

# ECONOMICS

**GRADE 12**

**Olympiad Paper**

**Round One**

**Marks: 30**

**Time: 1 hour**

**Date: 11 May 2022**

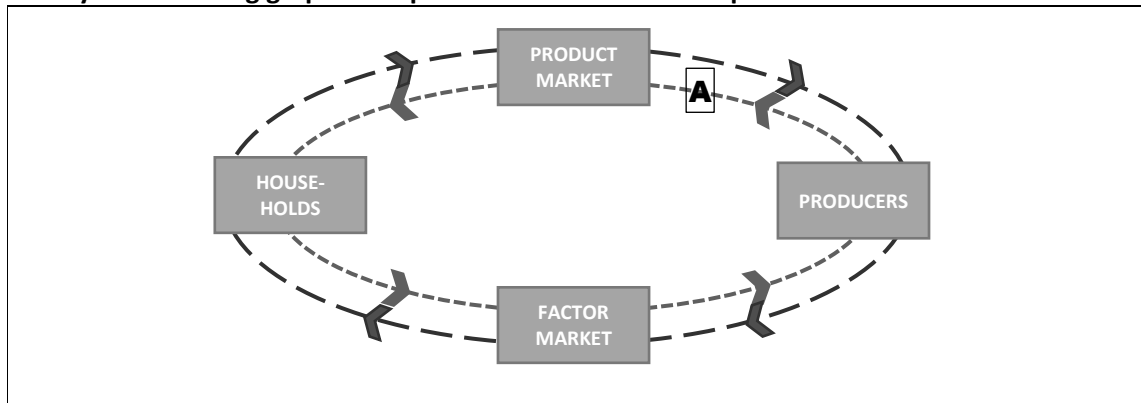


## Instructions

1. Complete questions on the ANSWER SHEET provided.
2. Complete all information on the ANSWER SHEET.
3. The ANSWER SHEET consist of 4 sections. Please select the correct section/subject.
4. There are 4 possible answers per question (A B C D)  
Only one answer is correct.  
Colour a circle completely.
5. Good luck!

### THE CIRCULAR FLOW

Study the following graphical representation and answer questions 1 to 8.



1. This is an example of an economic:
  - A schedule.
  - B module.
  - C model.
  - D graph.
  
2. Which one of the following will be classified as factor income for households?
  - A SASSA grant.
  - B Unemployment allowance.
  - C Pocket money paid to children.
  - D Interest received on a fixed deposit.
  
3. The flow identified as A shows the flow of:
  - A factors of production.
  - B the remuneration of factors of production.
  - C goods and services.
  - D the remuneration for goods and services.
  
4. Assume the government is added to this representation. This will lead to an increase in the consumption of:
  - (i) domestic goods and services.
  - (ii) foreign goods and services.
  - (iii) domestic factors of production.
  - (iv) foreign production factors.
  - A (i) and (ii)
  - B (ii) and (iii)
  - C (iii) and (iv)
  - D (i) and (iv)

5. The factor market is any place where:
- A households sell products and businesses buy products.
  - B households sell resources and businesses buy resources.
  - C businesses sell resources and households buy resources.
  - D businesses sell products and households buy products.
6. In this representation of the economy, the flow of goods and services is shown as a:
- A counterclockwise real flow.
  - B counterclockwise money flow.
  - C clockwise real flow.
  - D clockwise money flow.
7. Money that flows from the government to companies and to households is respectively known as:
- A subsidies and transfer payments.
  - B transfer payments and subsidies.
  - C taxes and investments.
  - D investments and taxes.
8. All of the following, except ONE, is an example of money flows between the government and companies. Which one is the exception?
- A Non-interest-bearing loans.
  - B Loan guarantees.
  - C Tax concessions.
  - D Public facilities provided at low profit mark-up.

**The following is an extract from the SARB Quarterly Bulletin (December 2020). Answer questions 9 and 10.**

| <b>R million</b>             | <b>2019</b> | <b>2020</b> |
|------------------------------|-------------|-------------|
| Compensation of employees    | 2 734 173   | 2 655 034   |
| Net operating surplus        | 1 473 181   | 1 481 097   |
| Consumption of fixed capital | 725 794     | 753 852     |
| Taxes on production          | 117 394     | 119 138     |
| Subsidies on production      | 11 256      | 11 249      |
| Taxes on products            | 580 753     | 538 007     |
| Subsidies on products        | 15 006      | 14 804      |

Extract from KB601

9. The difference between the gross value added at factor cost and the gross value added at basic prices for 2020 is:
- A 107 889
  - B 130 387
  - C 523 203
  - D 552 811

10. Which of the following is NOT included in the net operating surplus?

- A Monthly payments tenants make to landlords.
- B Wages and salaries received by households.
- C Interest households receive on savings deposits.
- D Depreciation of rental properties.

