Province of the
EASTERN CAPE
EDUCATION

DISTRICT NAME: NELSON MANDELA

GRADE 10

ECONOMICS P1

DATE: 20 MARCH 2025

MARKS: 100

TIME:1 ½ Hours

This question paper consists of 09 pages

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows:

   - SECTION A: COMPULSORY
   - SECTION B: Answer 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. You may use a non-programmable pocket calculator.

10. Write neatly and legibly.

SECTION A (COMPULSORY)

QUESTION 1 **20 MARKS – 15 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 number (1.1.1–1.1.8) in the ANSWER BOOK, for example 1.1.9 D.

1.1.1 A social science that studies how people satisfy their needs and wants using scarce resources is called

A. Mercantile law
B. Economics
C. Maritime economics
D. Business studies

1.1.2 The value of the alternative that is not chosen is known as …

A Product
B Utility
C Opportunity
D Choice

1.1.3 Unemployment rates in the business cycle will increase during a …

A Prosperity
B Recession
C Recovery
D Trough

1.1.4 The general direction in which the economy is moving.

A Amplitude
B Peak
C Trendline
D Lagging indicator

1.1.5 A branch of economics that looks at the behaviour of the economy is known as …

A Microeconomics
B Monitory
C Econometric
D Macroeconomics

(5x2) (10)

1.2 Choose a description from COLUMN B that matches an item in COLUMN A. Write only the letter (A–I) next to the question number (1.2.1–1.2.8) in the ANSWER BOOK.

COLUMN A		COLUMN B	
1.2.1	Income method	A	Process where resources are changed into final goods
1.2.2	Expansion	B	A fluctuation in economic activities over a certain period.
1.2.3	Business Cycles	C	A period where the economic activities are increasing and there is a positive investor confidence.
1.2.4	Production	D	GDP is calculated by considering the remuneration for factors of production such as interest and rent
1.2.5	Scarcity	E	Goods that command a price
1.2.6	Economic goods	F	Withdrawals from the circular flow
		G	Limited resources and unlimited needs and want

(6x 1) (6)

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.3.1–1.3.6) in the ANSWER BOOK.

1.3.1 The factor that combines the other three factors of production.

1.3.2 A statement involving a subjective value judgement.

1.3.3 The value of goods and services that are produced within the borders of the country.

1.3.4 Changes of these indicators only take place before the economy changes direction

(4x1) (4)

TOTAL SECTION A: 20

SECTION B

Answer any TWO of the three questions from this section in your ANSWER BOOK.

QUESTION 2: MACROECONOMICS **40 MARKS – 30 MINUTES**

2.1 Answer the following questions.

2.1.1 Name any TWO kinds of consumer goods. (2X1) (2)

2.1.2 Why are intermediate goods not included in determining national accounts aggregates? (1X2) (2)

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

2.2.1 Identify the basic economic problem from the above picture. (1)

2.2.2 Name any ONE basic economic question producers should consider. (1)

2.2.3 Briefly describe the term *mass production* (2)

2.2.4 Why is Economics regarded as social science? (2)

2.2.5 How can government ensure environmental sustainability? (4)

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

GDP AND GNI OF OHIO COUNTRY

Component	Rand Billions
Consumption spending by households	1 473
Government expenditure	505
Investment spending by households	468
Exports of goods and services	657
Imports of goods and services	(678)
GDP	**2 425**
Factor income earned abroad by South Africans	34
Factor income earned in South Africa by Foreigners	(87)
GNI	**???**

