



**LIMPOPO**  
PROVINCIAL GOVERNMENT  
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF  
**EDUCATION**

**CAPRICORN NORTH DISTRICT**

**NATIONAL  
SENIOR CERTIFICATE**

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**GRADE 10**

**ECONOMICS TERM TEST 1**

**MARCH 2024**

Stanmorephysics.com

**MARKS: 100**

**TIME: 1:1/2 hours**

**This question paper consists of 10 pages.**

## INSTRUCTIONS AND INFORMATION

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

SECTION A: COMPULSORY

SECTION B: Answer ONE of the two questions.

SECTION C: Answer ONE of the two questions.

2. Answer only the required number of questions. Answers in excess of the required number will NOT be marked.
3. Number the answers correctly according to the numbering system used in this question paper.
4. Write the question number above each answer.
5. Read the questions carefully.
6. Start EACH question on a NEW page.
7. Leave 2–3 lines between subsections of questions.
8. 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.
9. Use only black or blue ink.
10. You may use a non-programmable pocket calculator.
11. Write neatly and legibly.

**SECTION A (COMPULSORY)**

**QUESTION 1 BUSINESS CYCLES**

**20 MARKS – 20 MINUTES**

**1.1** Various options are provided as possible answers to the following questions. Choose the answer and write only the letter (A–D) next to the question numbers (1.1.1 to 1.1.5) in the ANSWER BOOK, e.g. 1.1.6 D.

1.1.1 Ceteris paribus means all other things remaining....

- A the same
- B economic
- C scientific
- D physical

1.1.2 The basic economic problem faced by all economies is ...

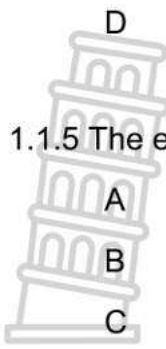
- A unemployment
- B high prices
- C inequality
- D scarcity

1.1.3 National income will increase when ...

- A injections = leakages
- B leakages > injections
- C injections < leakages
- D leakages < injections

1.1.4 An indicator that changes before the economy changes is known as a/an ... indicator.

- A coincidence
- B economic
- C leading

- 
- D financial
- 1.1.5 The extraction of raw material from nature takes place in the ...sector.
- A industrial
  - B primary
  - C tertiary
  - D manufacturing

(2x5) (10)

**1.2** Choose a description from COLUMN B that matches the item in COLUMN A. Write only the letter (A–F) next to the question numbers (1.2.1–1.2.6) in the ANSWER BOOK, e.g. 1.2.7 H

COLUMN A	COLUMN B
1.2.1 Economics	A A systematic approach to uncover regular patterns by looking at actual past events.
1.2.2 Production	B Using resources in a way that does not maximize output.
1.2.3 Gross Domestic product	C Free-market economy is inherently stable.
1.2.4 Inefficiency	D Using present data to predict future events
1.2.5 Monetarist approach	E The process by which the entrepreneur combines labour and capital into final products.
1.2.6 Scientific method	F The total value of final goods and services produced within the geographical boundaries of a country.
	G The study of how to choose and use scarce resources.

(6x1)(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 A branch of Economics that deals with policies that help low-income countries to develop.

