

High School Olympiad

Guiding the leaders of tomorrow

ECONOMICS

GRADE 10

Olympiad Paper

Round One

Marks: 30

Time: 1 hour

Date: 7 May 2025



Instructions

Please take time to read the instructions carefully.

If the ANSWER SHEET is not COMPLETE and correct your answer sheet will be invalid.

1. **NB! Please use a HB pencil or a black pen to complete the answer sheet.**
No highlighter or colours pens are allowed.
2. The ANSWER SHEET consist of 3 sections. Accounting, Business Studies and Economics.
Please select and answer the **correct** section/subject
3. There are 4 possible answers per question (A B C D)
Only one answer is correct. Colour a circle completely.
4. Good luck!

BASIC ECONOMIC CONCEPTS

1. Which of the following best defines **economics**?
 - A The analysis of how to eliminate relative scarcity through technological innovation and research.
 - B The examination of how to maximise wealth for individuals and businesses.
 - C The study of how to distribute unlimited resources to satisfy all human needs and wants.
 - D The study of how individuals, businesses, governments, and societies make choices to cope with scarcity.
2. One of the basic economic questions is **for whom to produce**. Which economic issue is addressed with this question?
 - A The method of production.
 - B The cost of production.
 - C The allocation of production output.
 - D The types of goods to be produced.
3. Which of the following scenarios is primarily a concern of **macroeconomics**?
 - A Investigating how a consumer decides between different brands of a product.
 - B Analysing how a specific company can maximise its production efficiency.
 - C Examining the impact of a national tax policy on the country's unemployment rate.
 - D Studying the effects of a price increase on the demand for a particular product.
4. Which of the following best defines **international economics**?
 - A The study of how countries manage their domestic industries, including the financial sector and internal trade.
 - B The analysis of economic activities that involve only one nation, focusing on internal policies.
 - C The branch of economics that examines the flow of goods, services, and capital across international borders, as well as the effects of these movements on economies.
 - D The study of economic systems that operate without any government intervention.
5. Which of the following statements is an example of **normative economics**?
 - A A decrease in the unemployment rate leads to higher consumer spending.
 - B The government should implement policies to reduce income inequality.
 - C An increase in the minimum wage can result in higher unemployment among low-skilled workers.
 - D The inflation rate last year was 3.2%.

6. A researcher aims to understand the factors that led to economic growth in various developing countries during the 19th and 20th centuries. Which method of data collection is most appropriate for this study?
- A Analysing historical economic data.
 - B Making assumptions based on personal experiences.
 - C Conducting personal interviews and distributing questionnaires.
 - D Observing stock market trends.

THE ECONOMIC PROBLEM

7. Which of the following statements best illustrates the concept of **scarcity**?
- A Fred is retired and has enough time and money to purchase everything he wants.
 - B South Africa has limited medical resources and must make choices about how to allocate them.
 - C A foreign company can produce a product without any cost.
 - D Belgium has an abundance of chocolate and can produce unlimited chocolate products.
8. Which of the following examples best explains **relative scarcity**?
- A A non-renewable resource, such as fossil fuels, becomes depleted, making it unavailable for future use.
 - B A country has a fixed amount of arable land, limiting its agricultural production.
 - C A region experiences a drought, leading to a shortage of fresh water.
 - D A rare mineral is found in only a few locations worldwide, making it difficult to obtain.
9. Which of the following best describes the difference between **free goods** and **economic goods**?
- A Free goods are abundant and have no opportunity cost, while economic goods are scarce and involve opportunity costs.
 - B Free goods are provided by the government at no charge, whereas economic goods are sold in markets.
 - C Free goods are intangible services, while economic goods are tangible products.
 - D Free goods have a market price of zero, whereas economic goods are always expensive.
10. Sarah is considering spending her Sunday morning either working at her part-time job, where she earns R120, or going on a hiking trip that would cost her R20 for transportation. What is the opportunity cost of choosing to go on the hiking trip?
- A R20
 - B R100
 - C R120
 - D R140

11. Which of the following describes the role of **capital** in the production process?
- A Natural resources provided by the environment.
 - B Human effort and skills used in production.
 - C Man-made goods used to produce other goods and services.
 - D The initiative to combine resources to produce goods.
12. Which of the following describes **homogeneous goods**?
- A Products that are identical in quality and features, making them indistinguishable from one another.
 - B Goods that vary significantly in quality and features, allowing consumers to differentiate between them.
 - C Items that are unique and have no close substitutes in the market.
 - D Products that are differentiated by brand but serve the same purpose.
13. Which of the following items is considered a semi-durable consumer good?
- A Frozen vegetables
 - B Clothing
 - C Bicycle
 - D Laundry detergent
14. Which of the following is an example of a **merit good**?
- A Public education.
 - B Private education.
 - C Public parks.
 - D Shows by a well-known performer.
15. Freshwater from rivers is increasingly being bottled and sold as drinking water. How does this practice affect the classification of freshwater from a free good perspective?
- A Freshwater remains a free good because it is naturally occurring and replenished by the water cycle.
 - B Freshwater becomes a public good because it is essential for public health.
 - C Freshwater becomes an economic good in regions where it is extracted, treated, and sold commercially.
 - D Freshwater's status as a free good remains unaffected, but the infrastructure used to bottle and distribute it is an economic good.