**The following is an extract from the SARB Quarterly Bulletin (December 2020). Answer questions 11, 12 and 13.**

| R million                                     | 2013      | 2015      | 2018      | 2020      |
|---|-----------|-----------|-----------|-----------|
| <b>Gross national income at market prices</b> | 3 775 107 | 4 319 512 | 5 208 245 | 5 428 519 |
| <b>Real gross national income</b>             | 4 201 574 | 4 319 512 | 4 484 716 | 4 377 699 |

Extract from KB601

11. In order to calculate the GNI per capita, the:

- A GDP must be deflated when prices rise and inflated when prices fall.
- B GNI must be divided by the number of citizens of a country.
- C real GNI must be multiplied with the GDP-deflator.
- D GNI must be based on prices that prevailed in a base year.

12. Which year is the base year?

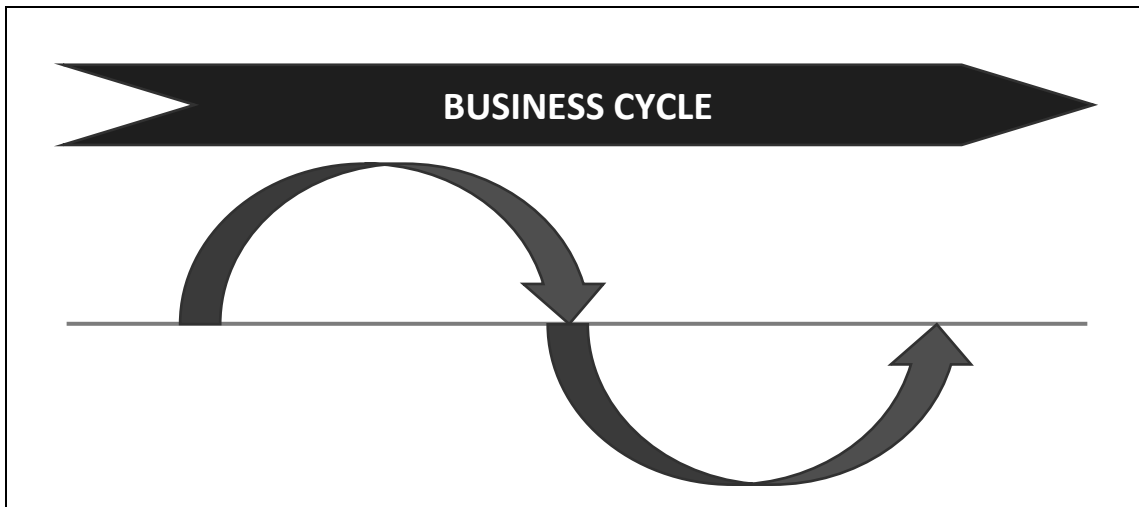
- A 2013
- B 2015
- C 2018
- D 2020

13. Calculate the GDP-deflator for 2013.

- A -426 467
- B +426 467
- C +11.3%
- D +10.2%

## BUSINESS CYCLES

Study the following representation of the business cycle and answer questions 14 to 19.

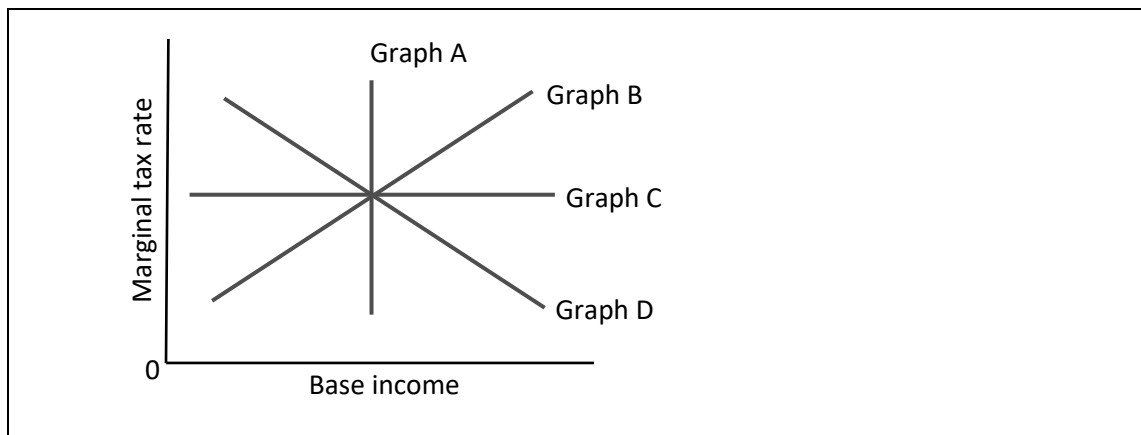


14. A typical business cycle goes through four phases, namely:
- A recovery, optimisation, regression and growth.
  - B demand, supply, equilibrium and balance.
  - C summit, depression, decline and incline.
  - D peak, recession, trough and expansion.
15. The phase between the trough and a peak can best be described as:
- A a recovery point.
  - B an expansion phase.
  - C a contraction phase.
  - D an optimal output point.
16. During the recession phase, the economic growth rate on a year-to-year basis is:
- A negative, at an increasing rate.
  - B negative, at a decreasing rate.
  - C positive, at an increasing rate.
  - D positive, at a decreasing rate.
17. The slow-down in economic activities due to the lockdown periods during COVID-19 can be best described as a result of:
- A exogenous reasons.
  - B endogenous reasons.
  - C structural reasons.
  - D monetary reasons.

