

ECONOMICS

REVISION RESOURCE

2026 TERM 1

Grade 10

This revision resource is designed to support you in tackling the important content and skills that will be covered during the term. The aim is to help you understand key concepts, establish the required standards, and apply the knowledge needed to be successful in your work and assessments.

The revision resource covers the following topics:

- Circular flow
- Business cycle

GUIDELINES FOR ANSWERING ECONOMICS EXAMINATION PAPER

The Economics examination paper is set with a specific structure.

Before answering the examination paper (including the test questions during the year) it is important to read the instructions carefully.

Please note the following:

- Use the 10-minute reading time (as provided to you) at the beginning of the exam/test to decide which questions you will answer in Sections B and C – remember these are multiple-choice questions.
- Write in **blue and/or black pen only**.
- **Do not write in pencil**. This is considered an examination irregularity.
- Use a pencil only for sketches, diagrams, illustrations, curves, etc. (all annotations must be in pen).
- Always write neatly and legibly. You may lose marks if your handwriting is illegible. If the marker cannot decipher your handwriting, the answer will be marked as incorrect.

SECTION A: COMPULSORY:

QUESTION 1

- This question is compulsory and must be completed by all candidates.
- To answer these questions, it is important that candidates know economic concepts/terminology and definitions and/or descriptions.
- **Attempt** to write an answer to all questions, even if you don't know the answer.
- If you are unsure about the answer, continue with the exam, you can return to the question later at the end of the paper. It is possible that you will find a clue in your paper to the question you have left unanswered. (Remember to leave a line open for this - this makes it easy for you to see where you still need to enter the answer.)
- If you don't know the answer, take a good guess.
- **The following is important:** If you leave questions open, they will not be marked and you will not receive any marks. However, if you write an answer and it makes economic sense, you may be able to get the marks.

1.1 Multiple choice questions

- Read the questions/statement carefully before attempting to answer them.
- FOUR options are given to you as possible answers to questions or statements.

SECTION A

- Learners are expected to choose only ONE option/possible answer and write it down next to the question number.
- Only ONE option/possible answer per question will be accepted. If more than one option/answer is written, both will be marked incorrect.

Tips on how to answer multiple choice questions:

- **Read** the full question/statement.
- First, **look at possible answers** to the questions.
- See if **your choice** to the question is one of the options/answers.
- If your answer is not available, use the method of elimination.
- **Eliminate** the answers that are **totally wrong / that do not make sense**.
- Choose the **best answer** from the possible answers.
- If you are unsure, continue with the test/exam and return to the multiple choice questions at the end of the exam. You may find clues as you work through your exam.
- It is sometimes good to take a guess if you do not know the answer - but never leave a question unanswered.

SECTION A: Multiple choice questions

Instruction

Various options are given as possible answers to the following questions. Write down the question number (1.1.1-1.1.5), choose the answer and write the letter (AD) of your choice next to the question number in the ANSWER BOOK, e.g. 1.1.6 D.

CIRCULAR FLOW

1.1.1 The amount of money that flows out of circular flow is called a/an ...

- A injection.
- B loss.
- C leakage.
- D profit.

1.1.2 The circular flow model of an open economy includes the ... sector.

- A domestic
- B foreign
- C business
- D public

1.1.3 Labour can be bought and sold in the ... market.

- A factor
- B goods
- C financial
- D consumers

1.1.4 Savings flow back into the circular flow as ...

- A imports.
- B exports.
- C government spending.
- D investment.

BUSINESS CYCLE

1.1.1 A period where there is a general increase in economic activity is known as a/an ...

- A upswing.
- B depression.
- C recession.
- D downswing.

- 1.1.2 Indicators that change at the same time and in the same direction as the economy changes are known as ... indicators.
- A coincident
 - B composite
 - C lagging
 - D leading
- 1.1.3 The difference in the value of output at the peak and the value of output at a trough of a business cycle is known as the ...
- A trend line.
 - B amplitude.
 - C actual output.
 - D length.
- 1.1.4 The beginning of an upswing period is known as the ... phase.
- A prosperity
 - B recession
 - C recovery
 - D depression
- 1.1.5 The ... of the business cycle is measured from peak to peak and from trough to trough.
- A amplitude
 - B trend
 - C length
 - D depression

SECTION A: Matching items

- Read the questions carefully.
- The **TERM** is provided in COLUMN A and the DESCRIPTION is provided in COLUMN B.
- Learners are expected to write the letter of the description in COLUMN B next to the question number of COLUMN A, e.g. 1.2.1 C.
- Only ONE choice/option/possible answer is correct per term. e.g. Q1.2.1 A and not Q1.2.1 A or G - Only ONE choice from COLUMN B is accepted for the term in COLUMN A.
- If you choose two answers, both will be marked incorrect.