THE CIRCULAR FLOW MODEL

16. The circular flow model is used to describe a country's _____
- A microeconomy.
 - B macroeconomy.
 - C monetary economy.
 - D developmental economy.
17. Which statement best explains the role of **firms** in the circular flow of economic activity?
- A Firms supply labour to households and receive goods and services in return.
 - B Firms provide goods and services to households in exchange for revenue.
 - C Firms receive income from households in exchange for providing factors of production.
 - D Firms lend money to households and earn interest.
18. Which of the following statements explains the differences between a **transfer payment** and a **subsidy**?
- A Transfer payments are financial aids given to businesses to lower their production costs, while subsidies are direct payments to individuals without any exchange of goods or services.
 - B Transfer payments are direct payments to individuals without any exchange of goods or services, whereas subsidies are financial aids given to businesses to lower their production costs.
 - C Both transfer payments and subsidies are forms of financial assistance provided by governments, but transfer payments are aimed at individuals, while subsidies are aimed at businesses.
 - D Transfer payments and subsidies are both designed to support specific economic activities by providing financial assistance to businesses.
19. In the circular flow model, which of the following scenarios illustrates a **real flow**?
- A A household pays the electricity bill to ESKOM.
 - B A company pays dividends to its shareholders.
 - C SARS collects income tax from households.
 - D A company delivers manufactured products to retailers.

20. Which of the following best describes the primary impact of government transfer payments on household consumption?
- A Transfer payments decrease household disposable income, leading to reduced consumption.
 - B Transfer payments increase household disposable income, potentially leading to increased consumption.
 - C Transfer payments have no effect on household disposable income or consumption patterns.
 - D Transfer payments are loans that households must repay, resulting in decreased future consumption.
21. Which of the following scenarios demonstrate an injection into the circular flow of economic activity?
- A Households save a portion of their income in a bank.
 - B Firms invest in new machinery.
 - C Households pay taxes to the government.
 - D Consumers purchase imported goods.
22. In the circular flow model, how does the financial sector facilitate economic activity?
- A By collecting taxes from households and firms to fund public services.
 - B By providing a mechanism for households to save and for firms to obtain investment funds.
 - C By producing goods and services for consumption by households.
 - D By regulating the prices of goods and services in the market.

QUANTATIVE ELEMENTS

23. Which of the following defines gross domestic product (GDP)?
- A The total market value of all final goods and services produced within a country's borders during a specific period.
 - B The total market value of all goods and services produced by a country's citizens during a specific period, regardless of where they are located.
 - C The total market value of all intermediate and final goods and services produced within a country's borders during a specific period.
 - D The total market value of all final goods and services produced within a country's borders, excluding government spending, during a specific period.

24. What do you need to calculate the nominal GDP from the real GDP?
- A Interest rate
 - B Exchange rate
 - C Unemployment rate
 - D GDP-deflator
25. Which of the following statements accurately distinguishes between Gross Domestic Product (GDP) and Gross National Product (GNP)?
- A GDP includes the value of all goods and services produced by a country's residents, both domestically and abroad, while GNP includes only those produced within the country's borders.
 - B GDP measures the total market value of all final goods and services produced within a country's borders in a given period, whereas GNP measures the total market value of all final goods and services produced by the residents of a country, regardless of where the production occurs.
 - C GDP accounts for the value of goods and services produced within a country's borders, excluding any foreign-owned enterprises, while GNP includes the value of goods and services produced by foreign-owned enterprises within the country.
 - D GDP and GNP are identical measures and can be used interchangeably to assess a country's economic performance.
26. If a German electronics company operates a manufacturing plant in Brazil, how is the output of this plant recorded in economic terms?
- A It contributes to both Germany's GDP and GNP.
 - B It contributes to Brazil's GDP and Germany's GNP.
 - C It contributes to Brazil's GNP and Germany's GDP.
 - D It contributes only to Brazil's GDP.
27. If the GDP in 2023 was R1 200 billion and it increased to R1 500 billion in 2024, what was the change in GDP from 2023 to 2024?
- A +20%
 - B +25%
 - C -20%
 - D -25%

BUSINESS CYCLES

28. Which of the following statements best describes the continuous nature of business cycles?
- A Business cycles follow a predictable and regular pattern of expansion and contraction.
 - B Business cycles consist of random and unpredictable fluctuations in economic activity.
 - C Business cycles are characterised by periodic expansions and contractions, but the duration and intensity of each phase can vary.
 - D Business cycles occur only in response to external economic shocks.
29. Which of the following characteristics is typically associated with the recovery phase of the business cycle?
- A Decreasing consumer confidence.
 - B Rising unemployment rates
 - C Increasing industrial production.
 - D Declining investment spending.
30. Which of the following is considered a primary cause of business cycles?
- A Seasonal changes in consumer preferences.
 - B Random fluctuations in weather patterns.
 - C Variations in total demand and supply.
 - D Changes in a country's geographical features.