

## High School Olympiad

*Guiding the leaders of tomorrow*

# ECONOMICS

## GRADE 11

### Olympiad Paper

### Round One

### Marks: 30

### Time: 1 hour

### Date: 12 May 2021



## 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!

# PROVERTO EMS OLYMPIAD 2021 – GRADE 11

## ECONOMICS

### ROUND 1

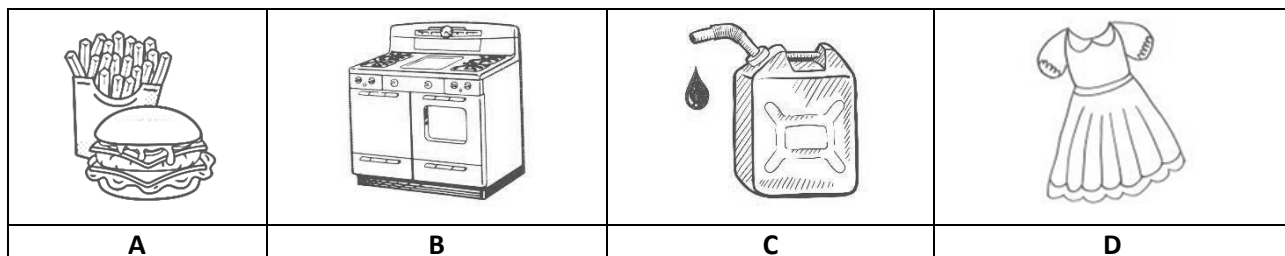
#### FACTORS OF PRODUCTION

1. The factors of production that are inherently part of being human are:
  - A capital and entrepreneurship.
  - B land, labour and capital.
  - C labour and entrepreneurship.
  - D land, capital and entrepreneurship.
  
2. Maize planted for consumption can best be described as a \_\_\_\_\_ resource.
  - A renewable
  - B non-sustainable
  - C non-renewable
  - D depleted
  
3. The money paid to a hairdresser to cut your hair is considered part of \_\_\_\_\_.
  - A profit
  - B wages
  - C rent
  - D interest
  
4. Which one of the following is not true with regard to natural resources as a factor of production?
  - A Land and natural resources are a free gift from nature.
  - B The demand for land is fixed in terms of quantity.
  - C Land is not physically mobile.
  - D Natural resources can be used for alternative uses.
  
5. Which one of the following will result in an increase in the demand for labour of factory workers?
  - A Trade union actions lead to an increase in the hourly wage of factory workers.
  - B Demand for the manufactured product is declining.
  - C The input cost of capital machinery used in the production process is rising.
  - D The market is dominated by one employer.

6. Which one of the following is not a reason why women's participation in the economy should be advocated?
- A Social norms and customs create gender stereotypes that are deeply rooted in societies as a whole.
  - B An increase in the demand for certain goods and services that are more productively produced by women.
  - C Gender-based division of labour considers women to be primarily responsible for domestic and caring work, unlike other types of labour.
  - D Legal restrictions and unequal power structures hinder women's economic opportunities.
7. Which one of the following does not refer to capital formation?
- A Building a new factory.
  - B Addition to an existing factory.
  - C Purchasing a used delivery vehicle.
  - D The purchase of new office equipment such as computers and printers.
8. Which ONE of the following factors is NOT TRUE regarding workers in the economy?
- A Male workers are legally restricted from having the same choice of job as women.
  - B Female workers are more likely to be unemployed than men.
  - C Female workers are paid less than men.
  - D Female workers are under-represented in management positions.

## THE USES OF ECONOMIC GOODS AND SERVICES

9. Which one of the following is an example of durable consumer goods?



10. The following affects capital formation:
- (i) Reduction in the value of capital goods due to wear and tear and aging.
  - (ii) Expenditure on land improvements.
  - (iii) The construction of roads and railways.
  - (iv) Construction of new commercial and industrial buildings.

Which combination is correct?

- A (i), (ii) and (iii)
- B (ii), (iii) and (iv)
- C (iii) and (iv)
- D (i) and (ii)

- 11.** Final consumption expenditure by households at real prices indicates spending by households on final goods and services at:
- A** current volumes multiplied by current prices.
  - B** constant volumes multiplied by base prices.
  - C** current volumes multiplied by base prices.
  - D** constant volumes multiplied by current prices.
- 12.** To convert the Gross National Product to the Net National Product you must:
- A** deduct depreciation.
  - B** add indirect taxes.
  - C** deduct subsidies.
  - D** add inflation.
- 13.** The GDP per capita of Country X increased by R200. However, the quality of life of the residents of Country X did not improve. The possible reason for this phenomenon is that:
- A** welfare of the community is measured and not the income of the individual residents.
  - B** it measures the average GDP over twelve consecutive months.
  - C** it does not measure the quality of the products produced in Country X.
  - D** the wealth calculations are only measured every few years and therefore are not comparable.
- 14.** Which of the following are included in final consumption expenditure of households?
- (i) All goods and services bought for final consumption by households.
  - (ii) All goods produced for own final consumption by households.
  - (iii) Domestic services produced for own final consumption by employing paid staff such as servants, cooks, gardeners, chauffeurs.
  - (iv) All goods and services received by households as payment in kind from producers.
  - (v) Payment to government units to obtain various kinds of licences, permits, certificates, and passports.
- A** (i), (iii) and (iv)
  - B** (i), (ii), (iii) and (v)
  - C** (iii), (iv) and (v)
  - D** (i), (ii), (iii), (iv) and (v)
- 15.** Expenditure by the government on street lighting will be classified as:
- A** general public services.
  - B** protection services.
  - C** social services.
  - D** economic services.
- 16.** In order to calculate the Gross Domestic Product from the Gross Domestic Expenditure you have to:
- A** subtract the export of goods and services, and add the import of goods and services.
  - B** add the export of goods and services, and subtract the import of goods and services.
  - C** add the export of goods and services, and add the import of goods and services.
  - D** subtract the export of goods and services, and subtract the import of goods and services.