1.3.2 A statement involving a subjective value judgement

1.3.3 The movement of goods and services and the factors of production are among the participants in the economy

1.3.4 The amount of net income an individual has to spend after all necessary expenses are paid. (4x1) (4)

**TOTAL SECTION A: 20**

## **SECTION B**

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

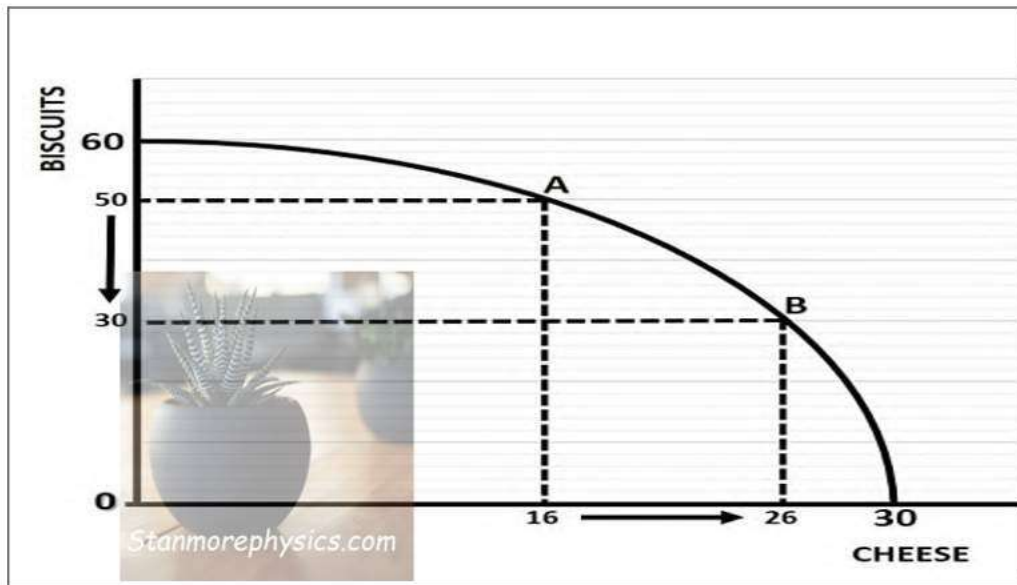
**QUESTION 2: BUSINESS CYCLES 40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name TWO elements of Economics (2)

2.1.2 Why do economists use economic models? (2)

2.2 Study the table below and answer the questions that follow.



Source: Google classroom

2.2.1 Identify the letter that represents production of 50 units of biscuits and 16 units of cheese. (1)

2.2.2 Name the document used by government to exercise choice when allocating financial resources. (1)

2.2.3 Briefly describe the term *opportunity cost*. (2)

2.2.4 Explain absolute scarcity as a serious challenge to the economy (2)

2.2.5? Why is it not a rational choice to produce 60 units of biscuits?(4)

2.3 Study the below and answer the questions that follow

<b>GROSS VALUE ADDED (GVA)</b>	<b>2023 figures at constant prices (R mill)</b>
Primary sector	456 939
Secondary sector	106 067
Tertiary sector	350 882
<b>Gross value added at basic prices</b>	
Taxes on products	575
Subsidies on products	150
<b>Gross value added at market prices</b>	<b>914 313</b>





- 2.3.1 Identify the method of calculating GDP used in the table above. (1)
- 2.3.2 Name ONE example of taxes on products. (1)
- 2.3.3 Briefly describe the term *Gross National Income*. (2)
- 2.3.4 Why is it important to calculate Gross Domestic Product? (2)
- 2.3.5 Calculate the value of **A**. Show all calculations. (4)

2.4 Differentiate between *economic goods* and *free goods*. (2x4) (8)

2.5 Analyse possible ways in which environmental problems can be solved. (8)

[40]



**QUESTION 3:**

**40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name TWO participants in an open economy.

3.1.2 Why do social sciences face some difficulties?

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

**CAREER BEACON**

**Top Jobs For Economics major**

 market research	 Credit analyst	 actuary
 Financial Analyst	 Compensation and benefits manager	 Economic consultant

