

SMARTWIZ

GRADE10 ECONOMICS EXAM

MARKS: 100

MARKS	

TIME: 2 hours

SCHOOL _____

CLASS (e.g. 4A) _____

SURNAME _____

NAME _____

Instructions for Learners:

- Read all the instructions carefully before you begin the exam.
- Write your name and learner number clearly on the answer sheet/booklet.
- Answer all the questions unless otherwise instructed.
- Show all your work/calculations where applicable.
- Write neatly and legibly.
- Use only blue or black ink. *Do not use correction fluid or tape.*
- No electronic devices (calculators, phones, etc.) are allowed unless explicitly permitted.
- Raise your hand if you have any questions.
- Do not talk to other learners during the exam.
- Any form of cheating will lead to disqualification.

This test consists of 6 pages including the cover page.

SECTION A: COMPULSORY (20 MARKS)

QUESTION 1: MULTIPLE CHOICE ($10 \times 1 = 10$)

Choose the correct answer and write only the letter (A–D) next to the question number.

1.1 Which of the following is a capital good?

- A. A new factory machine B. A cellphone C. Wages D. A bank loan

Answer: _____

1.2 The primary goal of producers in a capitalist economy is to:

- A. Maximise employment B. Maximise profit C. Promote equality D. Reduce pollution

Answer: _____

1.3 Which of the following best describes the economic cycle?

- A. Consumption and savings
B. Households providing labour to firms
C. Continuous flow of goods, services, and income
D. Banks lending to businesses

Answer: _____

1.4 An example of a natural resource is:

- A. A computer B. A river C. A factory D. A truck

Answer: _____

1.5 An increase in interest rates usually results in:

- A. More borrowing
B. Less saving
C. Lower inflation
D. Higher government spending

Answer: _____

1.6 The producer price index (PPI) measures:

- A. Prices consumers pay
B. Inflation for food only
C. Prices producers pay for inputs
D. Prices producers receive for outputs

Answer: _____

1.7 The most common measure of economic growth is:

- A. CPI B. GDP C. PPI D. GNI

Answer: _____

1.8 One feature of a command economy is:

- A. Private property ownership
B. Government-controlled resources
C. Market-determined prices

D. Competition

Answer: _____

1.9 A positive effect of economic growth is:

- A. Decreased productivity
- B. Reduced employment
- C. Improved living standards
- D. More pollution

Answer: _____

1.10 Which of the following is not a function of money?

- A. Medium of exchange B. Store of value
- C. Measure of productivity D. Unit of account

Answer: _____

QUESTION 2: MATCHING ITEMS ($5 \times 1 = 5$)

Match Column A with Column B. Write only the correct letter (A–E) next to the question number.

Column A	Column B
2.1 Consumer Price Index	A. Labour, capital, land, entrepreneurship
2.2 Recession	B. General decrease in economic activity
2.3 Exchange rate	C. Measures inflation experienced by consumers
2.4 Factors of production	D. GDP is increasing over time
2.5 Economic growth	E. Price of one currency in terms of another

- 2.1 _____
- 2.2 _____
- 2.3 _____
- 2.4 _____
- 2.5 _____

QUESTION 3: TRUE OR FALSE ($5 \times 1 = 5$)

Write TRUE or FALSE. If FALSE, correct the statement.

3.1 Labour includes natural resources like land and minerals.

3.2 An increase in demand leads to a rise in equilibrium price.

3.3 The tertiary sector produces raw materials.

3.4 Inflation can reduce the purchasing power of money.

3.5 A budget surplus occurs when expenses exceed revenue.

SECTION B: SHORT QUESTIONS (40 MARKS)

QUESTION 4: ECONOMIC SYSTEMS (10 MARKS)

4.1 Define a mixed economy. (2)

4.2 Mention two advantages and two disadvantages of a command economy. (4)

Advantages:

1.

2.

Disadvantages:

1.

2.

4.3 Explain how the government participates in the economy. (4)

QUESTION 5: ECONOMIC CYCLE (10 MARKS)

5.1 Draw a labelled diagram of the circular flow of income between households and businesses. (4)



5.2 Name two injections and two leakages in the economic cycle. (4)

Injections:

1. _____
2. _____

Leakages:

1. _____
2. _____

5.3 What is the role of financial institutions in the economic cycle? (2)

QUESTION 6: INFLATION AND GDP (10 MARKS)

6.1 Define inflation. (2)

6.2 State two negative effects of high inflation. (2)

1. _____
2. _____

6.3 Explain the difference between nominal GDP and real GDP. (4)

6.4 What is the current inflation targeting range of the South African Reserve Bank? (2)

QUESTION 7: UNEMPLOYMENT & MONEY (10 MARKS)

7.1 Define unemployment. (2)

7.2 Name two types of unemployment and explain each. (4)

1. _____

Explanation: _____

2. _____

Explanation: _____

7.3 List any two characteristics of money. (2)

1. _____

2. _____

7.4 What role does the SARB (South African Reserve Bank) play in stabilising the value of money? (2)

SECTION C: ESSAY (40 MARKS)

Answer **ONE** of the following questions in essay format. Include an introduction, body, and conclusion.

