconomics*. (2)
- 3.2.4 How does Economics relate to Computer Science? (2)
- 3.2.5 How can an economist use scientific methods to uncover regular economic patterns? (2 x 2) (4)



3.3 Study the graph below and answer the questions that follow:



3.3.1 What is the name of the graph above? (1)

3.3.2 Which point on the graph may be associated with the lowest GDP? (1)

3.3.3 Briefly describe the term *economic growth*. (1)

3.3.4 Briefly explain the effect of business cycles on economic growth. (1)

3.3.5 How can government reduce unemployment in an economy? (2x2) (4)

3.4 List and explain any TWO categories of consumer goods, provide examples. (8)

3.5 With the aid of examples, explain the difference between leading and lagging business cycle indicator. (8)



[40]

TOTAL SECTION B: 40

SECTION C

Answer only **ONE** question from this section.

STRUCTURE OF ESSAY:	MARK ALLOCATION:
Introduction	Max. 2
Body:	Max. 26
<ul style="list-style-type: none"> • Main part: Discuss/Distinguish/Differentiate/Explain/Analyse /Evaluate/Assess □ • Use/Draw/Sketch a graph/diagram .../ Deduce. .../Outline/Briefly explain/Expand on .../Your own opinion 	Max. 10
Conclusion	Max. 2
TOTAL	40

QUESTION 4

- Discuss, in detail, the effects of business cycles on the following:
 - Aggregate supply and aggregate demand
 - Employment
 - Exchange rates
 - The economically vulnerable (26 marks)
 - How do external factors influence economic fluctuations? (10 marks)
- [40]**

QUESTION 5

- Discuss the role of the four participants in an open economy. (26)
- Is it important to have foreign sector in the South African economy? Motivate your answer. (10)

TOTAL SECTION C: 40

GRAND TOTAL: 100



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GRADE 10

ECONOMICS PAPER 1
2023 MID-YEAR EXAMINATION
MARKING GUIDELINE

This memorandum consist of 11 pages.



SECTION A (COMPULSORY) QUESTION

1 1.1 MULTIPLE CHOICE QUESTIONS

- 1.1.1 A ✓✓ depends on opinions
1.1.2 A ✓✓ there are not enough resources to produce all the goods and services.
1.1.3 C ✓✓ Scarcity
1.1.4 B ✓✓ Injections
1.1.5 C ✓✓ Prosperity (2x5) (10)

1.2 MATCH THE COLUMNS

- 1.2.1 C. ✓ Ensures that the benefits of society's resources are fairly among society members.
1.2.2 B. ✓ The sector that manufactures and processes raw materials that they are in a form fit for human consumption. so
1.2.3 A. ✓ Households
1.2.4 E. The period of very high economic activity just before the economy slows down. economy
1.2.5 D. ✓ The economic indicator that moves the same way that the economy does. (1x5)(5)

1.3 GIVE ONE TERM

- 1.3.1 Econometrics ✓
1.3.2 Human right ✓
1.3.3 Closed ✓
1.3.4 Balance of payments ✓
1.3.5 Random fluctuations ✓ (1x5)(5)


TOTAL SECTION A: [20]



SECTION B QUESTION 2

ANSWER THE QUESTIONS

2.1.1 Name ANY TWO fields of study that are related to Economics.

- 
- Accounting ✓
 - Business studies. ✓
 - Commercial law. ✓
 - Mathematics of finance. ✓
- 2x1)(2)

(Any

2.1.2 What is the relationship between scarcity and opportunity cost?

- When resources are scarce, consumers must choose to satisfy certain needs over others, in the process giving up their satisfaction of other needs. ✓✓
- (1x2)(2)

2.2 Study the extract below and answer the questions that follow:

2.2.1 Which element of economics is depicted by the diagram above?

Scarcity (1x1) (1)

2.2.2 Name the economic system where the authorities decide on the production distribution of the products


- Command economy (1x1) (1)

2.2.3 Briefly explain Economic efficiency.

- Economic efficiency occurs when we make the best use of our resources to produce goods and services. ✓✓
- (1x2) (2)

2.2.4 Why is it easier to test the prediction of a theory in the natural sciences than

in the social sciences?

