LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF EDUCATION

CAPRICORN SOUTH DISTRICT

NATIONAL SENIOR CERTIFICATE

GRADE 10

ECONOMICS 2025
TEST 1

Task 2

DATE: 11 March 2025

MARKS: 100

TIME: 1H30

This question paper consists of 09 pages

INSTRUCTIONS AND INFORMATION

1. Answer THREE questions as follows in your answer book:
    - 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. Read the questions carefully and start each question on a new page.
4. Leave 2 lines between sub-sections of questions.
5. Answer in full sentences and ensure that the format, content and context of your responses comply with the cognitive requirements of the questions.
6. Use only blue/black ink.
7. Write neatly and legibly.
8. Answer only the required number of questions. Answers in excess of this number will not be marked
9. Non-programmable calculators may be used.

SECTION A (Compulsory)

QUESTION 1

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

1.1.1 Goods that are directly used to satisfy people's needs and wants are …

A. tertiary goods
B. consumer goods
C. capital goods
D. intermediate goods

1.1.2 An open economy is an economy with …

A. government sector
B. household sector
C. foreign sector
D. business sector

1.1.3 The lowest turning point of a business cycles is known as …

A. trough
B. recession
C. depression
D. peak

1.1.4. An indicator that changes before the economy changes is ….

A. contraction indicator
B. lagging indicator
C. coincident indicator
D. leading indicator

1.1.5. … are the rights that every living person should have.

A. Political rights
B. Social rights
C. Human rights
D. Civil rights (5x2) (10)

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

COLUMN A	COLUMN B
1.2.1 Peak	A. A group of people that live together and make economic decisions.
1.2.2 Consumption	B. Goods that have exchange value and can be bought.
1.2.3. Double counting	C. Water, soil, minerals and fossil fuels.
1.2.4. Economic goods	D. The study of the sum total of economic activities.
1.2.5. Natural resources	E. Economic activities are at its highest points.
1.2.6. Households	F. Using up goods and services to satisfy human wants and needs.
	G. National figures are inflated by counting all market values.

(6x1) (6)

