

High School Olympiad

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ECONOMICS

GRADE 10

Olympiad Paper

Round Two

Marks: 30

Time: 1 hour

Date: 3 August 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!

BASIC ECONOMIC CONCEPTS

1. Good A can be described as a need and Good B can be described as a want. Which of the following statements best distinguishes between Good A and Good B?
 - A Good A is essential for survival, whereas Good B is additional goods that consumers can afford.
 - B Good A is backed by demand, whereas Good B is not backed by demand and as such, it is a want.
 - C Good A and Good B are required to improve the standard of living and are therefore essentially the same thing.
 - D Good A and Good B are both desired. Good B is, however, not needed.

2. An economist determines the effect of COVID-19 on the production of goods in South Africa during 2021. This can be considered as part of:
 - A micro-economics.
 - B macro-economics.
 - C public economics.
 - D development economics.

3. Which one of the following does not influence positive economics?
 - A Statistical data obtained.
 - B Facts obtained through research.
 - C Observing phenomena.
 - D People's opinions on issues.

4. Which one of the following models would be used by a micro-economist?
 - A The supply and demand graph for Good Y.
 - B The Lorenz-curve.
 - C The production-possibility curve of Country A.
 - D The circular economic model.

BASIC ECONOMIC PROBLEM

5. A household exchanges surplus vegetables that they have grown for eggs which the neighbours' hens produced. This can be described as:
 - A direct production.
 - B bartering.
 - C indirect transfers.
 - D spending.

6. Labour is a factor of production because:
 - A the value it has in the economy can be improved.
 - B the higher production is, the higher the productive efficiency is.
 - C it is a resource that can contribute to output.
 - D the cost of it can be reduced, if necessary.

7. Good T is an economic good. Good T:
- A has opportunity cost.
 - B is a factor of production
 - C increases economic efficiency.
 - D is the opposite of Good S which is a public good.
8. Economists try to alleviate the problem of scarcity by ensuring that resources are used optimally. Which one of the following is not a concern for economists?
- A What resources are used for.
 - B Where resources are used.
 - C How resources are used.
 - D Who benefits from the result of resources used.
9. Which of the following best describes the concept *scarcity*?
- A The quantity demanded is greater than the quantity supplied at the base price.
 - B A market condition of a particular good at a particular price.
 - C An outward shift of the demand curve while supply stays constant.
 - D A naturally occurring limitation on a resource that cannot be replenished.
10. A grade 12 learner is planning to attend university next year. The total cost of class fees and books are R50 000. The fees for staying in a university hostel is R25 000. If she does not go to university, she will stay at home with her parents. Her total room and board will be R5 000. In addition, she would be able to work and earn R100 000 for the year.
- In terms of lodging alone, what will the opportunity cost be for attending university?
- A R5 000
 - B R20 000
 - C R25 000
 - D R50 000

THE CIRCULAR FLOW

11. The three most important flows in the macro-economic model are:
- A demand, supply, and equilibrium.
 - B factors of production, employment, and remuneration.
 - C C+I+G.
 - D production, income, and expenditure.
12. Which of the following are injections into the circular flow of income?
- A Saving, investment, exports, and taxes.
 - B Investment, taxes, and imports.
 - C Saving, taxes, and imports.
 - D Investment, government spending, and exports.
13. Which combination is an example of a final good and an intermediate good?
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	Final good	Intermediate good
A	A new iPad bought by a learner.	A new laptop bought by a business.
B	A new textbook bought by a learner.	A used textbook bought by a learner.
C	A tank of gasoline bought by you for your scooter.	Jet fuel bought by Kulula.
D	A new bicycle bought by a learner.	A used pick-up truck bought by a second-hand car dealer.

