

ECONOMICS

GRADE 10

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 10 May 2023



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.** Which of the following best describes the basic economic problem?
 - A How to produce goods and services efficiently.
 - B How to distribute goods and services fairly.
 - C How to satisfy unlimited needs with limited resources.
 - D How to maximise profits for businesses.

- 2.** Which of the following is NOT an effective way of collecting economic data and statistics?
 - A Observing economic activities.
 - B Making assumptions based on personal experiences.
 - C Interviewing industry experts and leaders.
 - D Analysing government and other reports, for e.g. SARB Quarterly Bulletin.

- 3.** Which of the following is NOT one of the three basic economic questions?
 - A For whom to produce?
 - B What to produce?
 - C How to produce?
 - D When to produce?

- 4.** Which of the following is NOT a factor of production?
 - A Capital
 - B Labour
 - C Land
 - D Money

- 5.** Which of the following statements best describes opportunity cost?
 - A It is the cost of producing one additional unit of a good or service.
 - B It is the value of the next best alternative when making a choice.
 - C It is the total cost of producing a good or service, including all inputs.
 - D It is the cost of production that is directly related to the output.

- 6.** Which of the following scenarios best illustrates the concept of scarcity?
 - A A company producing 10 000 units of a product with an unlimited supply of resources.
 - B A government increasing the minimum wage to ensure workers are paid fairly.
 - C A family deciding to spend their vacation budget on a trip to Europe instead of a cruise.
 - D A business investing in new technology to increase efficiency and productivity.

7. A company wants to expand production by building a new factory in a rural area. Which of the following is a potential disadvantage of this decision?
- A Increased economic growth and job opportunities in the rural area.
 - B Decreased transportation costs due to the factory's location.
 - C Negative environmental impacts on the surrounding area.
 - D Increased competition for labour and resources in the urban area.
8. Which of the following is an example of a positive economic statement?
- A Pollution is bad for the environment.
 - B The government should provide free healthcare for all citizens.
 - C The unemployment rate in South Africa is currently 30%.
 - D Everyone should have access to affordable housing.
9. Which of the following is a microeconomic concept?
- A Market equilibrium
 - B Unemployment rate
 - C Inflation rate
 - D Fiscal policy

THE ECONOMIC PROBLEM

10. Which of the following is the most likely result of scarcity?
- A Increased competition for resources.
 - B Decreased competition for resources.
 - C Increased availability of resources.
 - D Decreased availability of resources.
11. Which of the following is the best example of an opportunity cost?
- A Spending time playing video games instead of exercising.
 - B Spending time watching TV instead of studying.
 - C Spending money on a concert ticket instead of buying groceries.
 - D Spending money on a new pair of shoes instead of saving it.
12. You are a business owner and one of your products is in high demand. What is the best step you can take to ensure that you can continue to produce this product even if resources become scarcer in the future?
- A Increase the price of the product.
 - B Find alternative resources to produce the product.
 - C Invest in research and development to find more efficient ways to produce the product.

- D Stop producing the product now and wait for several years until demand has increased dramatically and then re-introduce the product at a higher price to the market.
- 13.** How does the purchase of capital goods affect a firm's production capacity?
- A It has no effect.
 - B It increases production capacity.
 - C It decreases production capacity.
 - D The effect depends on the type of capital good.
- 14.** Which of the following is a characteristic of labour as a factor of production?
- A It refers to the physical and mental effort exerted by people in the production process.
 - B It includes money, stocks, and bonds that can be used to finance production.
 - C It refers to the ability to take risks and innovate in the production process.
 - D It includes machinery, tools, and other equipment used in production.
- 15.** What is the main difference between renewable and non-renewable resources?
- A Renewable resources can be replaced naturally over time, while non-renewable resources cannot.
 - B Renewable resources are more expensive to extract than non-renewable resources.
 - C Non-renewable resources are more sustainable than renewable resources.
 - D Non-renewable resources are used more frequently than renewable resources.
- 16.** How does entrepreneurship contribute to the economy?
- A By providing labour for the production process.
 - B By investing in capital goods.
 - C By creating new products and services.
 - D By providing natural resources for production.
- 17.** Which of the following statements best explains why free goods do not have a price?
- A Free goods are not valuable to consumers.
 - B The supply of free goods is unlimited.
 - C The demand for free goods is low.
 - D The cost of producing free goods is negligible.

