



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF
EDUCATION



WATERBERG DISTRICT

GRADE 10

ECONOMICS

CONTROLLED TEST

Stanmorephysics.com

MARCH 2023

MARKS: 100

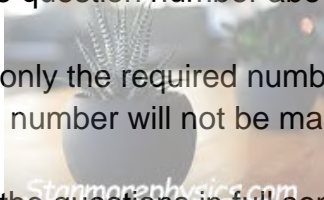
TIME: $1\frac{1}{2}$ hours



This question paper consists of 11 pages

INSTRUCTIONS AND INFORMATION

1. Answer **THREE** questions as follows in the **ANSWER BOOK**.
 - **SECTION A : COMPULSORY**
 - **SECTION B:** Answer any **ONE** of the two questions.
 - **SECTION C :** Answer any **ONE** of the two questions
2. Write the question number above each answer.
3. Answer only the required numbers of questions. Answers in excess of the required number will not be marked.
4. 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.
5. Number the answers correctly according to the numbering system used in this question paper.
6. Read the questions carefully.
7. Start each question on a new page.
8. Leave 2-3 lines between sub sections of questions.
9. Use only black or blue ink.
10. You may use a non- programmable pocket calculator.
11. Write legible and present your work neatly.



SECTION A: COMPULSORY

QUESTION 1

20 MARKS – 20 MINUTES

- 1.1 Various options are provided as possible answers to the following questions. Choose the correct answer and write only the letter (A-D) next to the question number (1.1.1-1.1.5) in the ANSWER BOOK, for example 1.1.6. D.

1.1.1 The basic problem face by all nations is...

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

1.1.2 Normative statement relies on ...

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

1.1.3 The scarcity in Economics is addressed by ...

- A making sure that we produce and consume everything we want.
- B forcing society to make choices between given alternatives.
- C satisfy everyone's needs and wants with the resources available.
- D asking assistance from countries that doesn't experience scarcity.

1.1.4 The lowest turning point of a business cycle is known as ...

- A recession
- B depression
- C trough
- D boom



1.1.5 The Gross National Income measure the ...

- A income earned by foreign nationals that work in South Africa and abroad.
- B income earned by South African citizens in South Africa .
- C income earned by foreign nationals and South African citizens in South Africa.
- D Income earned by South African in South Africa and elsewhere in the world.

(5 x 2) (10)

1.2 Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A-G) next to the question numbers (1.2.1. to 1.2.6) in the ANSWER BOOK.

COLUMN A	COLUMN B
1.2.1 Leakages	A Reasons that originate outside the market or economy.
1.2.2 Opportunity Cost	B The movement of physical goods and services and factors of production.
1.2.3 Exogenous	C Studies the behaviour of the individual participants.
1.2.4 Real flow	D The study of the sum total of economic activities.
1.2.5 Business cycle	E The value of the next best alternative
1.2.6 Micro-economics	F Savings, Taxes and Imports
	G Consecutive period of increasing and decreasing economic activities

(6 x 1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question numbers (1.3.1 to 1.3.4) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

1.3.1 The process of transforming raw material into something useful

1.3.2 Goods that are plentiful and have no exchange value.

1.3.3 Branch of economics that studies the trade and finances between countries.

1.3.4 The rule of 'all things being the same.

(4 x 1) (4)

TOTAL SECTION A: [20]



SECTION B

Answer any ONE of the two questions in this section in the ANSWER BOOK.