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

1.3.1 Latin word that means " all other things remaining the same".

1.3.2. A statement involving a subjective value judgement.

1.3.3. Raw materials or natural resources are extracted and cultivated in this sector.

1.3.4. The value of the next best alternative that is given up. (4x1) (4)

TOTAL SECTION A: 20

SECTION B

Answer any ONE question from this section

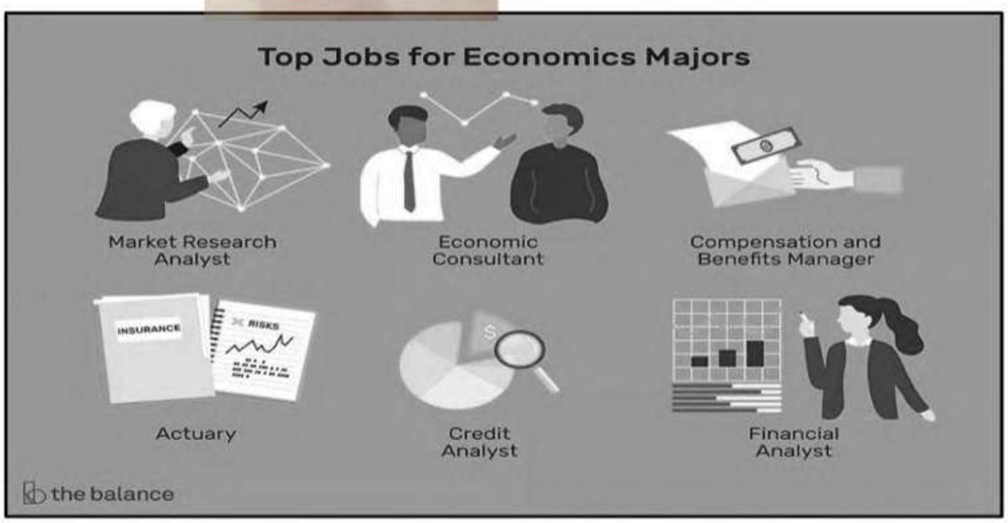
QUESTION 2

2.1 Answer the following questions

2.1.1. Give any TWO examples of public goods. (2x1) (2)

2.1.2. Why is Gross Domestic Product (GDP) important? (2)

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



2.2.1. Name any ONE career choice when doing Economics. (1)

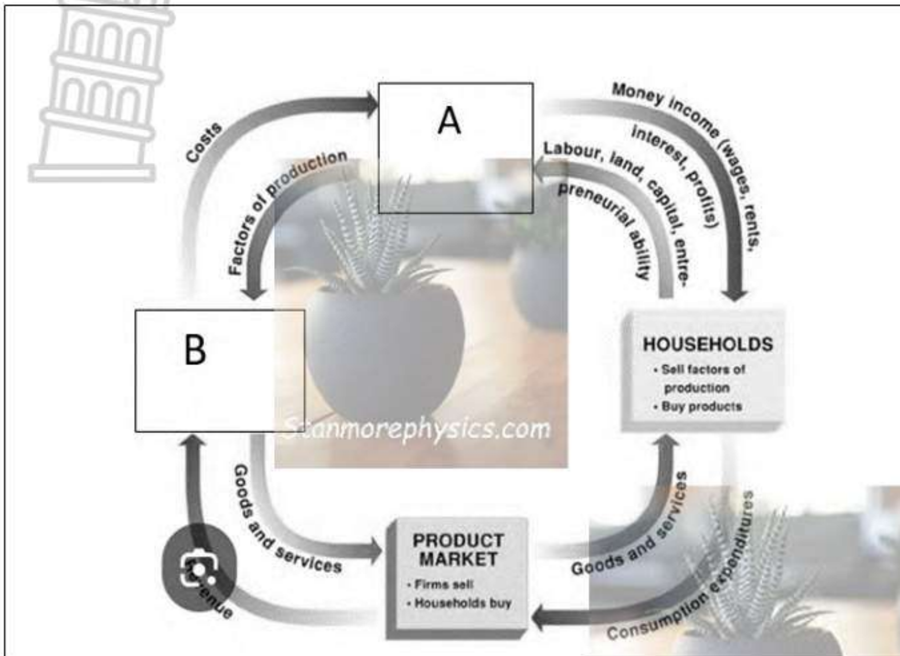
2.2.2 Which science can be combined with economics? (1)

2.2.3 Briefly describe the term *career*. (2)

2.2.4. What is the effect of not having a career? (2)

2.2.5. Why should people consider their interest and skills when choosing a career? (4)

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



2.3.1 What does the block labelled B stand for? (1)

2.3.2. Which type of economy is illustrated by the circular flow above? (1)

2.3.3. Briefly describe the term *production*. (2)

2.3.4. What will happen to the national income if imports increase? (2)

2.3.5. Differentiate between real flow and money flow. (2x2) (4)

2.4. Explain the exogenous reasons for business cycle. (8)

2.5 Differentiate between injections and leakages and give TWO examples in each. (8)

[40]

QUESTION 3

3.1 Answer the following questions.

3.1.1. Name any TWO factors of production. (2x1) (2)

3.1.2. Why do people have to make choices? (2)

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

Consumption expenditure

Item	Amount
Consumption expenditure by households	150 000
Government expenditure	130 000
Gross capital formation	80 000
Gross domestic expenditure	**360 000**
Exports on goods and services	45 000
Imports on goods and services	65 00
GDP at market prices	**A**

3.2.1. Identify the method used to calculate GDP in the above table. (1)

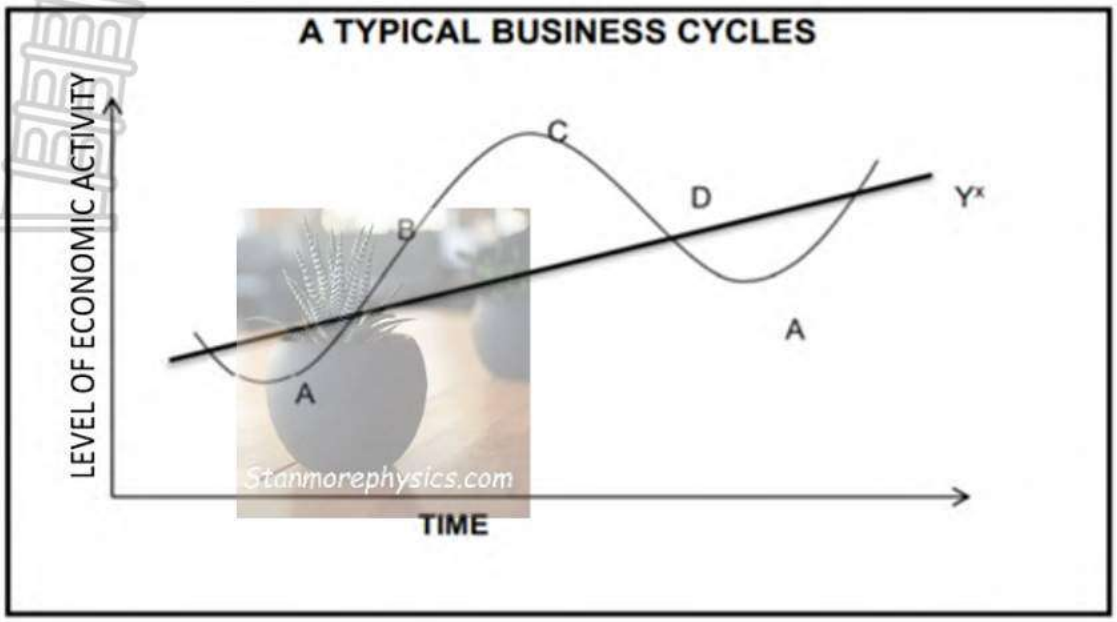
3.2.2. Name another method that can be used to calculate GDP at market prices, except the one identify above. (1)