- 17.** National income figures at nominal prices indicates:
- A** the amount the consumer will receive from the producer at base year prices.
  - B** the cost of factors of production calculated adjusting it for inflation.
  - C** the total amount of income accruing to a country from economic activities at current prices in a year's time.
  - D** the cost of selling goods and services on the market, inclusive of value added tax.
- 18.** Which one of the following is correct?
- A** If  $GDP < GDE$ , then  $X > M$ .
  - B** If  $GDP > GDE$ , then  $X > M$ .
  - C** If  $GDE = GDP$ , then  $M < X$ .
  - D** If  $GDE > GDP$ , then  $M = X$ .
- 19.** The summary below shows the relative contribution (in constant prices) of four provinces to South Africa's GDP as at the end of 2018, ranked from biggest contribution to smallest contribution.
- Gauteng 34,94%
  - KwaZulu-Natal 16,04%
  - Western Cape 13,86%
  - Eastern Cape 7,51%

Source: <https://www.southafricanmi.com/contribution-of-provinces-to-south-africa-gdp-9mar2020.html>

What is the best possible reason why KwaZulu-Natal contributes more to South Africa's GDP than the Western Cape?

- A** KwaZulu-Natal focuses less on tourism and more on the industrial sector than the Western Cape.
- B** KwaZulu-Natal focuses on a more diverse agricultural sector than the Western Cape.
- C** KwaZulu-Natal is smaller than the Western Cape and thus more densely populated.
- D** KwaZulu-Natal has a more significant port infrastructure than the Western Cape.

## ECONOMIC SYSTEMS

- 20.** If the government uses laws and regulations to manipulate the market forces of demand and supply, the economic system of that country can best be described as a:
- A** market economy.
  - B** traditional economy.
  - C** mixed economy.
  - D** socialistic economy.
- 21.** Which one of the following is FALSE with regards to the free market economy?
- A** Businesses are more efficient because of competition; a business tends to do whatever is necessary to lower its costs and achieve a higher number of sales to increase profits.
  - B** Wages, levels of production, prices, and investments are set by government in order to maintain social and economic stability.
  - C** Competition usually leads to better quality products for consumers at lower prices, because companies need to figure out how to attract customers.
  - D** With money as the main motivating factor for firms and individuals, they look to create new products and technologies to generate higher incomes.





- 22.** A true example of a free market economy is hard to find in the modern world, as the government:
- A** levies taxes.
  - B** regulates economic activities.
  - C** is both a consumer and a producer.
  - D** is in charge of fiscal policy.
- 23.** Which one of the following economies can be considered as the best example of a centrally-planned economy?
- A** South Africa
  - B** The European Union
  - C** North Korea
  - D** Algeria
- 24.** What drives a command economy?
- A** The law of demand and supply regulates production and labour.
  - B** Price-floors and price-ceilings as adjusted by the government.
  - C** Government established parameters with regards to income, expenditure and production.
  - D** Moral conviction rather than profit motive drives production.
- 25.** The distinction between a mixed economy and a command economy is mainly based on:
- A** supply and demand.
  - B** private ownership of land.
  - C** regulations regarding production.
  - D** no or minimum tax.

## THE ECONOMIC STRUCTURE OF SOUTH AFRICA

- 26.** The economies of several developing countries can be described as dualistic in nature. This means that the economy is divided into:
- A** a manufacturing sector focusing on local markets and a labour-intensive primary sector focusing on subsistence farming.
  - B** a micro-economy that focuses on individual participants in the economy and a macro-economy that focuses on economic variables.
  - C** two sectors that are distinguished on the basis of profit motive and productivity levels.
  - D** two sectors where division is based on skilled and unskilled labour.
- 27.** Margaret Bonolo plants enough maize for her family's use. Which one of the following does not describe her situation?
- A** Subsistence production.
  - B** Profit incentive.
  - C** Opportunities for trade.
  - D** Low income elasticity of demand.

- 28.** A South African pharmaceutical company has discovered a cure for Covid-19. The board decides to double the production of this cure and increase its exports. What is the most likely reason for this decision?
- A** To be more productive and increase supply.
  - B** To earn more entrepreneurial compensation.
  - C** To reduce the demand for these products.
  - D** To promote the social well-being of the community.
- 29.** Hundreds of thousands of well-paying manufacturing jobs were lost over the past three decades as production jobs migrated to lower-cost areas in China and elsewhere. This decline in the number of jobs is known as \_\_\_\_\_ unemployment.
- A** structural
  - B** seasonal
  - C** cyclical
  - D** derived

**30.** Which one of the following workers will you find in the secondary sector?

|   |   |  |   |
|---|---|--|---|
|  |  |  |  |
| <b>A</b>  | <b>B</b>  | <b>C</b>   | <b>D</b>  |