QUESTION 2: MACROECONOMICS

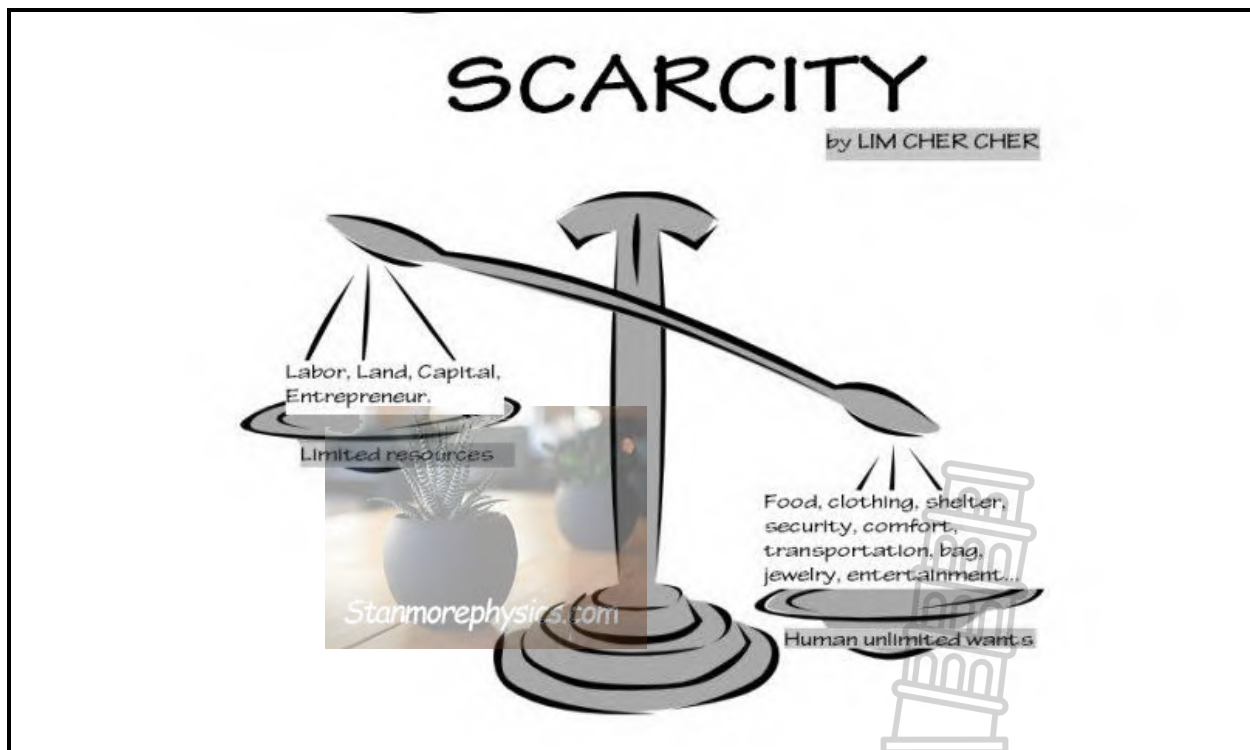
40 MARKS – 30 MINUTES

2.1 Answer the following questions.

2.1.1 Name any TWO fields of study that are related to Economics. (2 x 1) (2)

2.1.2 Why is economics regarded as a social science? (1 x 2) (2)

2.2 Study the picture below and answer the questions that follow



Source: <https://www.essaycorp.com>

2.2.1 What is the fundamental problem referred to in the extract? (1)

2.2.2 Name the cause of the above fundamental problem. (1)

- 2.2.3 Briefly describe the term *relative scarcity*. (2)
- 2.2.4 How best can this problem be solved? (2)
- 2.2.5 Use an example to explain opportunity cost. (4)
- 2.3. Study the table below and answer the questions that follow.

GROSS VALUE ADDED (GVA)	2019 (million rands)
Primary sector	456 939
Secondary sector	106 067
Tertiary sector	350 882
GVA AT BASIC PRICES	A
Taxes on products	575
Subsidy on products	150
GDP AT MARKET PRICES	914 313

- 2.3.1 Identify the method used to calculate GDP in the table above. (1)
- 2.3.2 Give ONE example of taxes on products. (1)
- 2.3.3 Briefly explain the term *Gross Domestic Product (GDP)*. (2)
- 2.3.4 Why are Subsidies subtracted when calculating GDP? (2)
- 2.3.5 Calculate the Gross Value Added at basic prices. Show ALL calculations. (4)
- 2.4 Distinguish between *macro-economics* and *micro-economics*. (2 x 4) (8)
- 2.5 Why is the use of models necessary in economics? (8)