2.3.1 Identify the sector that contributed the most (1)

2.3.2 Name the flow that will occur during the payment for resources (1)

2.3.3 Briefly describe the term circular flow. (2)

2.3.4 Why are households regarded as primary participants in the economy? (2)

2.3.5 Calculate the GNI for Ohio Country. Show ALL calculations. (4)

2.4 Distinguish between absolute scarcity and relative scarcity. (8)

2.5 How does decrease in consumption spending affect economic growth? (8)
[40]

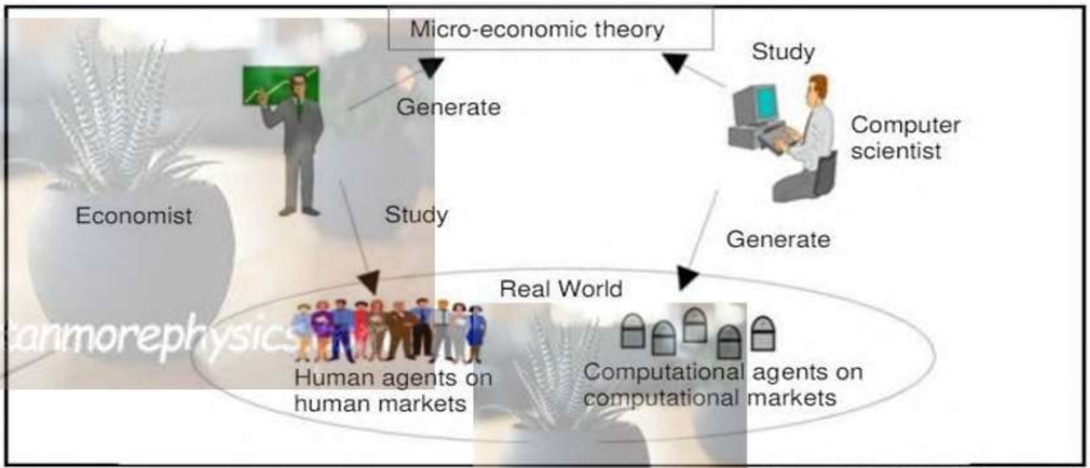
QUESTION 3: MACROECONOMICS **40 MARKS – 30 MINUTES**

3.1 Answer the following questions.

3.1.1 Name any TWO factors of production. (2X1) (2)

3.1.2 What is the benefit of using economic models (1X2) (2)

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



[Adapted source: Google images]

3.2.1 Identify a career related to Economics. (1)

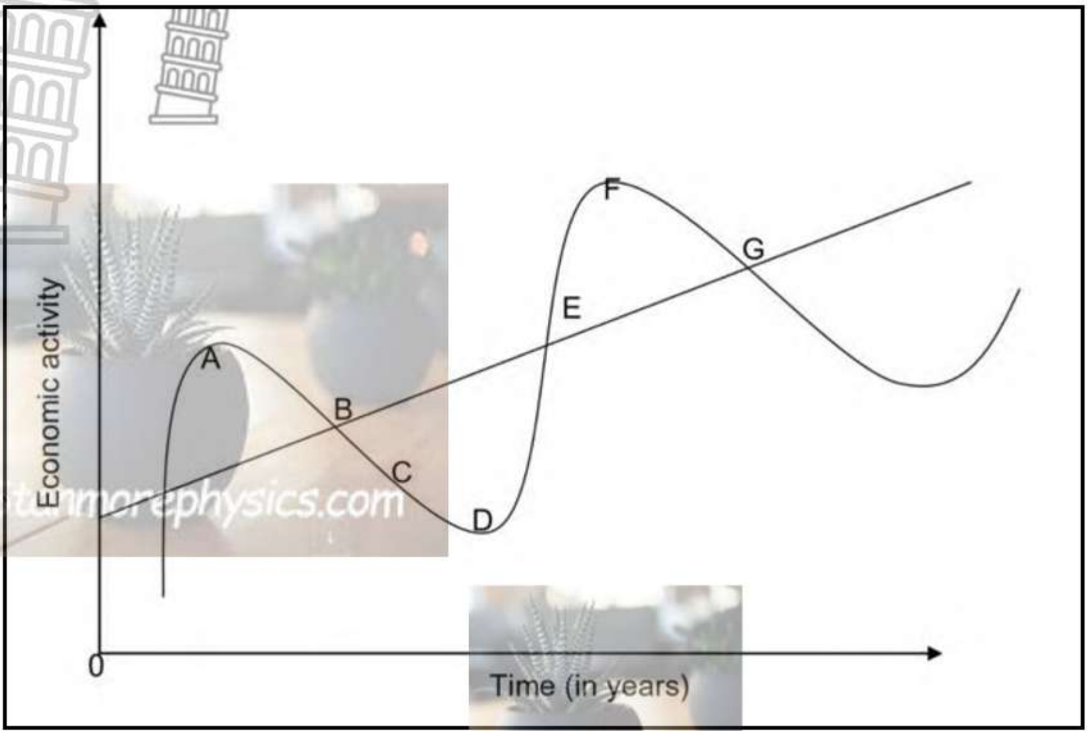
3.2.2 Name ONE factor to consider when choosing a career. (1)

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? (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 (2)

3.3.4 Briefly explain the effect of business cycles on economic growth. (2)

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

3.4 Discuss *Endogenous* and *Exogenous* explanations of a business cycle (8)

3.5 How can secondary sector be used to boost the economy? (8)
[40]

SECTION C

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

Your answer will be assessed as follows.

