

ECONOMICS

GRADE 10

Olympiad Paper

Round Two

Marks: 30

Time: 1 hour

Date: 2 August 2023

Instructions

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



BASIC ECONOMIC CONCEPTS

1. Which of the following best describes the relationship between needs and wants and the scarcity of resources in economics?

	Needs and wants	Resources
A	Unlimited	Limited
B	Limited	Unlimited
C	Unlimited	Unlimited
D	Limited	Limited

2. The focus of macroeconomics can be best described as the study of _____
- A how individual firms and households make decisions.
 B the behaviour of individual markets.
 C the broader economy and its performance.
 D the effects of government regulations on price determination.
3. Which of the following best describes the relationship between microeconomics and macroeconomics?
- A Microeconomics and macroeconomics are unrelated.
 B Microeconomics is a subset of macroeconomics.
 C Macroeconomics is a subset of microeconomics.
 D Microeconomics and macroeconomics are distinct but related fields of study.
4. Which of the following is an example of a positive economic statement?
- A The minimum wage should be increased to R15 per hour to reduce poverty.
 B An increase in interest rates will lead to a decrease in investment.
 C It is unfair that some people earn more money than others.
 D The government should provide subsidies to farmers to encourage agricultural production.
5. Which of the following is a limitation of positive economics?
- A It is focused on empirical evidence and ethical considerations.
 B It is based on subjective opinions and values rather than objective data.
 C It cannot provide definitive answers to economic questions.
 D It is only concerned with normative statements about what should be done.

BASIC ECONOMIC PROBLEM

6. What is the term used to describe the limited resources available to meet unlimited needs?
- A Scarcity.
 - B Opportunity cost.
 - C Production possibility curve.
 - D Marginal analysis.
7. An example of an opportunity cost is the cost of _____
- A hiring an additional worker.
 - B raw materials used in production.
 - C renting a factory.
 - D producing one good over another.
8. Which of the following best describes the difference between a public good and a private good?
- A A public good is provided by the government, while a private good is provided by individuals or firms.
 - B A public good is available to everyone, while a private good is only available to those who have the need for it.
 - C A public good is non-excludable and non-rivalrous, while a private good is excludable and rivalrous.
 - D A public good is always free, while a private good always has a price.
9. Which of the following factors of production refers to the tools, equipment, and machinery that are used in the production process?
- A Land
 - B Labour
 - C Capital
 - D Entrepreneurship
10. Which of the following is an example of payment to capital?
- A Interest
 - B Rent
 - C Wages
 - D Royalties

THE CIRCULAR FLOW MODEL

11. In the circular flow model, households are best described as entities who _____
- A produce goods and services.
 - B consume goods and services.
 - C employ factors of production.
 - D provide loans.
12. Which of the following is an example of a leak in the circular flow model?
- A Households spending money on goods and services.
 - B Firms paying wages to workers.
 - C Government spending money on public goods and services.
 - D Households saving money in banks.
13. Which of the following is an example of a factor payment in the circular flow model?
- A A firm paying rent for its office space.
 - B A household paying for groceries at the supermarket.
 - C A pensioner receiving a government grant.
 - D A bank providing a loan to a firm.
14. What is the relationship between the product market and the factor market in the circular flow model?
- A The product market is where goods and services are produced and the factor market is where households buy these goods and services.
 - B The product market is where households buy goods and services and the factor market is where firms buy resources.
 - C The product market is where households sell their labour and the factor market is where firms buy these resources.
 - D The product market and the factor market are the same thing in the circular flow model.
15. An increase in government spending would _____
- A increase the level of leakages in the circular flow model.
 - B increase the level of injections in the circular flow model.
 - C have no effect on the circular flow model.
 - D cause a shift in the location of the factor market in the circular flow model.