Source: <https://twitter.com/thecareerbeacon>

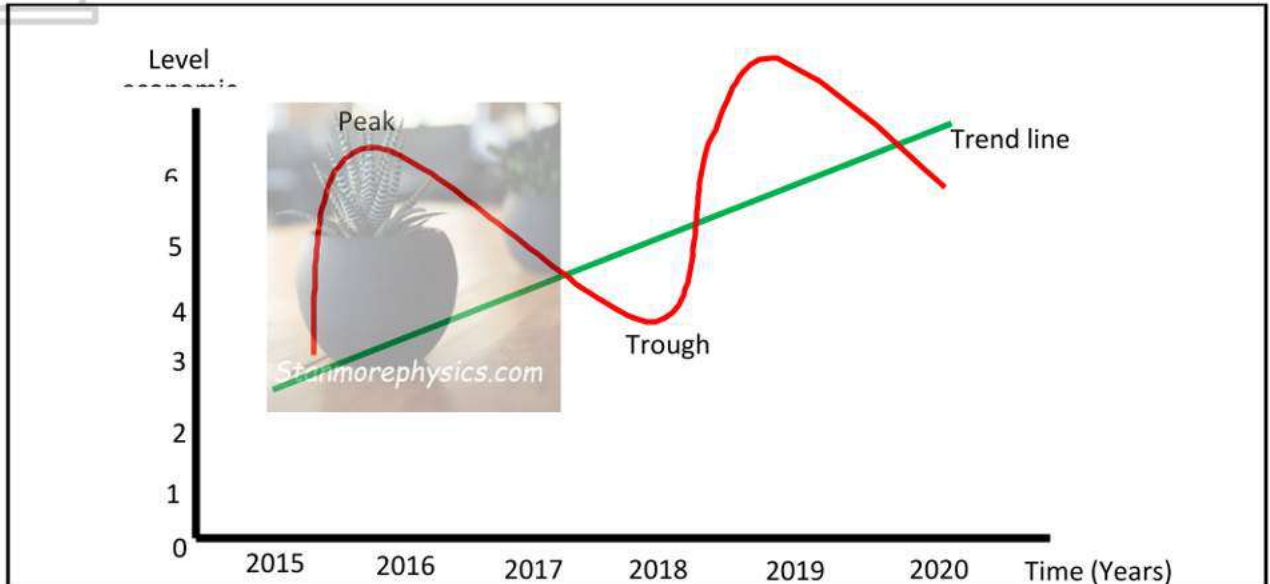
3.2.1 Identify a career that involves a variety of research tasks to inform investment strategy and make investment decisions for clients.(1)

3.2.2 Name any other science which has a relationship with economics. (1)



- 3.2.3 Briefly describe the term *equity*. (2)
- 3.2.4 Explain the leaning field of which economics is part. (2)
- 3.2.5 Why should people consider their interests and skills when choosing a career? (4)

3.3 Study the information below and answer the questions that follow.



Source: own source

- 3.3.1 Identify the lowest turning point on the graph above. (1)
- 3.3.2 Name any ONE phase of a business cycle. (1)
- 3.3.3 Briefly explain the term *trend line*. (2)
- 3.3.4 Explain the effect of a recession on businesses. (2)
- 3.3.5 How can coincident indicators help economists in forecasting economic activity? (4)
- 3.4 Briefly discuss *consumption* and *exchange* as basic processes in an economy. (8)
- 3.5 Analyse the interaction of households with other participants in the economy. (8)

[40]

**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><b>Introduction</b>                      The introduction is a lower order-response</p> <ul style="list-style-type: none"> <li>• A good starting point would be to define the main concept related to the question topic.</li> <li>• Do not include any part of the question in your introduction.</li> <li>• Do not include any part of the introduction in your body.</li> <li>• Avoid saying in the introduction what you are going to discuss in the body.</li> </ul>	<p>Max. 2</p>
<p><b>Body</b></p> <p><b>Main part:</b> Discuss in detail/ In depth discussion/ Examine/ Critically discuss/ Analyse/ Compare/ Evaluate/ Distinguish/Differentiate/ Explain.</p> <p><b>Additional part:</b> 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><b>Conclusion</b></p> <p>Any high-order conclusion should include:</p> <ul style="list-style-type: none"> <li>• A brief summary of what has been discussed without repeating facts already mentioned.</li> <li>• Any opinion or value judgment on the facts discussed.</li> <li>• Additional support information to strengthen the discussion/ analysis.</li> <li>• A contradictory viewpoint with motivation, if required.</li> <li>• Recommendations.</li> </ul>	<p>Max. 2</p>
<p><b>TOTAL</b></p>	<p><b>40</b></p>

NSC

**QUESTION 4:**

**40 MARKS – 40 MINUTES**

- Discuss in details the role of the FOUR markets in a circular flow of an open economy. (26 marks)
- Explain the real flows and money flows in the circular flow of an open economy. (10 marks)

**[40]**



**QUESTION 5:**

**40 MARKS – 40 MINUTES**

- 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 has the endogenous school of thought influenced business cycles? (10 marks)

**[40]**

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**



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**GRADE 10**

**ECONOMICS TERM TEST 1**

**MARKING GUIDELINES**

**MARKS: 100**

**This marking guidelines consists of 14 pages.**

**SECTION A (COMPULSORY)**

**QUESTION 1 BUSINESS CYCLES**

**20 MARKS**

**1.1 MULTIPLE CHOICE**

- 1.1.1 A the same ✓✓  
1.1.2 D scarcity ✓✓  
1.1.3 D leakages < injections ✓✓  
1.1.4 C leading ✓✓  
1.1.5 B primary ✓✓

