

STUDENT EDUCATION NUMBER



GOVERNMENT OF SAMOA  
MINISTRY OF EDUCATION, SPORTS AND CULTURE

## Samoa School Certificate

# ECONOMICS

## 2019

### QUESTION and ANSWER BOOKLET

Time allowed: 3 Hours & 10 minutes

#### INSTRUCTIONS

1. You have 10 minutes to read **before** you start the exam.
2. Write your **Student Education Number (SEN)** in the space provided on the top right hand corner of this page.
3. **Answer ALL QUESTIONS.** Write your answers in the spaces provided in this booklet.
4. If you need more space, ask the Supervisor for extra paper. Write your SEN on all extra sheets used and clearly number the questions. Attach the extra sheets at the appropriate places in this booklet.

CURRICULUM STRANDS		Page	Time (min)	Weighting
<b>STRAND 1:</b>	PRODUCTION	2	54	27
<b>STRAND 2:</b>	CONSUMPTION	7	45	35
<b>STRAND 3:</b>	MARKET	14	81	38
<b>TOTAL</b>			<b>180</b>	<b>100</b>

Check that this booklet contains pages 2-21 in the correct order and that none of these pages are blank.

**HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION**

**A. SERVICE INDUSTRIES**

Read the following paragraph and answer the questions that follow.

Meta has just opened up a mini supermarket in the village and has hired five employees to assist her with the operations of her business. Meta’s husband is currently employed in New Zealand under the Regional Seasonal Employment scheme, an opportunity which has greatly improved the welfare of Samoa’s economy.

Identify any **THREE different services** other than transportation from the service industry which you have studied in class and briefly state how each of these services would assist Meta in providing better services to her regular customers.

1. Service 1

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\_\_\_\_\_  
\_\_\_\_\_

SL 1

2. Service 2

\_\_\_\_\_  
\_\_\_\_\_  
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SL 1

3. Service 3

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SL 1

Transport is more than a service industry. Businesses rely on transport for **three main** reasons.

4. Briefly explain the **three reasons** why transport is essential to businesses.

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SL 3

5. List **TWO** examples of transportation services which are operated and owned by the Samoan Government.

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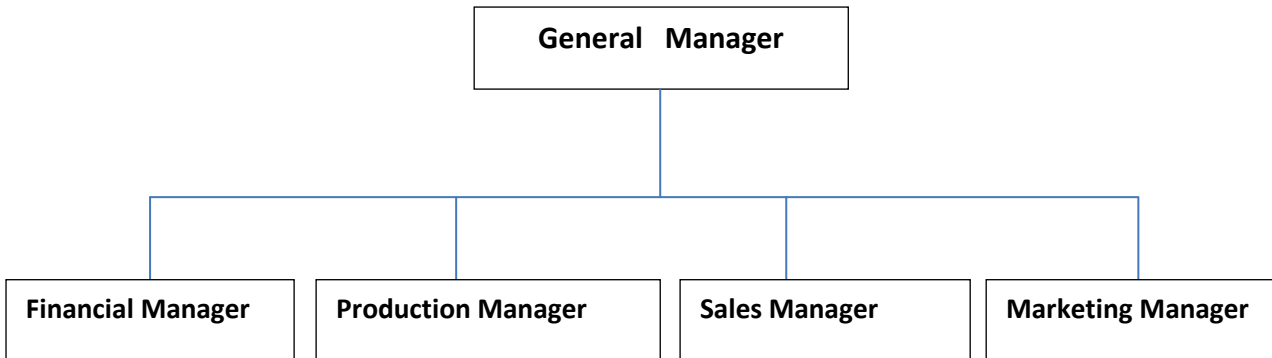
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SL 2

**B. BUSINESS STRUCTURE & PRODUCTIVITY**

Study the diagram below and use the information provided to answer the questions that follow:

**Diagram 1**



6. Name this type of diagram.

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SL 1

7. Explain how the diagram above shows **delegation of duties**.

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SL 3

Sione's Chocolate Factory employs about ten workers which produces 500 kilograms of chocolate per day. Sione the manager hires five new staff to try and keep up with the increased demand for chocolates. The firm after hiring extra staffs has increased its production output from 500 to 700 kilograms per day.

8. Calculate the original productivity and productivity with the extra workers.

Original Productivity \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SL 2

Productivity with the extra workers \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. Discuss with examples the advantages to the firms of increased productivity of labour.

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SL 4

**C. SUPPLY**

Sieni makes handicrafts and she supplies mats and tapa to the main flea market in town. Her weekly schedule for mats supply is shown in the table below.

**Table 1**

Price SAT(\$)	Quantity Supply (meters)
500	20
300	15
200	10
50	0

10. Sieni’s supply schedule illustrates the law of supply. Describe the law of supply with reference to her supply schedule.