BUSINESS CYCLES

16. What is a business cycle?
- A A period of high economic growth and low unemployment.
 - B A period of low economic growth and high unemployment.
 - C A recurring pattern of expansion and contraction in economic activity.
 - D A sudden drop in economic activity followed by a long period of recovery.
17. What is the difference between a recession and a depression?
- A A recession is a mild contraction in economic activity, while a depression is a sustained contraction.
 - B A recession is a long period of low economic growth, while a depression is a short period of high economic growth.
 - C A recession is a period of high inflation, while a depression is a period of low inflation.
 - D A recession and a depression are the same.
18. How would an increase in consumer spending affect the business cycle?
- A It would increase the likelihood of a recession.
 - B It would increase the likelihood of a depression.
 - C It would increase the likelihood of an expansion.
 - D It would have no effect on the business cycle.
19. Which one of the following options would, generally considered, be the most effective policy to reduce the severity of a recession?
- A Increase government spending on infrastructure projects.
 - B Decrease taxes on businesses.
 - C Increase the money supply.
 - D Decrease interest rates.

DYNAMICS OF MARKETS

20. What is the relationship between marginal utility and total utility?
- A Marginal utility is always greater than total utility.
 - B Total utility is always greater than marginal utility.
 - C Marginal utility adds to total utility until total utility reaches a maximum, after which marginal utility becomes negative.
 - D Marginal utility and total utility are unrelated.

21. How does a market economy allocate resources?
- A Through government planning and control.
 - B Through competition among buyers and sellers.
 - C Through government subsidies and grants.
 - D Through random decisions made by influential individuals.
22. What may be a reason for a market economy to experience periods of inflation or recession?
- A Government intervention disrupts the free market.
 - B Businesses collude to artificially raise prices.
 - C Consumer demand outstrips supply.
 - D Wages and prices are inflexible and do not respond to market conditions.
23. A shift in the demand curve for a product was caused by a change in the _____
- A price of the product.
 - B income of consumers.
 - C price of a complementary good.
 - D price of a substitute good.
24. What would happen to the market for hybrid cars if the price of gasoline increased significantly?
- A The demand for hybrid cars would decrease, causing the equilibrium price and quantity to decrease.
 - B The demand for hybrid cars would increase, causing the equilibrium price and quantity to increase.
 - C The supply of gasoline cars would decrease, causing the equilibrium price and quantity to increase.
 - D The supply of gasoline cars would increase, causing the equilibrium price and quantity to decrease.

PRODUCTION POSSIBILITY CURVE

25. The purpose of a production possibility curve can best be described to illustrate the _____
- A scarcity of resources relative to unlimited needs.
 - B maximum possible production of goods and services given the available resources.
 - C opportunity cost of producing one good or service over another.
 - D additional cost of producing one more unit of a good or service.

26. Given a production possibility curve for two goods, if a country is currently producing at a point inside the curve, it implies that the country _____
- A is producing the optimal combination of the two goods.
 - B is using all of its resources efficiently.
 - C can produce more of one good without sacrificing the other.
 - D cannot produce any more of either good.
27. What does it imply about the country's resources if a country's production possibility curve for two goods shifts outward?
- A The country has fewer resources available for production.
 - B The country has more resources available for production.
 - C The country has become less efficient in using its resources.
 - D The country's resources have become more expensive.
28. A country can produce either 100 units of good A or 200 units of good B. The opportunity cost of producing one unit of A is 2 units of B. What is the opportunity cost of producing one unit of B?
- A 0.5 units of A.
 - B 1 unit of A.
 - C 2 units of A.
 - D 4 units of A.

THE PUBLIC SECTOR

29. Why does the public sector exist?
- A To provide goods and services that the private sector is unwilling or unable to provide.
 - B To generate profits for the government and to lessen the tax burden.
 - C To eliminate competition from the private sector and to regulate the prices of goods.
 - D To promote economic inequality.
30. Which of the following is an example of a government transfer payment?
- A Paying for a public park.
 - B Providing funding for a university.
 - C Paying for unemployment benefits.
 - D Providing tax breaks to businesses.