STRUCTURE OF ESSAY	MARK ALLOCATION
Introduction The introduction is a lower-order response. • 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 repeat any part of the introduction in the body. • Avoid saying in the introduction what you are going to discuss in the body.	Max. 2
Body **Main part:** Discuss in detail/In-depth discussion/Examine/Critically discuss/ Analyse/Compare/Evaluate/Distinguish/Differentiate/Explain	Max. 26
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	Max. 10
Conclusion Any higher-order conclusion should include: • A summary of what has been discussed without repeating facts already mentioned • Any opinion or value judgement on the facts discussed • Additional support information to strengthen the discussion/analysis • A contradictory viewpoint with motivation, if required • Recommendations	Max. 2
TOTAL	**40**

QUESTION 5: CIRCULAR FLOW **40 MARKS – 40 MINUTES**

- Discuss in detail the role of markets in a circular flow of an open economy (26)
- Evaluate the effect of leakage in the economy? (10)

[40]

QUESTION 6: BUSINESS CYCLES **40 MARKS – 40 MINUTES**

- Discuss the effects of business cycles. (26)
- How can injections contribute towards economic upswing? (10)

[40]

TOTAL SECTION C: 40
GRAND TOTAL: 100

Province of the
EASTERN CAPE
EDUCATION

[redacted]

GRADE 10

20 MARCH 2025

ECONOMICS
MARKING GUIDELINE

MARKS: 100

SECTION A (COMPULSORY)

QUESTION 1

1.1 MULTIPLY CHOICE QUESTIONS

1.1.1 B ✓✓ (Economics)
1.1.2 C ✓✓ (opportunity)
1.1.3 B ✓✓ (recession)
1.1.4 C ✓✓ (trendline)
1.1.5 D ✓✓ (macroeconomics)

(5x2) **[10]**

1.2 MATCH COLUMN

1.2.1 D ✓ (GDP is calculated by considering the remuneration for factors of production)
1.2.2 C ✓ (A period where economic activities are increasing and there is positive investor confidence)
1.2.3 B ✓ (A fluctuation in economic activities over a certain period)
1.2.4 A ✓ (Process where resources are changed into final goods)
1.2.5 G ✓ (Limited resources and unlimited needs and wants)
1.2.6 E ✓ (Goods that command a price)

1.3 ONE term

1.3.1 Entrepreneurship ✓
1.3.2 Normative statement ✓
1.3.3 Gross domestic product ✓
1.3.4 Leading economic indicator ✓

(4x1) **[4]**

TOTAL SECTION A: [20]

SECTION B

QUESTION 2: MACROECONOMICS

2.1

2.1.1 **Name TWO kinds of consumer goods.**

- Durable consumer goods. ✓
- Semi-durable consumer goods. ✓
- Non-durable consumer goods. ✓
- Services. ✓

(2)

2.1.2 **Why are intermediate goods not included in determining national account aggregates**

- To avoid double counting ✓✓
- Intermediate goods are used in the production of final goods, if they are included, they would be counted twice. ✓✓

Accept any other correct relevant response

(2)

2.2 **Data response**

2.2.1 **Identify the basic economic problem from the above picture?**

- Scarcity ✓

(1)

2.2.2 **Name any one basic economic question producers should consider**

- What to produce✓
- How to produce✓
- For whom to produce ✓

(1)

2.2.3 **Briefly describe the term mass production.**

- A production of large quantities of goods using machinery.✓✓

Accept any other correct relevant response

(2)

2.2.4 **Why is Economics regarded as a social science?**

- Economics studies the behaviour of human beings.✓✓

Accept any other correct relevant response

(2)

2.2.5 **How can the government ensure environmental sustainability?**

- By imposing environmental taxes such as green taxes .✓✓
- Environmental subsidies by offering grants to businesses to reduce environmental damage. ✓✓

(4)

- Through marketable permits where the government gives each business a license to pollute to a certain degree.✓✓
  (2x2)

Accept any other correct relevant response

2.3 Data response

2.3.1 **Identify the factor of production contributed the most to GDP**
households✓ (1)

2.3.2 **Name the flow that will occur during the payment for resources?**
Money flow (Income) ✓ (1)

2.3.3 **Briefly describe the term *circular flow***

- The flow of goods and services and money. ✓✓
- The model shows how the economy works and the relationship between income, production and spending in the economy.✓✓

Accept any other correct relevant response (2)

2.3.4 **Why are households regarded as the primary participant in the economy?**

- They are the primary owners of the factors of production that are used in the production of goods and services. ✓✓
- They form part of the primary consumers as they use the money earned from selling the factors of production to buy goods.✓✓