QUESTION 3: MACROECONOMICS

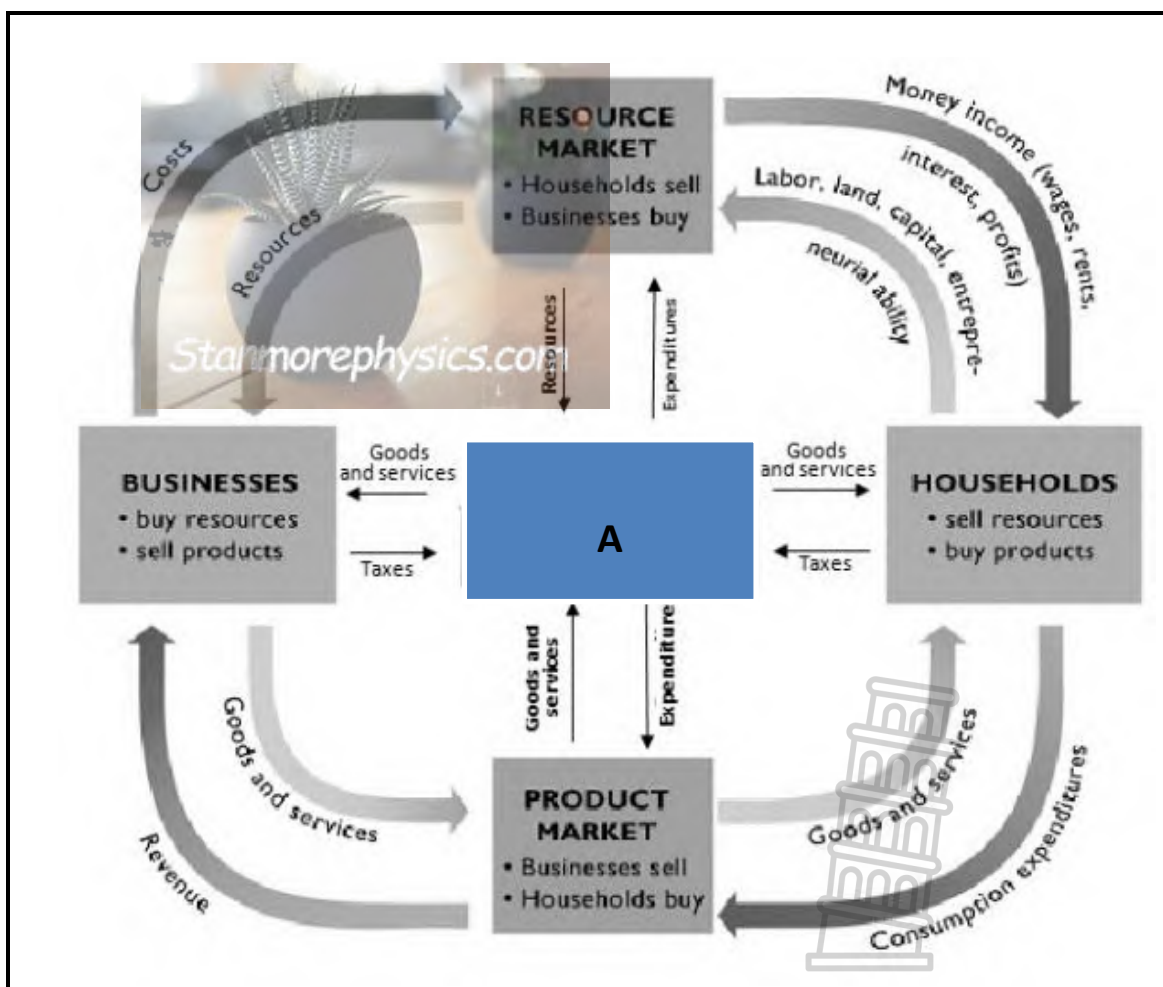
40 MARKS – 30 MINUTES

3.1 Answer the following questions.

3.1.1 Name two examples of leakages? (2 x 1) (2)


3.1.2 How is the length of business cycle measured? (1 x 2) (2)

3.2 Study the graph below and answer the questions that follow.



3.2.1 What is depicted by a diagram above? (1)

3.2.2 Label the letter **A** on the diagram above. (1)

- 
- 3.2.3 Briefly describe the term *circular flow*. (2)
- 3.2.4 Explain the concept *real flow*. (2)
- 3.2.5 How would taxes influence the economic activities in the circular flow? (4)

3.3 Read the extract below and answer the questions that follow.


SOUTH AFRICA IS TECHNICALLY IN A RECESSION.