(2x5) (10)

**1.2 MATCHING ITEMS**

- 1.2.1 G - The study of how to choose and use scarce resources ✓  
1.2.2 E - The process by which the entrepreneur combines labour and capital into final products ✓  
1.2.3 F-The total value of final goods and services produced within the geographical boundaries of a country. ✓  
1.2.4 B - Using resources in a way that does not maximize output.  
1.2.5 C - Free -market economy is inherently stable. ✓  
1.2.6 A - A systematic approach to uncover regular patterns by looking at actual past events ✓ (6x1) (6)

**1.3 GIVE ONE TERM**

- 1.3.1 Developmental Economics ✓  
1.3.2 Normative statement ✓  
1.3.3 Real Flow ✓  
1.3.4 Disposable income/Income ✓ (4x1) (4)

**TOTAL SECTION A: 20**

**SECTION B**



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

**QUESTION 2:**

**40 MARKS**

2.1 Answer the following questions.

**2.1.1 Name any TWO elements of Economics**

- Scarcity ✓
- Choices ✓
- Efficiency ✓
- Equity ✓

(1)

**2.1.2 Why do economists use economic models?**

Models are necessary for:

- Explaining or predicting how a set of circumstances will behave if a variable change ✓✓
- Simplifying reality. ✓✓
- Using data or information to build economic models. ✓✓

(2)

## 2.2 DATA RESPONSE



**2.2.1 Identify the letter that represents production of 50 units of biscuits and 16 units of cheese.**

- A ✓ (1)

**2.2.2 Name the document used by government to exercise choice when allocating financial resources.**

- National budget ✓ (1)

**2.2.3 Briefly describe the term *opportunity cost*.**

- The value of the opportunity one gave up when they made a choice. ✓✓
- The next best –alternative that one did not choose. ✓✓ (2)

**2.2.4 Explain absolute scarcity as a serious challenge to the economy**

- Even when money to buy a commodity is available, there is just no stock available of that commodity. ✓✓ (2)

**2.2.5? Why is it not a rational choice to produce 60 units of biscuits?**

- Producing 60 units of biscuits will require the use of all available resources and there will be none left to produce cheese which is one of the two commodities that must be produced. ✓✓
- The resources have to be utilized in a way that will ensure that both commodities are produced. ✓✓ (4)

## 2.3 DATA RESPONSE

**2.3.1 Identify the method of calculating GDP used in the table above.**

- Production/Output method ✓ (1)

**2.3.2 Name ONE example of taxes on products.**

- Excise duties ✓ / stamp taxes on the sale of specific products ✓ / taxes on alcoholic beverages or tobacco ✓ , car registration taxes ✓ , taxes on lotteries ✓ , taxes on insurance premiums ✓ ). (1)



**2.3.3 Briefly describe the term *Gross National Income*.**

- The remuneration for factors of production that are owned by permanent citizens of a country. ✓✓ (2)

**2.3.4 Why is it important to calculate *Gross Domestic Product*?**

- They indicate the economic activity within a country. ✓✓
- Measure economic growth from one year to the next. ✓✓
- Determine the standard of living in a country. ✓✓
- Comparing prosperity levels among country ✓✓ (2)

**2.3.5 Calculate the value of A. Show all calculations.**

- $456\,939 + 106\,067 + 350\,882 = 4807927$  OR ✓✓✓✓ (4)

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**2.4 Differentiate between *economic goods* and *free goods*.**

<b>Economic goods</b>	<b>Free goods</b>
<ul style="list-style-type: none"> <li>- Scarce in relation to demand</li> <li>- Command a price. ✓✓</li> <li>- Part of the wealth owned by private individuals, businesses and the government. ✓✓</li> <li>- Can be sold on markets. ✓✓</li> </ul>	<ul style="list-style-type: none"> <li>- Available in large quantities without limit. ✓✓</li> <li>- Do not command a price. ✓✓</li> <li>- Cannot be counted as wealth.</li> <li>- There is no market for these goods as they have no price. ✓✓</li> </ul>

(Any 4x2)(8)

**2.5 Analyse possible ways in which environmental problems can be solved.**

- **Green tax:** Government could impose a tax on the production of goods and on how much they affect the environment. ✓✓
- **Government action:** Governments around the world are starting to put measures in place to stop or reduce the amount of pollution within their countries. ✓✓