- 
- Natural sciences deal with the natural world and social sciences deal with human beings. . ✓✓
 - Natural sciences test their theories in laboratories whilst social scientist test their theories and predictions under ideal conditions. . ✓✓
- (Any1x2)(2)

2.2.5 If you were appointed to conduct a research using scientific method what steps would you follow? Mention only TWO

- Firstly I would observe human behaviour. ✓✓
- On the basis of the observation a pattern will be recognized. ✓✓
- State a pattern of behaviour as a theory. ✓✓ OR
- Identify the problem ✓✓
- Data collection ✓✓
- Present the data ✓✓
- Explain the results ✓✓

Any (2x2)(4)

2.3 Study the table below and answer the questions that follow:

2.3.1 Which method was used to calculate GDP in the above table?

- Expenditure method ✓ (1x1) (1)

2.3.2 Name any other ONE method used to calculate the GDP.

- Production method ✓
 - Income method ✓
- (Any1x1)(1)

2.3.3 Briefly describe the term *factor income*.

- This is the total income earned from the sale of factors of production, e.g. salaries and wages earned on labour ✓✓ (2)

2.3.4 Why it is important that the government and other South Africans buy local products?

- So that the imports are not more than the exports. ✓✓

(1x2) (2)



2.3.5 Use figures in the table above to calculate the value of A. Show all calculations.

GDP at market prices	R2425 billion✓
Plus factor income earned abroad by South Africans	R34 billion✓
Minus factor income earned in South Africa by foreigners	R87 billion✓
Gross National Income	R2372 billion✓

(4)

2.4 Distinguish between *absolute scarcity* and *relative scarcity*.

Absolute scarcity	Relative scarcity
<ul style="list-style-type: none">• Absolute means that there is nothing left of whatever you would be looking for. ✓✓• Absolute scarcity is the inability of nature to provide the necessary resources to satisfy our daily needs. ✓✓• E.g., a drought may limit the supply of agricultural produce. ✓	<ul style="list-style-type: none">• Relative is not absolute, but it is minimal as interpreted in the comparison to something else. ✓✓• Relative scarcity occurs when goods and services are available, but you do not have the resources to acquire it. ✓✓• E.g., you want to buy Levi's jeans, but you do not have enough money to purchase it. ✓

(Accept any other correct relevant response.) (4 x 2) (8)



2.4 Briefly outline the career opportunities that are available to someone who Studies Economics.

The study of economics prepares you for many different careers including:

- careers in commerce and industry, ✓✓
- entrepreneurship ✓✓
- business management ✓✓
- marketing, ✓✓
- finance, ✓✓
- banking ✓✓
- tourism ✓✓

Any (4x2) (8)

2.5 Analyse leakages and injections of the circular flow with relevant examples.

Injection – addition of money into the economy ✓✓, e.g. export, government spending and investment ✓

Leakages- means withdrawal of money from the economy ✓✓ includes Savings

(S) Taxes (T) and Imports (M) ✓

Any (4x2) (8)

QUESTION 3

ANSWER THE QUESTIONS

3.1.1 Name TWO branches of economics.

- Macroeconomics ✓
- Microeconomics ✓

(2)

(Any 2x1)

3.1.2 Explain the term exogenous factors

Factors that influence the business cycle from outside the system.

e.g., weather conditions, money supply, structural changes, political events shocks and natural events. ✓✓

(2x1) (2)



3.2 DATA RESPONSE

3.2.1 Name **ONE** factor to consider when choosing a career.

- Financial implications ✓
- Risks ✓
- Interests and skills ✓

(Accept any other correct relevant response.)

(1 x 1) (1)

3.2.2 Identify **a career related to Economics.**

- Commercial lawyer ✓
- Statistician ✓
- Business analyst ✓
- Investor ✓

(Accept any other correct relevant response.)

(1)

3.2.3 Briefly **describe the term *microeconomics*.**

Microeconomics is the study of the behaviour and decisions of individuals who participate in the economy to allocate limited resources. ✓✓

(Accept any other correct relevant response.)

(2)

3.2.4 **How does Economics relate to Computer Science?**

- Computers are used in the field of Economics. Economists must keep up with the latest trends and information.
- The use of information technology helps economists to understand how the economy functions. ✓✓

(Accept any other correct relevant response.)

(2)

3.2.5 How **can an economist use scientific methods to uncover regular economic patterns?**

- Economics is a science that uses scientific methods to uncover patterns. ✓✓
- Economists use these patterns to explain what happened in the economy in the past, and to predict what will happen in the future. ✓✓
- For example, economists will study the price of bread over the past ten years and predict future price increases. ✓✓

(Accept any other correct relevant response.)