South Africa's economy is increasingly vulnerable to a *recession* in the next 12 months, with an on-going electricity crisis seen further activity.

The probability of a recession stands at 68%, up from odds of 45% in January, according to Bloomberg's latest monthly survey of economists. The was conducted from 3 to 9 February, with economist responding to a question about the chance of a recession.

The prediction comes after Eskom said rolling blackouts, known locally as *load shedding*, are likely to persist for at least two more years as the state-owned power utility overhauls its ageing, mostly coal-fired plants. And this negatively impacting on South African economy and the economy is failing to grow faster than 1.5% while the population is growing at 1.5% as well.

[Source: <https://businesstech.co.za>]

- 
- 3.3.1 Identify the business cycle phase in the above extract. (1)
- 3.3.2 What is the main of cause the 'cycle phase' referred to in the above extract? (1)
- 3.3.3 Briefly describe the term *business cycle*. (2)
- 3.3.4 Explain the concept *Amplitude*. (2)
- 3.3.5 What can government do to smooth out a severe decrease in the business cycle? (4)

3.4 Differentiate between *normative* and *positive statements*, give an example for each. (4 x 2) (8)

3.5 Why would a *recession* negatively affect the economically vulnerable? (8)

TOTAL SECTION B: [40]

SECTION C

Answer any ONE of the two questions in this section in the ANSWER BOOK. Ensure that your answer follows the structure indicated below in order to obtain maximum marks:

STRUCTUTURE OF ESSAY	MARK ALLOCATION
<p>Introduction The introduction is a lower order-response</p> <ul style="list-style-type: none"> • A good starting point would be to define the main concept related to the question topic. • Do not include any part of the question in your introduction. • Do not include any part of the introduction in your body. • Avoid saying in the introduction what you are going to discuss in the body. 	<p>Max. 2</p>
<p>Body</p> <p>Main part: Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain.</p> <p>Additional part: Give own opinion/ Critically discuss/ Evaluate/ Critically evaluate/ Draw a graph and explain/ Use the graph given and explain/ Complete the given graph/ Calculate/ Deduce/ Compare/ Explain/ Distinguish/ Interpret/ Briefly debate/ How/ Suggest.</p>	<p>Max. 26</p> <p>Max. 10</p>
<p>Conclusion</p> <p>Any high-order conclusion should include:</p>	<p>Max. 2</p>

<ul style="list-style-type: none"> • A brief summary of what has been discussed without repeating facts already mentioned. • Any opinion or value judgment on the facts discussed. • Additional support information to strengthen the discussion/analysis. • A contradictory viewpoint with motivation, if required. • Recommendations. 	
TOTAL	40

QUESTION 4: MACROECONOMICS

40 MARKS – 40 MINUTES

Discuss the role played by each participant in an open economy circular flow model. (26)

What are the effects of an economic downswing on the participants in the economy? (10)

[40]

QUESTION 5: MACROECONOMICS

40 MARKS – 40 MINUTES

Discuss the phases/stages of business cycle. (26)

Analyse the endogenous reasons for changes in the business cycle. (10)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [100]





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GRADE 10



MARKS: 100



This marking guideline consists of 12 pages

SECTION A

QUESTION 1

20 MARKS

1.1 MULTIPLE CHOICE

- 1.1.1 C (Scarcity) ✓✓
- 1.1.2 A (relies on opinions) ✓✓
- 1.1.3 B (forcing society to make choices between given alternatives.) ✓✓
- 1.1.4 C (trough) ✓✓
- 1.1.5 D (Income earned by South African in South Africa and elsewhere in the world.) ✓✓