- **Public action:** As more people become aware of the damage to the environment. ✓✓
- **New technology:** Cleaner and safer technology is being developed with the environment in mind. ✓✓

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

[40]

**QUESTION 3:**

**40 MARKS**

**3.1 Answer the following questions.**

**3.1.1 Name TWO participants in an open economy.**

- Households /Consumers✓
- Businesses sector/producers/firms✓
- Government /public sector/state✓
- Foreign sector✓

(2x1)(2)

**3.1.2 Why do social sciences face some difficulties?**

- Because they study human behavior and human behavior is not predictable. ✓✓

(2)

**3.2 DATA RESPONSE**

**3.2.1 Identify a career that involves a variety of research tasks to inform investment strategy and make investment decisions for clients.**

- Financial analyst. ✓

(1)

**3.2.2 Name any other science which has a relationship with economics.**

- Statistics✓
- Mathematics✓
- Information Technology✓
- Law, Geography and Sociology ✓
- Politics✓

(Any 1x1)(1)



**3.2.3 Briefly describe the term *equity*.**

- Refers to justice and fairness to every member of society. ✓✓ (2)

**3.2.4 Explain the learning field of which economics is part.**

- It is part of business, trade, management and services. ✓✓ (2)

**3.2.5 Why should people consider their interests and skills when choosing a career?**

- They must choose a career that complements their interest and for which they have actual or potential skills ✓✓.
- That will make them have job satisfaction and more productive ✓✓ (4)

**3.3 DATA RESPONSE.**

**3.3.1 Identify the lowest turning point on the graph above.**

- Trough ✓(1)

**3.3.2 Name any ONE phase of a business cycle.**

- Prosperity ✓
- Recovery ✓
- Recession ✓
- Depression ✓ (1)

**3.3.3 Briefly explain the term *trend line*.**

- A line that shows the direction in which the economy is going. ✓✓ (2)

**3.3.4 Explain the effect of a recession on businesses.**

- Decline in employment levels. ✓✓
- Consumer spending decreases. ✓✓
- Production of goods and services decreases. ✓✓
- Business confidence will be low. ✓✓ (Any 1x2)(2)

**3.3.5 How can coincident indicators help economists in forecasting economic activity?**

- As they usually change at the same time with changes in the economy. ✓✓
- They can help economists see the state of the economy. ✓✓ (4)



## SECTION C

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

### QUESTION 4:

**40 MARKS**

- Discuss in details the role of the FOUR markets in a circular flow of an open economy. (26 marks)
- Explain the real flows and money flows in the circular flow of an open economy. (10 marks) [40]

#### INTRODUCTION

- The economy of a country is regarded as an open economy because of the present of households, producers, foreign sector, government and financial sector as active participants in the economy. ✓✓
- Circular flow model is a simplified model of the interaction between the participants in the economy. ✓✓ (Max2)

(Accept any correct introduction)

#### MAIN PART

##### Financial market. ✓

- Financial market facilitates the lending and borrowing of funds between economic participants. ✓✓
- Financial markets are not directly involved in the production process. ✓✓
- Financial markets serve as a link between households and businesses who have surplus income and other participants who require it. ✓✓
- Financial market is divided into money market and capital market. ✓✓

##### Money market ✓

- All money that is saved and loans that are given to economic participants in the short-term, occur in money market. ✓✓
- The South African Reserve Bank administers the function of legislating and managing the money market. ✓✓

##### Capital market ✓

- This is a market for long-term saving and loans. ✓✓
- The Johannesburg Stock exchange is a key institution in the capital market. ✓✓
- Shares are also traded in this market. ✓✓

### Factor markets ✓

- Factor markets are also known as resource or input market. ✓✓
- These are markets where factors of production are traded. ✓✓
- Households own their factors of production and sell them on the factor market. ✓✓
- In return they earn wage for their labour, interest on their capital and profit on their entrepreneurship. ✓✓
- Factor market also include labour and property market. ✓✓
- The factor market provides all the components required to produce goods and services. ✓✓