18. In an effort to stimulate the economy by means of fiscal measures, the government must:
- A increase government spending.
  - B decrease government spending.
  - C increase the money supply.
  - D decrease the money supply.
19. Which one of the following changes in aggregate demand and aggregate supply will lead to a decrease in economic growth?
- A An increase in aggregate demand while aggregate supply remains constant.
  - B An increase in aggregate supply while aggregate demand remains constant.
  - C A decrease in aggregate demand and a decrease in aggregate supply.
  - D An increase in aggregate demand and an increase in aggregate supply.

### THE PUBLIC SECTOR

20. The SARB adapts the national income statistics in each new issue of the SARB Bulletin. The statistics, as adapted for the years prior to 2022, is calculated using:
- A historical data.
  - B econometric models.
  - C extrapolation.
  - D moving averages.
21. Which graph depicts tax on companies?



- A Graph A
  - B Graph B
  - C Graph C
  - D Graph D
22. The government purchases more masks and gives it to citizens for personal protection during the COVID-19 pandemic. This is classified as:
- A government spending.
  - B government investment.
  - C monetary policy.
  - D fiscal policy.

23. The government produces public goods. Which of the following characteristics are necessary for a good or service to be classified as public goods?
- (i) Rivalry
  - (ii) Non-rivalry
  - (iii) Excludability
  - (iv) Non-excludability
- A Only (i)  
B (i) and (ii)  
C (i) and (iii)  
D (ii) and (iv)
24. It is the role of government to reallocate resources from the production of private goods to the production of public goods. How does the government fulfil this role?
- A Government will increase private demand for private goods.  
B Government will increase taxes on households and private businesses.  
C Government will decrease government spending.  
D Government will decrease government investment.
25. Which one of the following is true? In a free market, there will be:
- A overconsumption of merit goods and underconsumption of demerit goods.  
B overconsumption of both merit goods and demerit goods.  
C underconsumption of merit goods and overconsumption of demerit goods.  
D underconsumption of both merit goods and demerit goods.
26. Which one of the following statements with reference to quasi-public goods are incorrect?
- A Quasi-public goods have characteristics of both public and private goods.  
B The private sector provides all quasi-public goods as government lacks the initiative to produce them.  
C The government will produce quasi-public goods as the private sector under-allocates resources to their production.  
D Quasi-public goods include goods and services such as education, roads, police, firefighting, museums, preventative medicines and waste disposal.

#### FOREIGN EXCHANGE MARKETS

27. Which one of the following best describes an advantage of international trade?
- A International trade encourages a country to specialise in producing those goods and services which it can produce at a higher cost, thus increasing the profit opportunity as a result of higher selling prices.  
B International trade lowers competition and increases world prices, which provides benefits to consumers by raising the purchasing power of their own income, and leads to a rise in producer surplus.  
C The quality of goods and services can increase as competition encourages innovation, design, and the application of new technologies.

- D Local producers who can supply a unique product tailored to meet the needs of the domestic market, can sell their products at higher prices because consumers will not be interested in cheaper imports.
28. Jabu and Jessica are working in a small factory where they make dolls for the export market. Jessica can make 22 units of Doll A and 26 units of Doll B in one day. Jabu can make 20 units of Doll A and 12 units of Doll B in one day. According to the information provided:
- A Jabu should not produce dolls at all.  
B both should continue to produce the number of units they are currently producing.  
C Jessica should specialise in Doll A and Jabu should specialise in Doll B.  
D Jabu should specialise in Doll A and Jessica should specialise in Doll B.

**Study the following information and answer questions 29 and 30.**

|               |                |
|---------------|----------------|
| February 2020 | €1.00 : R17.50 |
| February 2021 | €1.00 : R18.50 |

29. From February 2020 to February 2021 the Rand \_\_\_\_\_ against the Euro.
- A appreciated  
B depreciated  
C devaluated  
D revaluated
30. In both years, a South African company imported 100 000 kg of tea from Europe at €10 per kg. Import duties are calculated as 10 cents per kg. What will the difference be between the import duties payable each year?
- A R0  
B R1.00  
C R100 000  
D R1 000 000