(5 x 2) (10)

1.2 MATCHING TYPE

- 1.2.1 F ✓
- 1.2.2 E ✓
- 1.2.3 A ✓
- 1.2.4 B ✓
- 1.2.5 G ✓
- 1.2.6 C ✓

(6 x 1) (6)

1.3 CONCEPTS

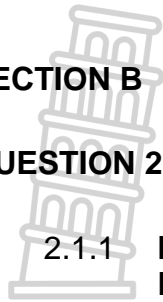
- 1.3.1 Production / Manufacturing
- 1.3.2 Free goods. ✓
- 1.3.3 International Economics ✓
- 1.3.4 Ceteris Paribus ✓

(4 x 1) (4)

TOTAL SECTION A: [20]

SECTION B

QUESTION 2



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

- Accounting ✓
- Business Studies ✓ (2 x 1) (2)
- Commercial Law ✓
- Mathematics / Finance ✓

2.1.2 **Why is economics regarded as a social science?** (1 x 2) (2)

Because it studies an aspect of human behaviour. ✓✓

2.2 DATA RESPONSE

2.2.1 **What is the fundamental problem referred to in the extract?**

Scarcity. ✓ (1)

2.2.2 **Name the cause of the above fundamental problem.**

Limited means (resources) ✓ (1)

2.2.3 **Briefly describe the term *relative scarcity*.**

When a good or service is available, but one does not have the resources to acquire it ✓✓ / Relative scarcity exists where the demand for a good is greater than the supply of a good. ✓✓ (2)

2.2.4 **How best can this problem be solved?**

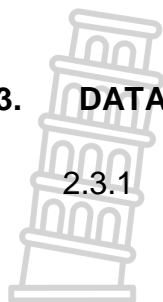
By making choices. ✓✓ (2)

2.2.5 **Use an example to explain opportunity cost.**

The value of the opportunity one gave up when they made a choice. It is the next-best alternative that they did not choose. ✓✓
For example, if one gives up buying a book and buy sweets, the opportunity cost of buying sweets is giving up buying books. ✓✓

2.3. DATA RESPONSE

(4)



2.3.1 Identify the method used to calculate GDP in the table above.

Production Method ✓

(1)

2.3.2 Give ONE example of taxes on products.

VAT (Value Added Tax) ✓; Excise duties. ✓

(1)

2.3.3 Briefly explain the term *Gross Domestic Product (GDP)*.

It is the market value of all the final goods and services produced within the borders of a country a given period of time. ✓✓

(2)

2.3.4 Why are Subsidies subtracted when calculating GDP?

Subsidies are financial incentives/ grants / assistance provided by the government. ✓✓

(2)

2.3.5 Calculate the Gross Value Added at basic prices. Show ALL calculations.

$(456\ 939 + 106\ 067 + 350\ 882)$ ✓✓

GVA at basic price = 913 888 ✓✓

(4)

2.4 Distinguish between *macro-economics* and *micro-economics*.

Micro-economics

- Microeconomics deals with a small section of the economy ✓✓
- Deals with individual consumers and businesses ✓✓
- Deals with how they make decisions about which resources to use and which to buy ✓✓
- What to produce at what price and in what quantity ✓✓
- Focuses on individual markets ✓✓
- Looks at the behaviour of the units of an economy ✓✓

(Accept any other correct relevant response.)

(2 x 2) (4)

Macro-economics

- Macro' means the whole or the large. ✓✓
- Looks at the behaviour of the economy as a whole ✓✓
- Focuses on unemployment rate ✓✓
- Focuses on inflation rate of economy ✓✓

- Not concerned with what the individual units are doing ✓✓
 - Looks at imports and exports ✓✓
 - The National budget is a Macroeconomic document. ✓✓
- (Accept any other correct relevant response.) (2 x 2) (4) (8)