Accept any other correct relevant response (2)

2.3.5 **Calculate the GNI for Ohio country. Show all the calculations.**

- 2 4245✓+ 34✓-87✓= 2 372✓

(4)

2.4 **Distinguish between absolute scarcity and relative scarcity**
Absolute Scarcity:

- 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. ✓✓

Relative Scarcity:

- 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 a Levi's jean, but you do not have enough money to purchase it.✓✓

Accept any other correct relevant response (8)

2.5 **How does a decrease in consumption spending affect economic growth?**

A decrease in consumption spending affects economic growth negatively because:

- A decrease in consumer spending causes a decrease in demand for goods and services.✓✓
- It will lead to a decrease in production.✓✓
- It may result in an increase in the unemployment rate.✓✓
- Decline in the economic development/ quality of life.✓✓

  Accept any other correct relevant response

(8)

[40]

QUESTION 3: MACROECONOMICS 40 MARKS – 30 MINUTES

3.1

3.1.1 **Name any TWO factors of production.**

- Land/Natural Resources ✓
- Labor ✓
- Capital ✓
- Entrepreneurship ✓

(2)

3.1.2 **What is the benefit of using models?**

- They describe how the economy works and how the market functions.✓✓
- They show what has happened in the past and predict what is likely to happen in the future.✓✓
- Simplify economic issues in a way that everyone can understand.✓✓
- Explain an economic process and to describe how data relates to each other.✓✓

Accept any other correct relevant response

(2)

3.2 Data response:

3.2.1 **Identify a career related to Economics**

- National Treasury✓
- Economic consultant✓
- Credit analyst✓
- Market research analyst ✓
- Compensation and Benefits Manager✓
- Financial analysts✓

(1)

3.2.2 **Name one factor to consider when choosing a career?**

- Financial implications ✓
- risks ✓
- interests and skills ✓

(1)

3.2.3 **Briefly describe the term microeconomics**

Microeconomics is the study of the behavior and decisions of individuals who participate in the economy to allocate limited resources. ✓✓ (2)

Accept any other correct response

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. ✓✓

(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 the lowest GDP?**

- Point D ✓ (1)

3.3.3 **Briefly describe the term *Economic Growth***

- It Is the value of all final goods and services produced within the borders of a country for a specific period✓✓

(Accept any other correct relevant answer)

(2)

3.3.4 **Explain the effects 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.✓✓

(Accept any other correct relevant response)

(2)

3.3.5 **How can the government reduce unemployment?**

- 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.✓✓
- Economic growth will be stimulated by businesses striving to make profits. ✓✓

(Accept any other correct relevant response)

(4)

3.4 **Discuss *endogenous* and *exogenous* explanations of a business cycle.**

Endogenous:

- They are dependent variables✓✓
- Keynesians hold the view that markets are originally unstable and therefore government intervention may be required. ✓✓
- The price mechanism fails to coordinate demand and supply in markets, and this gives rise to upswings and downswings.✓✓

Exogenous:

- They are independent factors that can influence business cycles, and they originate outside the economy.✓✓
- The Monetarists believe that markets are originally stable. ✓✓
- Weather conditions and market shocks cause upswings and downswings. ✓✓
- The government should not intervene in the market.

Accept any other correct relevant response. (4x2)

(8)

3.5 **How can the secondary sector be used to boost the economy?**

- The secondary sector contributes to employment, as more people with various skills are mostly employed in this sector✓✓
- It contributes to economic growth; more goods can be produced due to an increased capital formation available ✓✓
- It can lead to increased exports, contributing to an increased national income.✓✓
- Results in the improvement of standards of living ✓✓

(Accept any other correct relevant response)

(8)

40

SECTION C

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

QUESTION 4:

Discuss in detail the role of markets in the circular flow of an open economy (26)

Evaluate the effect of leakage in the economy? (10)

INTRODUCTION

- The circular flow model is a simplified representation of interaction between the participants of the economy. ✓✓
- Market is the mechanism that brings buyers and sellers together to exchange goods and services. ✓✓
- Markets coordinate economic activities and determine prices of goods and services.✓✓

  (Accept any other low order introduction)

MAIN-PART

Product market/Goods/Output markets✓

- Product market is where goods and services are exchanged for money✓✓
- E.g. Shoprite retailer. ✓
- These are markets for consumer goods and services✓✓
- Consumer goods ar durable consumer goods, semi-durable goods and non-durable goods✓✓
- Capital and consumer goods are traded in these markets✓✓
- Capital goods market is trading buildings and machinery✓✓
- Services are defined as non-tangible actions✓✓ e.g. wholesalers and retailers, transport and financial markets✓