### Foreign exchange markets ✓

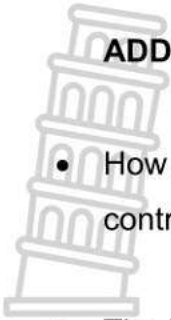
- This is a market where currencies are traded. ✓✓
- Businesses buy/sell foreign currency to pay for imported goods and services. ✓✓
- These transactions occur in banks and consist of electronic money transfers from one account to another. ✓✓
- South African rand is freely traded on the forex market and its value is determined by the market forces of demand and supply. ✓✓

### Product market/goods and services market ✓

- These are markets for consumer goods and services. ✓✓
- Goods are defined as tangible items, like food clothes, cars, etc. that satisfies some needs and wants. ✓✓
- Buying and selling goods that are produced in the markets. ✓✓
- Two categories of goods that are traded in the market are capital goods and consumer goods. ✓✓

(Any 13x2)( 26)

**(Accept any correct response)**



### ADDITIONAL PART

- How can household, as an important participant in the circular flow model, contribute in building the economy?
  - The households as owners of factors of production can increase the quality to make a better contribution to the economy. ✓✓
  - They can sell their factors of production at lower rates to help to lower the inflation rate and build the economy. ✓✓
  - Household can limit labour unrest and strikes where they usually claim unreal increase in payment. ✓✓
  - They can increase their savings and contribute indirectly to increased production in the manufacturing sector. ✓✓
  - They can limit their spending on luxury goods that will limit the aggregate demand and stabilize prices. ✓✓
  - Households can buy South African goods to stimulate local production, future export and increased penetration of markets internationally. ✓✓
  - Households can pay their relevant taxes and claim better service delivery and infrastructure development. ✓✓

(Accept any correct response)

(Max 10)

### Conclusion

Markets are important institutions in our economic system, because they regulate supply and demand and safeguard price stability. ✓✓ (2)

(Accept any relevant higher order conclusion)

QUESTION 5:

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 has the endogenous school of thought influenced business cycles? (10 marks) [40]

## INTRODUCTION

- Business cycles refers to continuous increase and decrease in the economic activities for a specific period of time. ✓✓ (2)

(Accept any correct introduction)

## MAIN PART

### Changes in aggregate supply and aggregate demand.

- When the economy expands there is an increase in aggregate demand which in turn cause aggregate supply to increase. ✓✓
- A contraction in the economy causes aggregate demand to decrease which in turn causes a decrease in supply. ✓✓

### Changes in the employment rate.

- Employment levels change with changes in the business cycle. ✓✓
- Employment increases in the expansion phase of the business cycle. ✓✓
- Employment rates decrease during contraction. ✓✓


### Changes in price levels/inflation rate.

- Prices of most goods and services increase during expansion and the first part of the prosperity phase. This is inflation. ✓✓
- When a recession starts, prices are still high. This phase is accompanied by stagflation (economic stagnation). Then most prices begin to fall. ✓✓

### Changes in the level of the rate of exchange.

- 
- The expansion and boom phases increase demand in other countries for goods imported from South Africa. Exports from South Africa increase. ✓✓
  - The demand for the rand increases, the rand appreciates. ✓✓
  - In a global recession the demand from other countries for South African products decreases. ✓✓
  - The demand for the rand decreases, the rand exchange rate depreciates. ✓✓
  - When a currency appreciates it grows stronger and when it depreciates it grows weaker. ✓✓

### Effects on people who are economically vulnerable

- 
- Illiterate and unskilled people are often the first to lose their jobs during a recession. COVID 19 has led to a high rate of unemployment of the unskilled people. ✓✓
  - They lack knowledge of schemes and relief programmes to assist them. ✓✓
  - They have poor levels of literacy to access and interpret information. ✓✓
  - Their isolation results in them finding it difficult to access facilities and services ✓✓
- (Any 13x2)(26)

### How has the endogenous school of thought influenced business cycles?

- It is also known as the Keynesian view. ✓✓
  - Originate from within the market system/ economy. ✓✓
  - Forces within the market system cause expansions and contractions. ✓✓
  - Believe that markets are inherently unstable. ✓✓
  - Believe that the government should intervene (by using government policies) to smooth out the business cycles. ✓✓
- (5x2)(10)

### Conclusions

- The government must apply measures to smooth out business cycles in order to reduce their negative effect on the economy. ✓✓(2)  
Accept any relevant higher order conclusion

**TOTAL SECTION C: 40**

**GRAND TOTAL: 100**