3.2.3. Explain the following components: GDE = C + G + I. (2)

3.2.4. Briefly describe the term *Gross domestic expenditure*. (2)

3.2.5. Calculate the GDP at market prices (A). Show all your calculations. (4)

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



3.3.1. Identify the trough in the business cycle above. (1)

3.3.2. What is the line Y^x called in economics? (1)

3.3.3. Briefly describe the term *business cycle* (2)

3.3.4. Explain the recovery phase of a typical business cycle. (2)

3.3.5. What can the government do to smooth out a severe decrease in the business cycle? (4)

3.4. Discuss the recession phase of business cycle. (8)

3.4. Differentiate between macroeconomics and microeconomics. (8)

[40]

TOTAL SECTION B: 40

SECTION C (Choose one question)

Answer any ONE of the two questions in 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 **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. 26 Max. 10
CONCLUSION Any higher-order conclusion should include: • 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	Max. 2
TOTAL	40

QUESTION 4

- Discuss in detail the FOUR main economic participants in the circular flow of an open economy. (26)
- Compare the factor market and goods market in the economy. (10) **[40]**

QUESTION 5

- Discuss in detail the effects of business cycles. (26)
- How can the government assist the economically vulnerable to participate fully in the economy? (10) **[40]**

TOTAL SECTION B: 40
GRAND TOTAL: 40

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MARKING GUIDELINE

MARKS: 100

This marking guideline consists of 09 pages

SECTION A (Compulsory)

QUESTION 1

1.1 **MULTIPLE CHOICE TYPE QUESTION.**

1.1.1 B. consumer goods✓✓
1.1.2 C. foreign sector✓✓
1.1.3 A. trough✓✓
1.1.4 D. leading indicator✓✓
1.1.5 C. Human rights. ✓✓ (5x2) (10)

1.2 MATCHING TYPE QUESTION.

1.2.1. E. ✓ Economic activities are at its highest points.
1.2.2. F. ✓ Using up goods and services to satisfy human wants and needs.
1.2.3. G. ✓ National figures are inflated by counting all market values.
1.2.4. B. ✓ Goods that have exchange value and can be bought.
1.2.5. C. ✓ Water, soil, minerals and fossil fuels.
1.2.6. A. ✓ A group of people that live together and make economic decisions.

(6x1) (6)

1.3 **ONE TERM/CONCEPT.**

1.3.1 Ceteris paribus✓

1.3.2. Normative statement. ✓

1.3.3. Primary sector. ✓

1.3.4. Opportunity cost. ✓ (4x1) (4)

TOTAL SECTION A: 20

SECTION B

QUESTION 2

2.1 **Answer the following questions**

2.1.1. **Give any TWO examples of public goods.**

- Education✓
- Health✓
- Roads✓
- Police services✓ (Any 2x1) (2)

(Accept any other relevant answer)

2.1.2. **Why is Gross Domestic Product (GDP) important?**

- It measures the economic growth from one year to the next. ✓✓
- It is used to determine the standard of living in the country. ✓✓
- Used as indicators of economic activity within a country. ✓✓ (2)

(Accept any other relevant answer)

2.2. **DATA RESPONSE QUESTION**

2.2.1. **Name any ONE career choice when doing Economics.**

- Banking ✓
- Planning ✓
- Financing ✓
- Credit analyst ✓
- Consultant ✓
- Teacher ✓ (1)

(Accept any correct response)