Factor market/Resource/Input markets✓

- Factor market is where factors of production are traded✓✓
- Households sell factors of production in this market✓✓
- Labour can be bought and sold in this market. ✓✓
- Factor market includes labour, property and financial markets ✓✓
- These services earn wages for labour, interest for capital, rent for natural resources and profits for entrepreneurship. ✓✓

FINANCIAL MARKETS✓

- Financial markets consist of money market and capital market ✓✓
- E.g. banks, insurance companies and pension funds✓ (40)

MONEY AND CAPITAL MARKETS

Money markets✓

- The money market is for short term savings and loans (less than 3 years). ✓✓
- The key institution of money market is the South African Reserve Bank (SARB) ✓✓
- Products sold in this market are bank debentures, treasury bills and government bonds. ✓✓

Capital markets✓

- The capital market is for long term funds (3 years or longer) are borrowed and saved by consumers and enterprises ✓✓
- The key institution for capital market is Johannesburg Security Exchange (JSE)✓✓
- Products sold in this market are mortgage bonds and shares✓✓
-

FOREIGN EXCHANGE MARKETS✓

- The foreign exchange market is where currencies are traded for other currencies. ✓✓
- This is the market engaged in the buying and selling of foreign currencies. ✓✓
- Businesses buy foreign exchange to pay for imports and exports. ✓✓
- The most important foreign exchange markets are in London, New York and Tokyo. ✓✓

ADDITITIONAL PART

Discuss effects of leakages in the economy

- Leakages are an outflow of money from the circular flow. ✓✓
- Imports, taxes and savings form part of leakages. ✓✓
- Leakages reduces disposable income of households. ✓✓
- There by reducing the overall national income. ✓✓
- Leading to an economic decline ✓✓

CONCLUSION

- Markets are critically important institutions in our economic system, because they safeguard price stability and general business confidence. ✓✓

QUESTION 5: **40 MARKS – 40 MINUTES**

- Discuss the effects of business cycles (26)
- How can injections contribute towards economic upswing? (10)

INTRODUCTION

- Business cycle is consecutive period of increasing and decreasing economic activities. ✓✓
- Business cycle is successive period of growth and decline in economic activities. ✓✓
- This is the upswing and downswing of economic activities. ✓✓

(Accept any other correct relevant introduction) (2)

MAIN PART

Changes in aggregate supply and demand ✓

- During expansion period people will demand more. ✓✓
- This may to a shortage of goods and services to meet the demand, then businesses will have to produce more to meet the demand for goods and services ✓✓
- During contraction period there will be a decrease in demand for goods and services due to the high unemployment rate, then businesses need to reduce their production. ✓✓

Changes in economic growth ✓

- In a downswing, there will be less economic growth, businesses will produce less. ✓✓
- In an upswing there will be economic growth, therefore businesses will have to produce more to meet the growing demand for goods and services. ✓✓

Changes in employment ✓

- In a downswing phase, businesses will produce less which results in people losing their jobs and unemployment increases. ✓✓
- In an upswing phase of a business cycle, businesses will increase their production of goods and services and employ more people. Increasing employment rate. ✓✓

Changes in prices✓

- During a downturn of the economy, prices are usually quite high and may increase. ✓✓
- People may not afford the goods and services anymore and will buy fewer goods and services. ✓✓

(40)

Changes in the exchange rate✓

- In a downswing there is a decrease in demand for a country's goods and services and a decrease in exports. ✓✓
- In an upswing there is an increased demand for a country's currency. ✓✓
- More people are buying the country's goods, leading to an improved purchasing power of the rand. ✓✓

(Accept any other correct relevant response) (26 marks)

ADDITIONAL PART

How can injection contribute towards economic upswing? (10)

- Injections are an inflows or additions of money into the circular flow(economy). ✓✓
- Injections include Investments, Government spending and exports. ✓✓
- An increase in injections will most likely increase national income. ✓✓
- Leading to an increase in employment opportunities. ✓✓
- Which will intern increase economic growth and development. ✓✓

(Accept any other correct and relevant response) (10 marks)

CONCLUSION

- Economic indicators such as leading, coincidence and lagging indicators are used to predict business cycles. ✓✓ (2)
  (Accept any other correct and relevant response)

TOTAL SECTION C: [40]
GRAND TOTAL: [100]