THE CIRCULAR FLOW

- 18.** Which of the following is an example of a factor of production in the circular flow of economic activity?

- A A consumer purchasing a new car.
 - B A business owner borrowing money from a bank.
 - C A factory worker assembling a product.
 - D A government agency collecting taxes.
- 19.** Which of the following is an example of a leakage in the circular flow of economic activity?
- A A business investing in new equipment.
 - B A consumer purchasing a new car.
 - C A government providing subsidies to farmers.
 - D A household saving money in a bank account.
- 20.** How does the government's role in the circular flow of economic activity differ from the roles of households and businesses?
- A The government is a producer of goods and services, while households and businesses are consumers.
 - B The government regulates economic activity while households and businesses engage in market transactions.
 - C The government collects taxes and provides public goods, while households and businesses produce and consume goods and services.
 - D The government invests in infrastructure and research, while households and businesses save and invest in financial markets.
- 21.** Which sector of the economy buys consumer goods and services from the business sector in the circular flow model?
- A Households
 - B Government
 - C Foreign sector
 - D Financial sector
- 22.** What happens to the flow of money in the circular flow model when the government imposes taxes on households?
- A The flow of money from households to businesses increases.
 - B The flow of money from businesses to households increases.
 - C The flow of money from households to the government increases.
 - D The flow of money from the government to businesses increases.
- 23.** Which of the following is an example of a non-durable good?
- A A smartphone
 - B A chocolate bar
 - C A pair of jeans
 - D A pencil

- 24.** Which of the following strategies would be most effective in promoting the sales of non-durable goods?
- A Offering long-term insurance and guarantees.
 - B Providing discounts and promotional offers.
 - C Increasing the price of the product.
 - D Reducing the amount of money spent on advertising of the product.

QUANTITATIVE ELEMENTS

- 25.** Which of the following statements is true regarding GDP and GNP?
- A GDP measures the value of all goods and services produced within a country's borders in a given period of time, while GNP measures the value of all goods and services produced by a country's citizens, regardless of their location.
 - B GDP measures the value of all goods and services produced by a country's citizens regardless of their location, while GNP measures the value of all goods and services produced within a country's borders in a given period of time.
 - C GDP and GNP are the same and can be used interchangeably.
 - D GDP and GNP both measure the value of all goods and services produced within a country's borders in a given period of time.
- 26.** Which of the following best explains why GNP might be higher than GDP for a country?
- A The country has a large number of foreign citizens living and working within its borders.
 - B The country has a large number of its citizens living and working outside of its borders.
 - C The country has a large trade deficit with other countries.
 - D The country has a large trade surplus with other countries.
- 27.** If the GDP in 2020 was R500 billion and it increased to R550 billion in 2021, what was the change in GDP from 2020 to 2021?
- A $\frac{500 - 550}{550} \times \frac{100}{1}$
 - B $\frac{500 + 550}{550} \times \frac{100}{1}$
 - C $\frac{500 - 550}{500} \times \frac{100}{1}$
 - D $\frac{550 - 500}{500} \times \frac{100}{1}$

BUSINESS CYCLES

- 28.** Which of the following is NOT a characteristic of a recession?
- A High unemployment rates.
 - B Decline in GDP.
 - C Increase in government spending.
 - D Decrease in consumer spending.
- 29.** Which of the following is the phase of the business cycle characterised by high unemployment rates, low consumer confidence, and decreased production?
- A Trough
 - B Peak
 - C Expansion
 - D Recession
- 30.** Which of the following is an example of a leading economic indicator used to predict future business cycles?
- A Stock market trends
 - B GDP growth rates
 - C Inflation rates
 - D Unemployment rates