2.2.2 **Which science can be combined with economics?**

- Statistics ✓
- Mathematics ✓
- Accounting ✓
- Business studies ✓
- Commercial law ✓
- Information technology ✓ (1)

(Accept any correct response)

2.2.3 **Briefly describe the term *career.***

It is a professions, jobs and positions you hold during your working life. ✓✓ It includes life experience eg. Education, training, paid work and unpaid work. ✓✓ (Accept any correct response) (2)

2.2.4. **What is the effect of not having a career?**

- Will be unable to get better job opportunities. ✓✓
- Earn low level of income ✓✓
- Lack knowledge ✓✓
- Not be able to get work. ✓✓
- Not be able to perform well at work ✓✓ (2)

(Accept any correct response)

2.2.5. **Why should people consider their interest and skills when choosing a career?**

- They know what they like the most. ✓✓
- They should know what they want to do for the rest of their life. ✓✓
- They must know their strengths and weaknesses ✓✓
- Choose a career that complements your interests and your skill. ✓✓
- People should be able to adapt easily to changes ✓✓ (2x2) (4)

(Accept any correct response)

2.3. DATA RESPONSE QUESTION

2.3.1 **What does the block labelled B stand for?**

Firms/businesses✓ (1)

2.3.2. **What type of economy is illustrated by the circular flow above?**

Closed economy✓ (1)

2.3.3. **Briefly describe the term *production.***

It refers to a process where an entrepreneur combines available resources and turns them into products. ✓✓ (2)

(Accept any correct response)

2.3.4. **What will happen to the national income if imports increase?**

National income will decrease. ✓✓

Import expenditure is a leakage. ✓✓ (2)

2.3.5. **Differentiate between real flow and money flow.**

Real flow

- The movement of goods, services and factors of production amongst the participants✓✓
- Households sells the factors of production to business enterprises. ✓✓
- Business enterprises combine and transforms these factors into goods and services. ✓✓ (2)

Money flow

- The movement of money in the form of income and expenditure among the participants✓✓
- Business enterprises purchases the factors of production, this is income of the households✓✓
- Households spend their income to purchase goods and services, this in income of the business enterprises. ✓✓ (2)

(Accept any correct response

2.4. **Explain the exogenous reasons for business cycle.**

- Exogenous reasons are reasons for business cycles that originate outside the market system.✓✓
- Changes in weather conditions✓ affect the output of the agricultural sector and tourism industry of an economy and the total level of economic activity. ✓✓
- When the economy has structural change✓, it affects production, employment, investments, government expenses, taxes, imports and exports.✓✓
- Variations in the money supply also cause business cycles.✓✓
- Random shocks✓ can cause business cycles e.g. war, sudden increase in the price of oil, natural disasters etc.✓✓
- Political actions✓ such as when the government wants to win election votes, will adopt an expansionary policy and after the election the inflationary effects of this expansionary policy begins. ✓✓

(Accept any correct response) (8)

2.5 **Differentiate between injections and leakages and give TWO examples in each. Injections**

- Withdrawal of money from the circular flow which reduce the quantity of money in the flow. Out-flow of money from the circular low ✓✓
- Savings✓
- Taxes✓

- Import expenditure✓

Leakages

- Money is added to the circular flow, which increases the money in the flow. In-flow of money into the circular flow ✓✓
- Investment.✓
- Government expenditure✓
- Export expenditure✓ (8)

(Accept any correct response)

[40]

QUESTION 3

3.1 **Answer the following questions.**

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

- Natural resources ✓
- Technology✓
- Labour ✓
- Capital ✓
- Entrepreneur ✓ (2x1) (2)

3.1.2. **Why do people have to make choices?**

Because people have unlimited needs and wants with limited resources✓✓ (2)

(Accept any relevant answer)

3.2. **DATA RESPONSE QUESTION**

3.2.1. **Identify the method used to calculate GDP in the above table.**

Expenditure/ GDP(E) ✓ (1)

3.2.2. **Name any other method that can be used to calculate GDP at market prices, except the one identify above.**

- Production/GDP(P) ✓
- Income/GDP(I) ✓ (Any 1x1) (1)

3.2.3. **Explain the following components: GDE = C + G + I.**

- Gross Domestic Expenditure = Consumption expenditure by household + Government expenditure + Investment. ✓✓
  (Accept any method of calculation) (2)

3.2.4. **Briefly describe the term *Gross domestic expenditure.***

Gross domestic expenditure indicated the total value of spending originating within the borders of the country. ✓✓ (2)