The information that can be linked together:

- Economic concepts with descriptions / definitions
- Dates with events
- Theory of theorists
- Problems with solutions, etc.

How to answer matching items:

- Read all options in each column before you answer.
- Use logic - look for clues in the statement.
- Use your knowledge and answer the terms you know.
- Eliminate the term in both columns when you have made your choice - This makes it easier to answer the rest of the questions.
- Now you can try the more difficult questions.
- Now see if you can identify the rest of the terms.

COLUMN A	COLUMN B
1.2.1 Business cycle	A Long-term financial instrument, e.g. bond
1.2.2 Injection	B Climate change
1.2.3 Households	C Government spending
1.2.4 Capital market	D A group of people who live together and make economic decisions
1.2.5 Exogenous factors	E The recurring and varying levels of economic activities over a long period of time

SECTION A: Give ONE term for each of the following descriptions.

- A description is given and learners are expected to provide only ONE term for the question.
- Learners may not give answers in the form of abbreviations, acronyms or examples.
- If learners use abbreviations, acronyms and examples for answers, they will forfeit the marks.

1.3.1 The owners of the factors of production in the economy

1.3.2 The main source of revenue for the government

1.3.3 The governor of the South African Reserve Bank

1.3.4 The highest turning point of the business cycle

1.3.5 The phase that follows the recovery phase in the business cycle.

SECTION B: Application questions

- You are given THREE questions of which you must answer TWO.

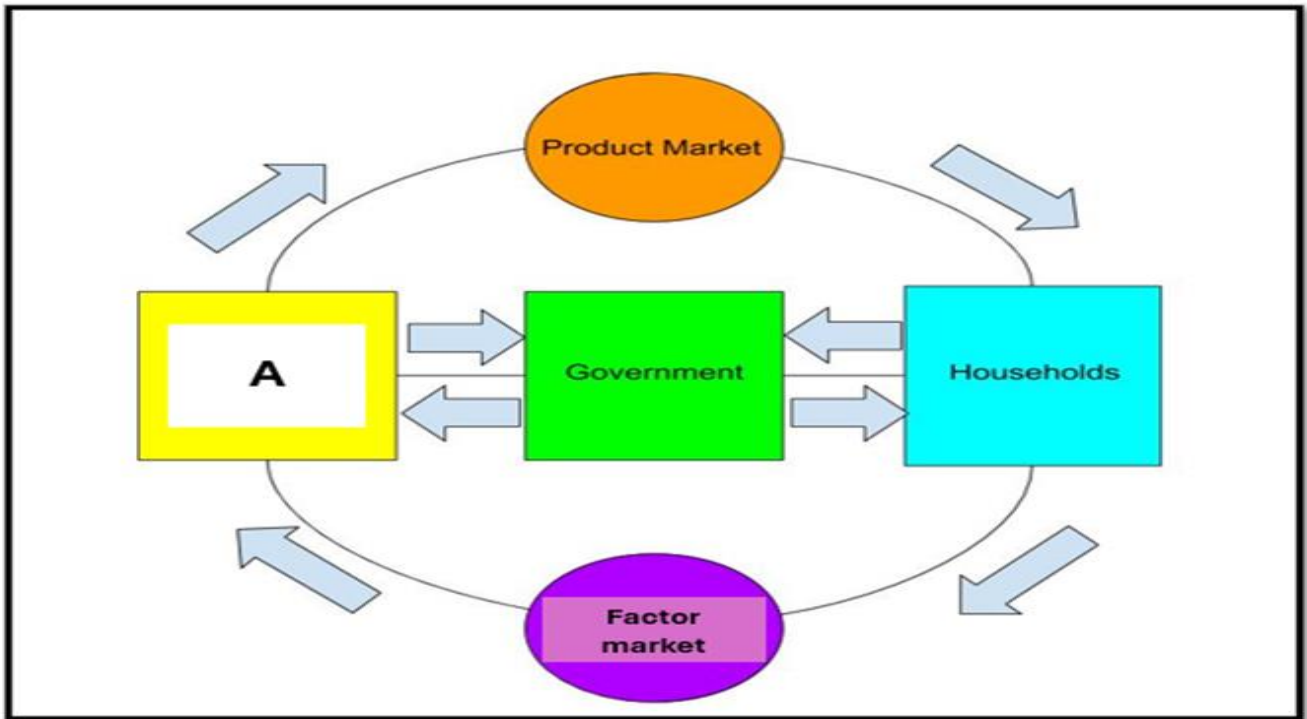
Question 2: Macroeconomics**40 points – 30 minutes**