BUSINESS CYCLES

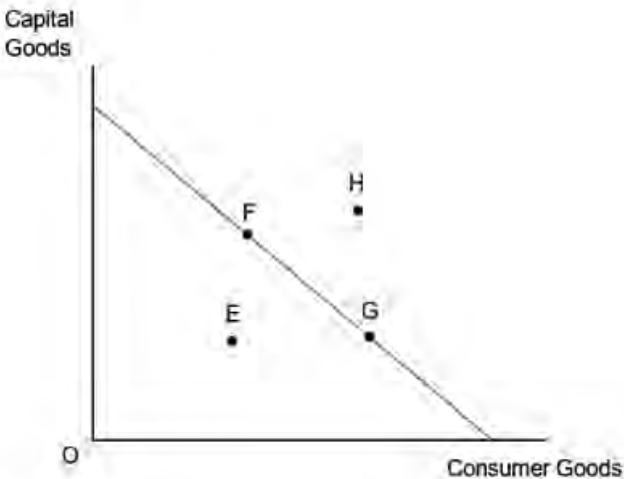
14. During the _____ phase of the business cycle, both the interest rates and inflation would be at their lowest levels.
- A expansionary
B recovery
C depression
D recession
15. The current invasion of Ukraine may cause changes in the level of economic activities in the Ukraine. The reasons for this change can be best described as _____ reasons.
- A exogenous
B endogenous
C structural
D economic
16. Lagging indicators are indicators that normally:
- A change in the same direction that the economy changes.
B change in a different direction than the economy changes.
C respond to a change in the economy after the changes occurred.
D show no effect when the economy changes.
17. Trend projection is an example of forecasting based on:
- A historical data.
B econometric models.
C extrapolation.
D moving averages.

DYNAMICS OF MARKETS

18. The total utility gained from using consecutive units of Good P is decreasing. Marginal utility is:
- A increasing.
B negative.
C positive.
D zero.
19. Which of the following types of economy describes the economy of the RSA?

- A A command economy.
 - B A market economy.
 - C A mixed economy.
 - D A planned economy.
20. Bryan opens a new shop selling luxury perfumes from approximately 80 different brands. His shop functions in the _____ market.
- A perfect
 - B monopolistic competition
 - C oligopoly
 - D monopoly
21. Country H has a pure free-market economy. The function of the government is to:
- A set the level of minimum wages.
 - B protect property rights.
 - C decide how production should be organised.
 - D provide merit goods.
22. Which ONE of the following statements is correct?
- A Both a change in quantity demanded and a change in demand are movements along the demand curve, only in different directions.
 - B Both a change in quantity demanded and a change in demand are shifts of the demand curve, only in different directions.
 - C A change in quantity demanded is a movement along the demand curve, and a change in demand is a shift of the demand curve.
 - D A change in demand is a movement along the demand curve, and a change in quantity demanded is a shift of the demand curve.
23. The demand for Product B increases and shifts the demand curve due to increased advertising by the manufacturers of Product B. How would you describe the situation in the market immediately after the shift in demand and at the "old" equilibrium price, assuming that nothing happened to the supply curve?
- A Excess demand.
 - B Not enough information to answer the question.
 - C Excess supply.
 - D Excess production.
24. If the demand and supply curves for a commodity shift to the right and the shift in demand is greater than the shift in supply, then in comparison to the initial equilibrium, the new equilibrium will be characterised by:
- A the same price and quantity.
 - B a lower price and quantity.
 - C a higher price and a lower quantity.
 - D a higher price and quantity.

25. Which ONE of the following economic concepts is not demonstrated by a production possibility curve?
- A Price
 - B Scarcity
 - C Choice
 - D Opportunity cost
26. The concept that best explains the downward slope of a production possibility curve is:
- A increasing marginal opportunity costs.
 - B relative scarcity.
 - C the law of demand and quantity demanded.
 - D selective choice assumption.
27. Good A and Good B are used to satisfy needs. The indifference curve is:
- A a 45° line from the origin.
 - B a convex from the origin.
 - C a horizontal straight line.
 - D a vertical straight line.
28. A vehicle manufacturer increases the production of one car. The additional revenue gained is greater than the additional cost incurred.
- A The manufacturer should produce the car as it is profitable to do so.
 - B The manufacturer should not produce the car as it is not profitable to do so.
 - C The manufacturer should not produce this additional car because the marginal cost does not equal the marginal revenue.
 - D The manufacturer should produce this additional car because the average revenue is greater than the marginal revenue.
29. A proportionate increase in the productivity efficiency in all sectors of a country's economy would be indicated by a:
- A parallel outward shift of the production possibility curve.
 - B parallel inward shift of the production possibility curve.
 - C new position along the production possibility curve.
 - D new position beyond the production possibility curve.
30. Referring to the production possibility diagram below, at which point is there unemployment in the economy?



- A Point E.
- B Point F.
- C Point G.
- D Point H.