3.2.5. **Calculate the GDP at market prices (A). Show all your calculations.**

360 000✓ + 45 000✓ – 65 000✓ = 340 000✓✓ (4)

3.3. **DATA RESPONSE QUESTION.**

3.3.1. **Identify the trough in the business cycle above.**

- A✓ (1)

3.3.2. **What is the line Y^x called in economics**

- Trend line✓ (1)

3.3.3. **Briefly describe the term business cycle**

- Business cycle is a consecutive period of increasing and decreasing economic activities. ✓✓ (2)
  (Accept any correct response)

3.3.4. **Explain the recovery phase of a typical business cycle.**

- Manufacturing production increases✓✓
- Interest rate fall further✓✓
- Inflation decreases✓✓
- Rand appreciates and exports grow. ✓✓ (2)
  (Accept any correct response)

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

- Government should decrease taxes. ✓✓
- Decrease the interest rates. ✓✓
- Allow the exchange rate to appreciate. ✓✓
- Government should implement job creation initiatives like public work programs and job subsidies. ✓✓
- Provide training and education programs to upskill workers. ✓✓ (4)
  (Accept any correct response)

3.4. **Discuss the recession phase of business cycle.**

- Businesses start to prepare for bad times by trying to repay the larger part of their loans. ✓✓
- They selectively lay off workers. ✓✓
- Spending by households and profits of businesses start to decrease. ✓✓
- Inflation is high and the central bank reduces the quantity of money and credit in the economy and increases interest rates ✓✓
- The central bank applies a stricter monetary policy. ✓✓
- Households find it difficult to buy goods on credit and to pay bonds, and banks insist that business enterprises repay the loans that were granted during the boom. ✓✓
- Spending on durable consumer goods and capital equipment is greatly reduced and unemployment increases. ✓✓
- Some businesses start to show losses. ✓✓ (8)

(Accept any correct response)

3.5. **Differentiate between macroeconomics and microeconomics** (8)

MACROECONOMICS	MICROECONOMICS
Focuses on the end results or aggregates of all the repeated micro activities. ✓✓	Studies the behaviour of individual decision-making✓✓
Economic changes in the overall economy are influenced by the decisions of millions of individuals and of businesses. ✓✓	Known as price theory. ✓✓
Focuses on aggregate economic activities. ✓✓	It uses the phrase" other things being equal or *ceteris paribus*✓✓

(8)

[40]
[TOTAL SECTION B: 40]

SECTION C (Choose one question)

Answer any ONE of the two questions in 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 **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. 26 Max. 10
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TOTAL	40

QUESTION 4

- **Discuss in detail the FOUR main economic participants in the circular flow of an open economy. (26)**
- **Compare and contrast the factor market and goods market in the economy. (10)**

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INTRODUCTION

- The circular-flow model is a simplification showing how the economy works and the relationship between income, production and spending in the economy as a whole. ✓✓ (2)

  (Accept any relevant introduction)

BODY

MAIN PART

Households

- Consist of an individual, a family or group of people that live together. ✓✓
- Households also referred to as consumers ✓✓
- Are basic decision-making sector in the economy✓✓
- They determine what should be produced and how much. ✓✓
- Households are owners of factors of production✓✓
- Households want to maximize their prosperities. ✓✓
- They sell factors of production on the factor market to earn income. ✓✓
- The income that households receive is used to buy goods to satisfy the needs. ✓✓
- They can also use it to increase their prosperity levels✓✓

Business enterprises

- Businesses combine and transform factors of production to produce goods and services✓✓.
- It is the basic productive sector in the economy. ✓✓
- They buy factors of production from the factor market. ✓✓
- They sell the final goods and services in the product market. ✓✓
- The aim of business is to maximize profit. ✓✓

- Business enterprises strive to keep their income as high as possible and their expenses low. ✓✓

Government

- Also referred as public sector/state. . ✓✓
- The purpose of the public sector is to satisfy the collective wants of the people of the country. . ✓✓
- It provides public goods and services to both households and business enterprises. . ✓✓
- The government needs people to work for it therefore it obtains labor from the factors of production. ✓✓
- Government must also buy goods and services from the market. . ✓✓
- Government also spends (injection) money on textbooks and other equipments for schools, health care and welfare, military equipments. . ✓✓
- Government provides infrastructure eg. Roads, railways, etc . ✓✓
- Receive income in the form of taxes. . ✓✓