2.1 Answer the following questions:

2.1.1 List any TWO types of consumption. (2 x 1) (2)

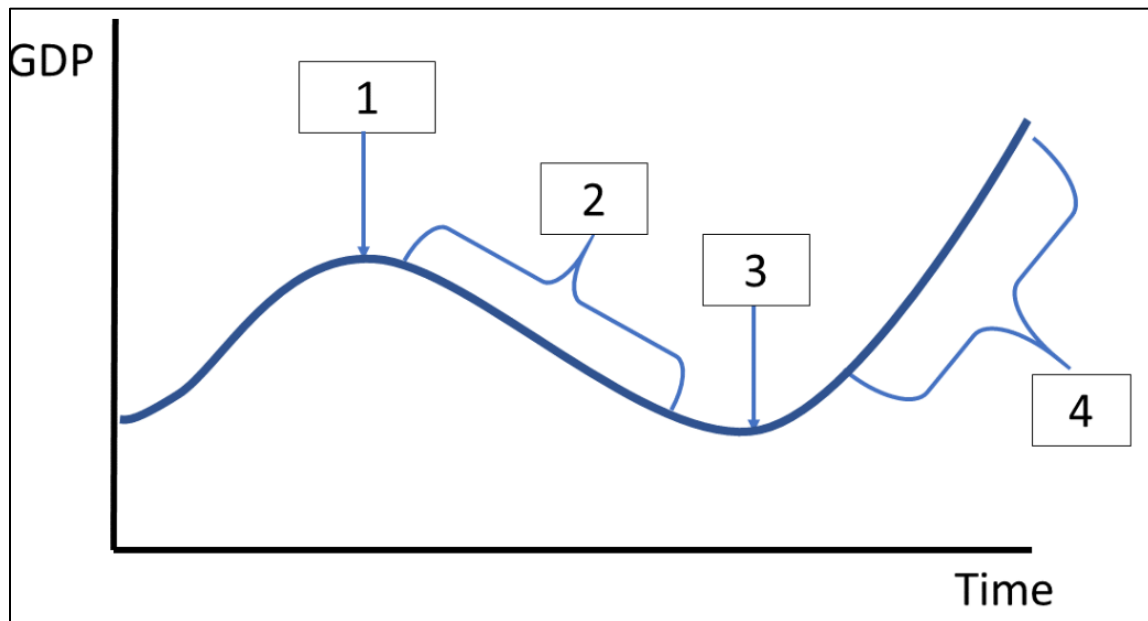
2.1.2 How will the subject Mathematics help you become an economist? (1 x 2) (2)

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



- 2.2.1 Identify the market where goods and services are traded in the diagram above. (1)
- 2.2.2 Name the participant that produces goods and services. (1)
- 2.2.3 Briefly describe the term *circular flow model*. (2)
- 2.2.4 Explain the role of the money market in the circular flow model. (2)
- 2.2.5 Explain the importance of the factor market in the circular flow. (2 x 2) (4)

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



2.3.1 Identify the number on the graph that is associated with the highest level of GDP. (1)

2.3.2 Name ONE phase where negative economic growth occurs. (1)

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

2.3.4 Explain how leakages affect economic growth in South Africa. (2)

2.3.5 What is the impact of an upswing in economic activity on the economy? (2 x 2) (4)

2.4 Distinguish between the *real flow* and *monetary flow* in the circular flow model. (2 x 4) (8)

2.5 Evaluate the negative impact of production on the environment. (4 x 2) (8)

SECTION C:

- These are the essay-type questions.
- TWO questions are given and you only have to answer ONE.
- Answer the questions as asked, e.g. with graphs, without graphs with diagrams, without diagrams.
- Learners who answer long questions have a greater chance of passing the paper than those who do not answer long questions.
- Learners who do not attempt long questions usually do not do as well in the exam.
- Learners must follow the structure of the long question and write the following words as part of their answer: Introduction, Body: Main part, Additional part, Conclusion.

LONG QUESTION / ESSAY LAYOUT

INTRODUCTION

The introduction is usually the description of the topic of the question. One sentence is written for 2 marks.

BODY: MAIN PART

- Learners are expected to write in full sentences.
- Learners should use headings and sub-headings where necessary.
- Only 8 marks are awarded if a list of facts and examples are given in the Main Part of the long question/essay.
- Only content that is relevant to the question will be accepted.