(4)

3.3 Data Response

3.3.1 What is the name of the graph above?

Business cycles ✓ (1)

3.3.2 Which point on the graph may be associated with lowest GDP?

D ✓ (1)

3.3.3 Briefly describe the term *economic growth*.

- It is the increase in the value of goods and services produced over a period, measured in terms of real gross domestic product. ✓✓ (2)

3.3.4 Briefly explain the effect of business cycles on economic growth.

- During periods of downswings the economy has a negative growth, while during periods of upswings the economy has a positive growth. ✓✓ (2)

3.3.5 How can government reduce unemployment in an economy?

- The government can invest in job creation initiatives like the Expanded Public Works Programme ✓✓
- The government can invest in education and training to address skills shortages in the country ✓✓

(Accept any other correct relevant answer) (2x2) (4)

3.4 List and explain any **TWO** categories of consumer goods, provide examples.

- These are goods that consumers want for their own sake. Because they satisfy our wants directly. ✓✓ This group is usually subdivided into durable goods, semi-durable goods and non-durable goods ✓✓
- Durable goods** ✓✓: these includes goods such as furniture and household appliance, personal transport, equipment (motor cars and bicycles), jewelry and entertainment goods. ✓✓ They produce a steady stream of satisfaction and their value diminishes relatively slowly through age and use ✓✓.
- Semi-durable goods**: ✓✓ can be reused but usually for shorter periods than durable goods an example clothing, glassware, motor car tyres, accessories and parts recreational and entertainment goods. ✓✓
- Non-durable goods**: ✓✓ These are goods such as food and groceries, beverages, fuel, power cleaning materials, medical, pharmaceutical and petroleum products. They are consumed or destroyed in the process of being used, which means that they are used once only. ✓✓
- Services**: ✓✓ These are goods such as rent, household services (including domestic services) ,medical services, transport and communication, recreational, entertainment and educational services ✓✓

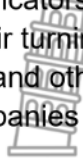


Any(2x4) (8)

3.5 With the aid of examples, explain leading and lagging business cycle indicators.

Leading indicators

These indicators moves up and down according to the changes in the economy and reach their turning points before the other indicators. ✓✓ for example changes in Net gold and other foreign reserves, ✓✓ Number of new motor cars sold, ✓✓ Net new companies registered



Lagging indicators

This category of indicators takes too long to return to their points ✓✓ they are used to show: employment in non-agricultural sectors, ✓✓ number of commercial vehicles sold, ✓✓ real investment in machinery and equipment ✓✓

(4x2)(8)

[40]



SECTION C

QUESTION 4 [40 MARKS]

- Discuss, in detail, the effects of business cycles on the following:
 - **Aggregate supply and aggregate demand**
 - **Employment**
 - **Exchange rates**
 - **The economically vulnerable (26 marks)**
- **How do external factors influence economic fluctuations? (10 marks)**
[40]

INTRODUCTION

Business cycles are the "ups and downs" in economic activity, defined in terms of periods of expansion or recession. ✓✓

(Accept any other correct relevant introduction.)

(Max. 2)

BODY

MAIN PART

Aggregate supply and aggregate demand

- Aggregate Demand (AD) is the total spending on goods and services by households, businesses, government and the foreign sector in the economy. ✓✓
- During the recovery, aggregate demand increases and peaks with the business cycle. ✓✓
- After the business cycle peaks, aggregate demand will also start to decrease during the contraction phase and will reach its lowest level.
- Aggregate Supply (AS) is the total quantity of goods and services supplied at every price level. ✓✓
- Aggregate supply only begins to increase in the recovery phase after inventories start to level off. ✓✓
- Aggregate supply will start decreasing after the business cycle has peaked when inventory levels in the economy start to build up, due to lower demand. ✓✓



Employment

- A recession is a significant and broad decline in economic output, typically lasting more than a few months. ✓✓
- At the onset of a recession, as companies cope with diminished demand, declining profits and elevated debt, many firms start to lay off workers to cut costs. ✓✓
- Increased unemployment causes demand, and output also declines further. ✓✓
- Unemployed workers find it harder to find new jobs, and the average period of unemployment increases. ✓✓
- Rising unemployment is the key indicator that defines a recession. ✓✓
- Joblessness tends to peak later and persists well into a recovery. ✓✓
- That is because the end of the recession marks the trough of the economic contraction and the start of a rebound rather than its completion. ✓✓

Exchange rates

- In the early stages of a downturn in the economy, there is declining demand for imported goods and services in foreign markets. ✓✓
- A decline in exports due to lower foreign demand for local goods, leads to lower demand for the local currency. ✓✓
- This causes a depreciation or a weakening of the country's currency. ✓✓
- When there is an upswing in foreign markets, there will be greater demand for imported goods. ✓✓
- This will lead to more exports from domestic businesses and an increase in demand for the local currency. ✓✓
- The increased demand leads to an appreciation or strengthening of the currency. ✓✓

The economically vulnerable

- The effects of ups and downs on the economically vulnerable are immense. ✓✓
- Any downturn will rob economically vulnerable people of their basic needs. ✓✓
- A downturn in the economy will result in businesses downsizing their production and businesses may close.
- This will lead to large-scale unemployment, starting with the less skilled labourers.



