

ECONOMICS

GRADE 11

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!

THE FACTORS OF PRODUCTION

- Which of the following is not a factor of production?
 - Land
 - Labour
 - Capital
 - Profit
- Which of the following best describes the concept of capital as a factor of production?
 - Natural resources such as oil, gas, and timber.
 - The work people do to produce goods and services.
 - The tools, machinery, and equipment used to produce goods and services.
 - The money used to pay workers and buy materials for production.
- A company employs a new production manager. Which factor of production has increased?
 - Labour
 - Salaries
 - Entrepreneurship
 - Capital
- If a business owner wants to increase the output of their factory in the short term, which factor of production should they focus on?
 - Land
 - Labour
 - Capital
 - Entrepreneurship
- What impact does an increase in the cost of labour have on a company's production costs?
 - It will increase the price of the final product.
 - It will decrease the price of the final product.
 - It will have no effect on the price of the final product.
 - It depends on whether there are alternative factors of production that can be substituted for labour.

6. Which of the following would be an example of capital as a factor of production?
- A A farmer using his own labour to plant and harvest crops.
 - B A construction company using bulldozers to clear land for a new building.
 - C A software developer using his or her knowledge and skills to create a new program.
 - D An author using a computer to write a book manuscript.
7. Which of the following best describes the role of entrepreneurship in the production process?
- A Entrepreneurship involves the physical labour required to produce goods and services.
 - B Entrepreneurship refers to the physical resources used in the production process.
 - C Entrepreneurship involves the ability to take risks and make decisions to bring together the other factors of production.
 - D Entrepreneurship refers to the financial resources used to fund the production process.
8. What are some examples of intangible factors of production?
- A Land, labour, and capital.
 - B Technology, knowledge, and skills.
 - C Raw materials, machinery, and equipment.
 - D Money, investments, and financial resources.
9. Which of the following is an example of a non-renewable resource?
- A Solar energy
 - B Wind energy
 - C Natural gas
 - D Water

THE USES OF ECONOMIC GOODS AND SERVICES

10. Which of the following is an example of non-durable goods?
- A A refrigerator
 - B A pair of jeans
 - C A loaf of bread
 - D A smart TV
11. Which of the following best describes the term "consumption" in economics?
- A The production of goods and services.
 - B The distribution of goods and services.
 - C The use of goods and services.
 - D The trade of goods and services.

- 12.** Which of the following statements is true about real GDP?
- A It is calculated using current market prices.
 - B It is adjusted for inflation.
 - C It includes only the value of final goods and services.
 - D It is always higher than nominal GDP.
- 13.** If the nominal GDP of a country was R12 billion in 2021, and the nominal GDP of the country is R14 billion in 2022, the percentage change is ____.
- A $\frac{12 - 14}{14} \times \frac{100}{1}$
 - B $\frac{12 + 14}{14} \times \frac{100}{1}$
 - C $\frac{14 - 12}{12} \times \frac{100}{1}$
 - D $\frac{14 + 12}{12} \times \frac{100}{1}$
- 14.** Suppose that a country's real final consumption expenditure on healthcare increased by 10% from one year to the next. Which of the following is most likely to have contributed to this increase?
- A An increase in the number of hospitals and clinics in the country.
 - B An increase in the price of healthcare services.
 - C An increase in the proportion of elderly people in the country's population.
 - D A decrease in the number of people covered by private health insurance.
- 15.** Which of the following investments would be included in gross fixed capital formation?
- A A company paying its employees' salaries.
 - B A business buying shares in another company.
 - C A manufacturer purchasing new machinery for its factory.
 - D Individuals paying off their credit card debt.
- 16.** A country's gross capital formation is R500 million and its depreciation is R200 million. The GDP-deflator is 0.85. How much is its net capital formation?
- A R500 million
 - B R300 million
 - C R425 million
 - D R225 million

- 17.** Country A's consumption expenditure is R500 billion, investment expenditure is R100 billion, government spending is R200 billion, and net imports are R50 billion. What is the GDP?
- A R600 billion
 - B R750 billion
 - C R800 billion
 - D R850 billion
- 18.** Which of the following scenarios would likely have the greatest positive impact on GDP growth?
- A A decrease in government spending.
 - B A decrease in investment expenditure.
 - C An increase in net exports.
 - D A decrease in consumption expenditure.
- 19.** Product X is sold in a shop in South Africa and it is taxable as a standard VAT item. As it is an essential item, the government implements a R10 subsidy on the product. The basic price of a product (before the subsidy and VAT) is R50. Calculate the market price of the product.
- A R50
 - B R57.50
 - C R47.50
 - D R46
- 20.** Which one of the following that relates to GDP and GNP is correct?
- A GNP includes all goods and services produced within a country's borders, while GDP only includes those produced by a country's citizens.
 - B GDP includes all goods and services produced within a country's borders, while GNP only includes those produced by a country's citizens.
 - C GDP and GNP are the same.
 - D GNP is used to measure economic growth, while GDP is used to measure economic activity.

ECONOMIC SYSTEMS

- 21.** Which one of the following is not an economic system?
- A Planned system.
 - B Centralised system.
 - C Decentralised system.
 - D Democracy.
- 22.** Which one of the following is a characteristic of a command or planned economy?
- A Private property rights.
 - B Competition is encouraged.
 - C Government control of resources.
 - D Profit motive.
- 23.** What is the main advantage of a mixed economy?
- A Government can regulate economic activities.
 - B Freedom of choice for consumers.
 - C Profit incentives for entrepreneurs.
 - D Resources can be allocated efficiently.
- 24.** Suppose that the government of a country decides to increase taxes on cigarettes to discourage smoking. Which type of economic system is the country most likely to have?
- A Traditional economy.
 - B Market economy.
 - C Command economy.
 - D Mixed economy.
- 25.** Suppose that a country has a command economy. How could the country transition to a market economy?
- A The government should take over all businesses.
 - B The government should gradually reduce its control over the economy.
 - C The government should give subsidies to all businesses.
 - D The government should increase taxes on all businesses.
- 26.** Which economic system would you recommend for a country that is trying to balance economic growth with social equality?
- A Traditional economy.
 - B Market economy.
 - C Command economy.
 - D Mixed economy.

THE ECONOMIC STRUCTURE OF SOUTH AFRICA

- 27.** Which of the following statements best describes the economic structure of South Africa?
- A South Africa is a low-income country with a primarily agrarian economy.
 - B South Africa has a diversified economy with a mix of agriculture, manufacturing, and services.
 - C South Africa is heavily dependent on oil exports for its economic growth.
 - D South Africa has a socialist economy with the government controlling all economic activities.
- 28.** What is the role of the Reserve Bank in South Africa's economy?
- A To set fiscal policy and control government spending.
 - B To regulate the banking industry and ensure financial stability.
 - C To promote foreign investment and international trade.
 - D To provide loans and grants to small businesses and entrepreneurs.
- 29.** What are the major challenges facing South Africa's economy?
- A High levels of income inequality, unemployment, and poverty.
 - B A lack of natural resources and infrastructure.
 - C Limited access to global markets and technology.
 - D A high rate of inflation and a weak currency.
- 30.** How can a decrease in government spending affect South Africa's economy?
- A It can lead to a decrease in the budget deficit and lower interest rates.
 - B It can lead to increased economic growth and job creation.
 - C It can lead to higher inflation and a weaker currency.
 - D It can lead to decreased consumer spending and slower economic growth.