ADDITIONAL PART

- These are higher-order questions but are limited to evaluate/investigate/analyse type questions.
- Evaluate – give positive or negative or a combination of both.
- In this section, the candidate may give an opinion, give examples related to the topic, may make suggestions or give advice, but their answer must be economically tested and explained in a relevant way.

CONCLUSION

- The conclusion is a summary of the main part of the long question/essay.
- The conclusion is a higher order aspect of the answer and should be treated as such.

Example of a long question

Business cycle:

- Discuss in detail the phases in business cycles. (26)
- Why will a contraction in the economy negatively affect the economically vulnerable? (10)

INTRODUCTION (2 marks)

Business cycles are the continuous periods of upswings and downswings of economic activities.

Body: Main part (26 marks)

Recovery phase

- Recovery is the period of renewed economic growth.
- During a recovery, more jobs are created, production increases and consumer spending increase.
- Business confidence rises and there is increased spending by firms.
- There is increased economic activity and the country enters into a prosperity phase.

Prosperity phase

- There is a great degree of optimism in the economy.
- Entrepreneurs borrow more money to buy machines and equipment (investment).
- Employment levels rise, salaries and wages rise, and consumer spending increases and a peak is reached.

- There is a larger amount of money in circulation, and this leads to an inflationary situation in the economy and these conditions lead to a recession.

Recession phase

- A recession phase is when there is negative economic growth rate for two consecutive quarters.
- During a recession, jobs are being lost and there is a feeling of pessimism.
- Employment levels drop, and there is a decrease in economic activity and the economy slows down.

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 and when economic activity is at its lowest, a trough is reached.
- There is competition for jobs and the cost of production decreases, and this encourages foreign trade and leads to a recovery.

(Accept any other correct relevant answer.)

(Max 8 marks for headings and examples.)

Additional part (10 marks)

- 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) result 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 appropriate answer)

(Max 2 marks for listing of facts and examples.)

CONCLUSION (2 marks)

It is important for the government to monitor economic activity as it will lead to better decision making by the participants in the economy.

(Any higher-order relevant conclusion is acceptable)

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Now that we have established how to answer the question paper, we are going to do revision activities for the Economic Cycle and Business Cycle.

CIRCULAR FLOW

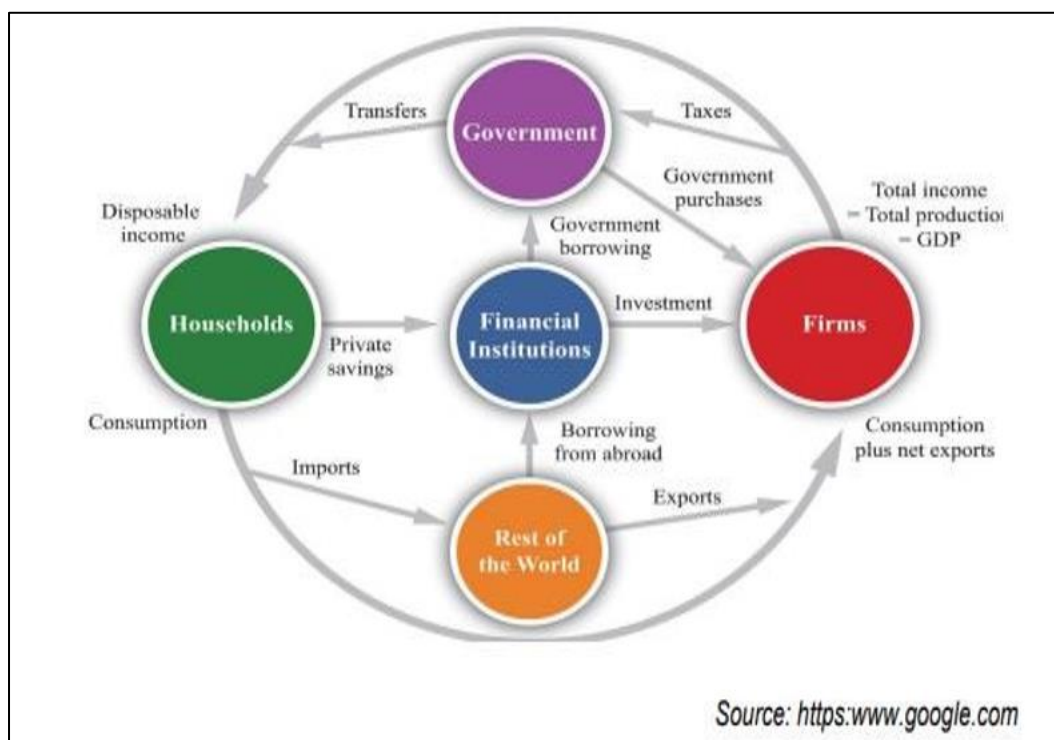
ACTIVITY 1

1.3 Give ONE term for each of the following descriptions. Write only the term next to the question number (1.1.1 –1.1.6) in the ANSWER BOOK. Abbreviations, acronyms and examples will NOT be accepted.

