

ECONOMICS

GRADE 11

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!

FACTORS OF PRODUCTION

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

2. In a simple economy _____ are the owners of the factors of production and _____ will determine what amounts of these factors of production are hired.
 - A households; government
 - B households; firms
 - C firms; government
 - D government; households

3. Donna works as the general manager at a firm, overseeing all operations. Her remuneration is known as:
 - A rent.
 - B wages.
 - C interest.
 - D profit.

4. Mabel works as a seamstress in a factory. Her real wage will rise if her nominal wage:
 - A increases at the same rate as her labour productivity.
 - B increases more rapidly than the general price level.
 - C decreases more rapidly than her labour productivity.
 - D decreases at the same rate as the general price level.

5. Collin's nominal wage increases from R4 000 to R4 500 per month. The consumer price index is 10%. Collin's real wage:
 - A increases.
 - B decreases.
 - C stays the same.
 - D is affected in the same manner as the nominal wages.

ECONOMIC GOODS AND SERVICES

6. The nominal GDP for 2020 was R803 with a price index of 110. Calculate the real GDP for 2020 and round your answer.
 - A R800
 - B R880
 - C R720
 - D R730

7. Why would economists differentiate between real GDP and nominal GDP?
- A Real GDP allows a comparison based on volumes produced, rather than on changes due to price increases.
 - B Nominal GDP uses current prices and base year volumes so that the effect of price changes can be emphasised.
 - C Real GDP is rounded to R billions in order to simplify calculations and make deductions easier.
 - D There are no differences in the calculation of real and nominal GDP. Real GDP is only expressed in \$ to make international comparisons easier.
8. The real GDP of Country A is R1.8 trillion and the real GDP of Country B is R600 billion. To determine which country has the highest standard of living, economists have to calculate the _____ for each country.
- A nominal GDP
 - B nominal GDP per capita
 - C real GDP
 - D real GDP per capita
9. Which one of the following is false?
- A If $GDP > GDE$ then $X > M$
 - B If $GDP < GDE$ then $X < M$
 - C If $GDP = GDE$ then $X = M$
 - D If $GDP \approx GDE$ then $X \approx M$

ECONOMIC SYSTEMS

10. Which of the following is studied under economic systems?
- A The increase in the general price level in an economy.
 - B The aggregate output of goods and services.
 - C The degree to which the government intervenes in the economy.
 - D The fluctuations of output which lead to recessions and depressions in economic activity.
11. The degree of control over the price of its product by a firm in a/an _____ economic structure is very large.
- A monopolistic
 - B imperfect
 - C perfect
 - D oligopoly
12. A firm has absolutely no control over the price of its product. The firm operates in a/an:
- A monopoly.
 - B monopolistic competition.
 - C oligopolistic competition.
 - D perfect competition.

13. Firm A functions as a discriminating monopoly. This implies that Firm A charges different prices for its product:
- A for different groups of consumers.
 - B for different uses.
 - C at different places.
 - D all of the above.
14. The most important difference between perfect competition and monopolistic competition is the fact that:
- A there are more firms in a perfect market.
 - B products are differentiated in a monopolistic competition market.
 - C the profit margin for monopolistic competition is higher.
 - D there are free exit and entry under monopolistic competition.

SOUTH AFRICAN ECONOMIC STRUCTURE

15. Eskom generates electricity for consumption by a catering business, using coal that is mined near Witbank. The sequence of the economic structure given in this scenario is:
- A Primary sector, Secondary sector, Tertiary sector.
 - B Secondary sector, Tertiary sector, Primary sector.
 - C Tertiary sector, Primary sector, Secondary sector.
 - D Tertiary sector, Secondary sector, Secondary sector.

THE RELATIONSHIP BETWEEN MARKETS

16. If the price of Product Q increases, the demand for:
- A Product P, a complimentary good, will increase.
 - B Product Q will increase.
 - C Product R, a substitute good, will increase.
 - D Product Q will decrease.
17. Product S is a normal good. The price of Product S declines. Which of the following combinations indicate the substitution and income effect respectively?

	Substitution effect	Income effect
A	Positive	Positive
B	Negative	Negative
C	Positive	Negative
D	Negative	Positive

EFFECT OF COSTS AND REVENUE

18. When marginal revenue is zero, the total revenue will:
- A increase.
 - B be maximised.
 - C decrease.
 - D be minimised.
19. The short-run cost curve that declines continuously, is the:
- A average total cost curve.
 - B marginal cost curve.
 - C average fixed cost curve.
 - D average variable cost curve.

20. The short-run average variable cost is calculated as:

Key: TC -Total cost
 TFC – Total fixed cost
 TVC – Total variable cost
 Q - Quantity
 AFC – Average fixed cost
 AVC – Average variable cost

- A $TC - TFC / Q$
 - B $TC - TVC / Q$
 - C $(TC / Q) - (AFC \times Q)$
 - D $(AFC + AVC)Q$
21. Product T, an input, is owned and used by a firm in the production process of Product H. The _____ cost of Product T is zero.
- A Explicit
 - B Implicit
 - C Opportunity
 - D Economic
22. In which order, from the smallest to the largest, will the marginal and cost curves reach minimum output levels?

Key: MC - Marginal cost
 AC – Average cost
 AFC – Average fixed cost
 AVC – Average variable cost

- A AVC AC MC
- B AC MC AVC
- C MC AVC AC
- D MC AVC AFC

PRICE ELASTICITY

23. The elasticity of demand for durable goods is:
- A <1
 - B >1
 - C =1
 - D =0
24. Product X is seen as an inferior good. After an increase in the income, the demand for Product X will:
- A stay the same.
 - B decrease.
 - C increase.
 - D be unknown if we do not know what Product X is.
25. A household has an income of R10 000 per month and spends R1 000 per month on luxury food items. After an increase, their income is R20 000 and they now spend R2 000 per month on luxury items. Their income elasticity for demand is:
- A <1
 - B >1
 - C =1
 - D =0
26. The price elasticity of demand measures:
- A changes in the price of a commodity due to the change in demand for that commodity.
 - B the rate at which sales change when the supply of a commodity changes.
 - C the responsiveness of the demand for a commodity to changes in the price of that commodity.
 - D the value of sales at a given price and at any given time while prices stay constant.
27. The price of Product Z increases. The quantity demanded for Product Z stays the same. The demand curve for Product Z is:
- A positive.
 - B negative.
 - C horizontal.
 - D vertical.

ECONOMIC GROWTH

28. Which one of the following is crucial to economic growth, but not necessarily to economic development?
- A An increase in the number of economic choices available to individuals in a specific country.
 - B An increase in the productive potential of a specific country.
 - C The eradication of absolute poverty in a specific country.
 - D The complete satisfaction of basic needs amongst the total population of a specific country.
29. To obtain substantial economic growth in South Africa, the government should focus on the following combination of macro-economic policies:
- A Low unemployment and a surplus in the balance of trade.
 - B A low inflation rate and low levels of unemployment.
 - C A high increase in the productive capacity and low levels of unemployment.
 - D A high increase in the productive capacity and a low inflation rate.
30. The nominal GDP growth rate for Country Y was 6% in 2021. The population growth rate was 2% and the inflation rate for the same period was 6%. What was the rate of growth of the real GDP for Country Y in 2021?
- A 0%
 - B 2%
 - C 4%
 - D 6%
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