2.5 Why is the use of models necessary in economics?

- Help us understand how the complex economy works ✓✓
 - For making it easier to forecast ✓✓
 - Making it easier to understand the relationship between variables ✓✓
 - Presented by means of quantitative expressions, illustrations, diagrams and statements in writing or orally. ✓✓
 - Studying and examining of economic issues
- (Accept any other correct relevant response) (4 x 2) (8)

[40]

QUESTION 3

3.1.1 Name two examples of leakages?

- Savings ✓
 - Taxes ✓
 - Imports ✓
- (2 x 1) (2)

3.1.2 How is the length of business cycle measured?

Is measured from peak to peak or from trough to trough. ✓✓ (1 x 2) (2)

3.2 DATA RESPONSE

3.2.1 What is depicted by a diagram above?

Circular flow model ✓ (1)

3.2.2 Label the letter A on the diagram above.

Government ✓ (1)



3.2.3 Briefly describe the term *circular flow*.

It shows the flow of goods and services, money, income, production and expenditure in the economy. ✓✓ (2)

3.2.4 Explain the concept *real flow*.

The flow of production factors as well as goods and services between the different participants. ✓✓ (2)

3.2.5 How would taxes influence the economic activities in the circular flow?

Businesses and households pay taxes to the government, these monies are withdrawn from circulation, and households demand fewer goods and services from households. ✓✓
This will have an influence of the amount of goods and services will produce. The production of goods and services will decrease; thus, economic activities will decline. ✓✓ (4)

3.3 DATA RESPONSE

3.3.1 Identify the business cycle phase in the above extract.

Recession. ✓ (1)

3.3.2 What is the main of cause the 'cycle phase' referred to in the above extract?

Load shedding. ✓ (1)

3.3.3 Briefly describe the term *business cycle*

A business cycle is a consecutive period of increasing and decreasing economic activities. ✓✓ (2)

3.3.4 Explain the concept *Amplitude*.

The distance between the trend line and the peak and trough. ✓✓ (2)

3.3.5 What can government do to smooth out a severe decrease in the business cycle?

- The government should decrease taxes. ✓✓
- Decrease the interest rates. ✓✓
- Allow the exchange rate to appreciate. ✓✓
- (Accept any correct relevant answer)

(4)

3.4 Differentiate between *normative* and *positive statements*, give an example for each.

Positive statement:

- A positive statement is an objective fact or announcement. ✓✓
- A positive statement is concerned with what was in the past, what is today or what will be in the future. ✓✓
- Positive statements are either right or wrong. ✓✓
- e.g. a rand appreciated 4% above the dollar. ✓

(2 x 2) (4)

Normative statement

- Normative statement involves subjective value judgement. ✓✓
- Normative statement can be debated. ✓✓
- e.g. the grass ought to be green to be beautiful. ✓

(2 x 2) (4)

(8)

3.5 Why would a *recession* negatively affect the economically vulnerable?

(8)

- They lack knowledge of schemes or relief services to assist them. ✓✓
 - Have poor level of literacy to access and interpret information. ✓✓
 - Their isolation (such as rural areas) results in them not knowing about, or finding it difficult to access, facilities or services. ✓✓
 - They are unable to organise themselves, so they lack collective efforts. ✓✓
 - The high cost of medical aid, unemployment insurance and pension fund contributions leave them with reduced security. ✓✓
 - Elderly people's incomes reduce when falling interest rates and high inflation reduces the purchasing power of their pension funds. ✓✓
- (Accept any other correct relevant response) (4 x 2)

[40]

TOTAL SECTION B: [40]



SECTION C

QUESTION 4

- **Discuss the role played by each participant in an open economy circular flow model. (26)**
- **What are the effects of an economic downswing on the participants in the economy? (10)**

Introduction

Circular flow is a model showing the interaction between the participants in the economy. ✓✓

(Max 2)

**BODY
MAIN PART**

Households ✓

- Consist of an individual, a family or group of people that live together. ✓✓
- Are basic decision-making sector in the economy because they determine what should be produced. ✓✓
- Household are owners of factors of production. ✓✓
- They sell factors of production to the factor market earn income. ✓✓
- The income that households receive is used to buy goods satisfy the needs. ✓✓