- 1.3.1 The owners of the factors of production.
- 1.3.2 The sector that must be included for the economy to be considered an open economy.
- 1.3.3 An economy that does not participate in international trade.
- 1.3.4 A model that illustrates the flow between participants in the economy.
- 1.3.5 Income that economic participants prefer not to spend.
- 1.3.6 The market for short-term savings and loans.

ACTIVITY 2

2.2 Study the diagram below and answer the questions that follow:



- 2.2.1 Identify the sector that causes the economy to be an open economy. (1)
- 2.2.2 Name ONE leakage in the diagram above. (1)

- 2.2.3 Briefly describe the term *financial market*. (2)
- 2.2.4 Briefly explain the impact of an increase in household spending on the economy. (2)
- 2.2.5 How does scarcity influence consumer choice? (2 x 2) (4)
- 2.4 Distinguish between *free goods* and *economic goods*. (2 x 4) (8)
- 2.5 Evaluate the impact of inflation on the participants in the economy. (4 x 2) (8)

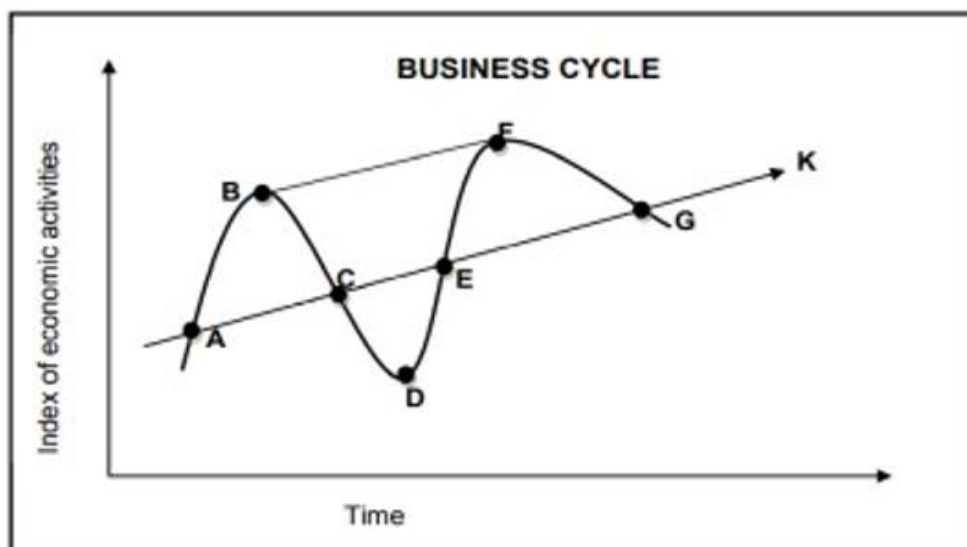
BUSINESS CYCLE

ACTIVITY 3

- 1.1 Various options are given as possible answers to the following questions. Write down the question number (1.1.1-1.1.5), choose the answer and write the letter (AD) of your choice next to the question number in the ANSWER BOOK, e.g. 1.1.6 D.
- 1.1.1 A period where there is a general increase in economic activity is known as a ...
- A downturn
 - B upswing
 - C depression
 - D recession
- 1.1.2 The point where economic activity is at its lowest point is called a ...
- A trough
 - B peak
 - C length
 - D trend
- 1.1.3 Employment numbers in a business cycle will increase during a ...
- A recession
 - B recovery
 - C depression
 - D trough
- 1.1.4 During an economic recession ... will increase.
- A employment
 - B production
 - C spending
 - D unemployment

ACTIVITY 4

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



- 2.3.1 Identify the letter that represents the peak in the diagram above. (1)
- 2.3.2 Name the lower turning point in the cycle. (1)
- 2.3.3 Briefly describe the term *business cycle*. (2)
- 2.3.4 Explain the economic activities that will occur on the business cycle during phase EF. (2)
- 2.3.5 How are lagging indicators used in forecasts? (2 x 2) (4)
- 2.4 Discuss the *Monetarist approach* and *Keynesian approach* to the business cycle. (2 x 4) (8)
- 2.5 Evaluate the negative impact of production on the environment. (4 x 2) (8)

ACTIVITY 5

- Discuss in detail the FOUR main economic participants in an open economy. (26)
- Why should consumers be encouraged to save? (10)