ADDITIONAL PART

- Exogenous factors are factors that originate from outside the economic system and act as trigger mechanisms for contractions and expansion, ✓✓
- e.g., Weather (natural disasters) conditions, floods, changes in weather conditions etc., affect agricultural production and this has a major influence on the economy. ✓
- South Africa, as a developing country, depends on agriculture and any changes in weather conditions will have a detrimental impact on the GDP, e.g. the floods experienced in KwaZulu-Natal in April 2022. ✓✓
- In addition, Coronavirus Disease (COVID-19) negatively affected economic activity in South Africa. Many companies closed and this caused huge unemployment. ✓✓
- Political shocks and technology shocks cause changes in productivity that cause business cycles. When a political party is elected, it initially adopts a contractionary policy to reduce inflation, followed by expansionary policy to impress voters with low inflation and low unemployment rates. ✓✓
- Structural changes cause economic resources to become obsolete in one sector and moves to another sector. For example, when a country changes from a mainly primary-sector output to a mainly secondary-tertiary sector output. ✓✓
- Money supply refers to government either increasing or decreasing the money supply which alters equilibrium in the markets. For example the South African Reserve Bank (SARB) increased money supply during the Coronavirus Disease (COVID-19) pandemic to stabilize the economy ✓✓

(Accept any other correct relevant answer.)

(Max. 10)

Conclusion

Fluctuations in economic activities should be managed so that they impact the economy positively. ✓✓

(Accept any other correct relevant conclusion.)

(Max. 2)

[40]

QUESTION 6:



QUESTION 5

- Discuss the role of the four participants in an open economy. (26)
- Is it important to have foreign sector in the South African economy?
Motive your answer. (10)

INTRODUCTION

The circular flow model is a model of an economy showing how the participants in an economy interact with one another. ✓✓ (2)

BODY: MAIN PART

The participants:

Households

Also known as consumers. ✓✓

Are the primary economic participants, because they own directly and indirectly the factors of production namely land, labour, capital and entrepreneurship. ✓✓

Consumers have needs, which are satisfied through the consumption of goods and services which they purchase from the firms. ✓✓

Consumers' demand for goods and services stimulate economic activity by prompting firms and the state to produce goods and services. ✓✓

Consumers sell their factors of production to firms in return for remuneration ✓✓ (wages, rent, interest, and profit).

Firms

Also known as businesses or producers. ✓✓

They purchase the factors of production from the households in the factor Market. ✓✓

They use the factors of production to produce goods and services ✓✓, which they then sell on the goods market to households. ✓✓

Firms are motivated by the profit-motive. ✓✓

Government

Also known as the state or public sector. ✓✓

Governments act to provide goods and services which cannot be provided by Firms. ✓✓

The state also has certain functions and roles to play in the economy ✓✓, for example, protection services, social services and economic services. ✓✓

Governments receive revenue from firms and households in the form of taxes and revenue from state-owned property and state-owned enterprises. ✓✓

Foreign sector.

The foreign sector so that countries can trade with each other. Because natural resources are unevenly distributed goods and services. ✓✓

Foreign exchange any currency other than the local currency that is used in setting international transactions. ✓✓

Systems of trading in converting the currency of one country into that of another foreign currency. ✓✓

Max 26

BODY: ADDITIONAL PART

**Is it important to have foreign sector in the South African economy?
Motivate your answer.**

There are two main reasons why we have to trade with each other. A country may have an absolute advantage in the production of two different products. ✓✓ This means one country can produce one of the products at a lower cost than its trading partner. ✓✓

Each country will then specialize in a particular production which it has absolute advantage. ✓✓

It will import the other product from the other country. ✓✓

Secondly countries trade because the opportunity cost involved in the production of two products are different. ✓✓

If one country can produce both products economically than another country then they will decide what to produce based on the comparative advantage. ✓✓

Max 10

Conclusion

It shows how their behaviour determines flow of income, spending and production in the economy. ✓✓

Accept any relevant conclusion (2)

TOTAL SECTION C: 40

GRAND TOTAL: 100