QUESTION 8: ECONOMIC GROWTH

Write an essay in which you:

- Define economic growth
- Explain how GDP is used to measure growth
- Discuss any four benefits of economic growth
- Describe any three factors that can promote or hinder growth

OR

QUESTION 9: INFLATION

Write an essay in which you:

- Define inflation
- Describe demand-pull and cost-push inflation
- Explain how inflation is measured
- Discuss three ways the government and SARB can control inflation

TOTAL: 100 MARKS

MEMO**SECTION A (20 MARKS)****QUESTION 1: MULTIPLE CHOICE ($10 \times 1 = 10$)**

- 1.1 B
- 1.2 B
- 1.3 C
- 1.4 B
- 1.5 C
- 1.6 D
- 1.7 B
- 1.8 B
- 1.9 C
- 1.10 C

✓ 10 marks

QUESTION 2: MATCHING ITEMS ($5 \times 1 = 5$)

- 2.1 C
- 2.2 B
- 2.3 E
- 2.4 A
- 2.5 D

✓ 5 marks

QUESTION 3: TRUE OR FALSE ($5 \times 1 = 5$)

- 3.1 FALSE – Labour refers to human effort, not natural resources.
- 3.2 TRUE
- 3.3 FALSE – The tertiary sector provides services.
- 3.4 TRUE
- 3.5 FALSE – A budget surplus occurs when revenue exceeds expenses.

✓ 5 marks

SECTION B (40 MARKS)**QUESTION 4: ECONOMIC SYSTEMS (10)**

4.1 A mixed economy combines elements of both market and planned economies. ✓ (2)

4.2

- *Advantages:*
 1. Basic needs are met by the government ✓
 2. Control of essential services prevents exploitation ✓
- *Disadvantages:*
 1. Limited consumer choice ✓
 2. Lack of incentives to be efficient ✓ (4)

4.3 The government provides infrastructure, regulates markets, collects taxes, and redistributes income through social grants and services. ✓ (4)

✓ 10 marks

QUESTION 5: ECONOMIC CYCLE (10)

5.1 Circular Flow Diagram:

- Should include: Households, Businesses, Goods/Services, Income/Expenditure flow, Arrows showing two-way movement ✓ (4)

5.2

- *Injections:* Investment, Government Spending ✓
- *Leakages:* Taxes, Savings ✓ (4)

5.3 Financial institutions mobilise savings and lend money to investors, facilitating capital formation and spending. ✓ (2)

✓ 10 marks

QUESTION 6: INFLATION & GDP (10)

6.1 Inflation is the sustained increase in the general price level over time. ✓ (2)

6.2

1. Reduced purchasing power ✓
2. Uncertainty in the economy ✓ (2)

6.3

- *Nominal GDP* is not adjusted for inflation.
- *Real GDP* is adjusted for inflation to reflect actual output changes. ✓ (4)

6.4 Between **3% and 6%** (target range of SARB) ✓ (2)

✓ **10 marks**

QUESTION 7: UNEMPLOYMENT & MONEY (10)

7.1 Unemployment is when people who are willing and able to work cannot find jobs. ✓ (2)

7.2

1. *Frictional unemployment* – short-term, between jobs ✓
2. *Structural unemployment* – skills mismatch or outdated skills ✓ (4)

7.3

1. Durable ✓
2. Divisible ✓ (2)

7.4 The SARB controls inflation and interest rates to stabilise the currency's value. ✓ (2)

✓ **10 marks**

SECTION C: ESSAY (40 MARKS)

QUESTION 8: ECONOMIC GROWTH

Marks Breakdown:

- Introduction: 3
- GDP explained: 7
- 4 Benefits (any four \times 4 marks): 16
- 3 Factors promoting/hindering growth (3×4): 12
- Conclusion: 2

✓ **TOTAL: 40**

QUESTION 9: INFLATION

Marks Breakdown:

- Introduction (definition): 3
- Demand-pull and cost-push inflation explained: 10
- Measurement (CPI): 5
- 3 Control measures (e.g. interest rates, tax adjustments, spending cuts): 20
- Conclusion: 2

✓ **TOTAL: 40**

TOTAL : 100