Businesses ✓

- Businesses combine and transform the factors of production to produce goods and services. ✓✓
- Basic productive sector in the economy. ✓✓
- They buy factors of production on factor market. ✓✓
- They sell the final goods and services on the product market. ✓✓
- The aim of the business is to maximize profit. ✓✓
- Business enterprise strives to keep their income as higher as possible and their expenses low. ✓✓

Government. ✓

- Consist of the local, provincial and national government. ✓
- Supply public goods that are not provided sufficiently by the public sector. ✓✓
- Takes care of public resources. ✓✓

- Goals of the government are: Economic growth, full employment, economic equity, price stability and BoP and exchange rate stability. ✓✓
- Government provides the framework within which the economy operates. ✓✓

Foreign sector ✓

- All international transactions that takes place over political borders. ✓✓
- No country can exist in isolation. ✓✓
- Countries trade because they have shortage of natural resources. ✓✓
- They export goods and services. ✓✓
- Foreign sector exists so that countries can trade ✓✓.

(Max 26)

ADDITIONAL PART

What are the effects of an economic downswing on the participants in the economy?

- Businesses will start producing fewer goods and services ✓✓
- Households will lose their jobs ✓✓. There will be less consumption of goods and services by households. ✓✓
- The government's revenue from taxes will decline. ✓✓ Government will need to provide more public goods and services. ✓✓
- Exports by foreign sector will decline due to the decrease in production ✓✓.

(Accept any other correct relevant response)

(Max 10)

Conclusion

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

(Any relevant conclusion)

(Max 2)

[40]



QUESTION : MACROECONOMICS

40 MARKS – 40 MINUTES

- **Discuss the phases/stages of business cycle.** (26)
- **Evaluate the endogenous reasons for changes in the business cycle** (10)

Introduction

Business cycle refers to successive periods of increase and decrease of economic activity in an economy. ✓✓

(Accept any other relevant definition)

(Max. 2)

BODY

MAIN PART

Recession phase ✓

- During a recession, unemployment increases due to the fact that businesses have to lay off workers. ✓✓
- There is a decline in economic activity, and the economy slows down. ✓✓
- Consumer spending decreases, especially on durable goods. ✓✓

Depression phase

- During a depression, money is in short supply, leading to a further decline in spending. ✓✓
- There is a negative impact on investment spending. ✓✓
- When economic activity is at its lowest, a trough is reached. ✓✓
- There is competition for jobs and the cost of production decreases. ✓✓
- This encourages foreign trade and leads to a recovery. ✓✓

Recovery phase ✓

- During a recovery period, production increases and more jobs are created. ✓✓
- Consumers start buying durable goods again. ✓✓
- Business confidence rises and there is increased spending by firms. ✓✓
- There is increased economic activity and the country enters into prosperity phase. ✓✓

Prosperity phase ✓

- During prosperity phase there is a great degree of optimism ✓✓
- Employment levels rise, salaries and wages rise and spending increases ✓✓
- A peak is reached. ✓✓

- A larger amount of money is in circulation and this leads to an inflationary situation. ✓✓

(Accept any correct relevant fact)

(Max. 26)

ADDITIONAL PART

Analyse the endogenous reasons for changes in the business cycle.

- The Keynesian (endogenous) view is that markets are inherently unstable therefore government interventions are necessary to stabilise the economy. ✓✓
- They argue that changes in the value of total expenditure bring about changes in demand. ✓✓
- Government can intervene through fiscal policy which includes taxes to stimulate economic activity. ✓✓
- During a recession, government can increase its spending and reduce taxes to stimulate economic activity. ✓✓
- This will increase the level of economic activity, e.g., production, employment, income and demand. ✓✓
- During a peak, the government can increase taxes and reduce government spending. ✓✓

(Accept any correct relevant fact)

Conclusion

The length of business cycles can vary over time and it is measured in years. South Africa's business cycles have lasted much longer since the first democratic elections in 1994 ✓✓

(Any relevant conclusion)

(Max 2)

[40]

TOTAL SECTION C: [40]

GRAND TOTAL: [100]