Foreign sector

- It refers to all international transactions that take place over political boarders. ✓✓
- It is all the transactions that take place between different countries. ✓✓
- No country can exist in isolation, few are totally self-supporting. ✓✓
- Foreign sector exists so that countries cat trade with each other. ✓✓
- Countries will trade because they have shortage of natural resources or goods and services that they cannot provide themselves. ✓✓
- Countries also trade because they a surplus of natural resources or goods and services that they can produce. ✓✓

  (Accept any relevant introduction)

ADDITIONAL PART

Factor and product market

Factor market

- Factors of production are sold on the factor market. . ✓✓
- Households present their factors of production to business enterprise on the factor market and receive an income. ✓✓.
- Government also purchases factors of production on the factor market and pays salaries. . ✓✓
- Foreign sector also channels international capital investments on the factor market. ✓✓

Product market

- Goods and services are sold on the product market. . ✓✓
- Businesses sell their goods and services on the product market and receive spending from the households. . ✓✓
- Government provides public goods and services to households and businesses on the product market. . ✓✓
- Foreign sector imports and exports final products on the product market. ✓✓
  (Accept any correct answer) (Max.10)

CONCLUSION

In circular flow model all sectors of the economy work together to ensure that society's needs are provided for, through the creation of goods and services. ✓✓
(Max.2)

(Accept any relevant conclusion)

QUESTION 5

- **Discuss in detail the effects of business cycles. (26)**
- **How can the government assist the economically vulnerable to participate fully in the economy? (10)**

INTRODUCTION

Business cycle refers to the fluctuation in economic activity over time. ✓✓ It is a consecutive period of increasing or decreasing of economic activity. (Max 2)
(Accept any correct introduction)

BODY

Main part

Change in aggregate supply and aggregate demand✓

- During recovery phase, businesses expect consumers to increase their spending. ✓✓
- Businesses employ more workers, resulting in increased income. ✓✓
- Aggregate demand increases. ✓✓
- At the peak of the cycle, inflation and government actions will limit consumer spending. ✓✓
- Reduced spending will decrease aggregate demand. ✓✓
- When production responds to this, aggregate demand will decrease. ✓✓

Change in economic growth✓

- Economic growth refers to an increase in the production of goods and services in the economy over a period of time. ✓✓
- It is measured by the percentage change in Gross Domestic Product. ✓✓
- Real GDP is widely used to monitor change in the economy. ✓✓
- The growth rate of real GDP is normally higher during the expansion phase. ✓✓
- It slows down during the contraction phase. ✓✓

Change in price level✓

- When the aggregate demand exceeds the aggregate supply during expansion phase, price rise and cause inflation. ✓✓
- Inflation will be higher during boom. ✓✓
- The government's unti-inflationary measures kick in✓✓
- When consumer sentiment changes, consumer spending decreases. ✓✓

Change in employment✓

- During expansion phase businesses increase production to meet the increased demand for goods and services. ✓✓
- Businesses have to employ more workers. ✓✓
- Thus employment rate increases✓✓
- During contraction of business cycle the opposite happens. ✓✓

Changes in exchange rate✓

- During prosperity and boom stages of expansion phase goods are imported to satisfy consumer demand. ✓✓
- Higher inflation makes exports less competitive in foreign market. ✓✓
- Balance of payments with trading partners deteriorates. ✓✓
- This puts pressure on the exchange rate of the rand and leads to a depreciation of the value of the rands. ✓✓

Economically vulnerable✓

- Contraction phase of the business cycle caused hardship to many people✓✓
- The slowdown in the economy affect the poor, children, rural people older people and woman. ✓✓
- The economic recession negatively affect the economically vulnerable because:
- They have poor level of literacy to access information✓✓
- They are unable to organize themselves, they lack collective effort. ✓✓

(Accept any correct response)

Additional part

- Providing training in skills that are in demand in the job market. ✓✓
- Offering basic education and literacy skills to those in need. ✓✓
- Providing financial assistance to student from the disadvantaged background to pursue higher education✓✓
- Implementing programs that create jobs. ✓✓
- Providing training and access to finance for small businesses. ✓✓
- Continue to provide social grants, to vulnerable individuals✓✓
- Providing food assistance to vulnerable households✓✓
- Investing in infrastructural development in rural areas✓✓
- Collaborate with the private sector to implement projects that promote job creation. ✓✓

(Accept any correct response)

Conclusion
Understanding business cycle will assist individual and policy makers to make an informed decisions. ✓✓
(Accept any correct conclusion)

[40]

GRAND TOTAL: 100