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SL 2

11. Explain why Sieni will not supply any mats when the price is \$50 per meter.

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SL 3



14. Table 2 below shows the differences in the quantity demanded for soft drinks by Mark, Mathew and Mary. Fill in the missing blanks (i) to (vi).

**Table 2**

Number of Cans of Soft Drinks Demanded				
Price per Can	Mark	Mathew	Mary	Total Demand
SAT2.00	0	2	1	(v)
SAT1.95	(i)	3	2	5
SAT1.90	1	5	3	(vi)
SAT1.85	2	7	(ii)	13
SAT1.80	(iii)	9	4	16
SAT1.75	4	(iv)	4	19

SL 2

15. What will happen to the quantity demanded if there is a general price increase?

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SL 1

16. Describe in TWO or THREE sentences how the information given in Table 2 demonstrates the **Law of Demand**.

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SL 2



17. Discuss at least THREE possible reasons for the differences in the demand curve for Mark, Mathew and Mary.

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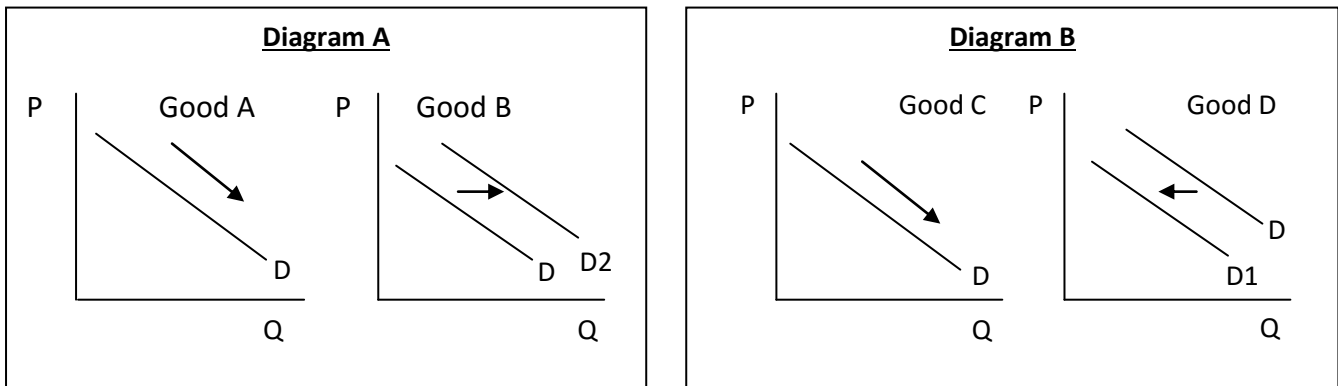


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SL 4

Carefully study the diagrams below and complete the statements that follow.

**Diagram 2**



Circle or underline one best answer from the brackets.

18. If an (increase/decrease) in the price of Good A leads to an increase in demand for Good B, then Good A and B must be \_\_\_\_\_

SL 1

19. If an (increase/decrease) in the price of Good C leads to a fall in the demand for Good D, and then C and D must be \_\_\_\_\_

SL 1

**E. CONSUMPTION POSSIBILITIES**

**20.** Define Consumption Possibilities.

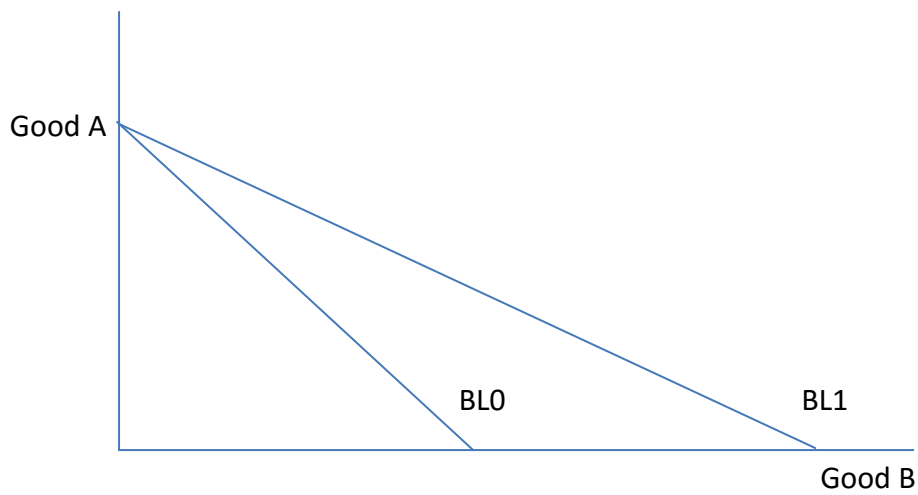
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SL 1

**21.** Explain the significance of the Budget Line 0 (BL0) and Budget Line 1 (BL1) in the set of axis below.



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SL 3

Mele's ice cream and pies budget is \$10 a week. The price of ice cream is \$1.00 and the price of pies is twice that of ice cream.

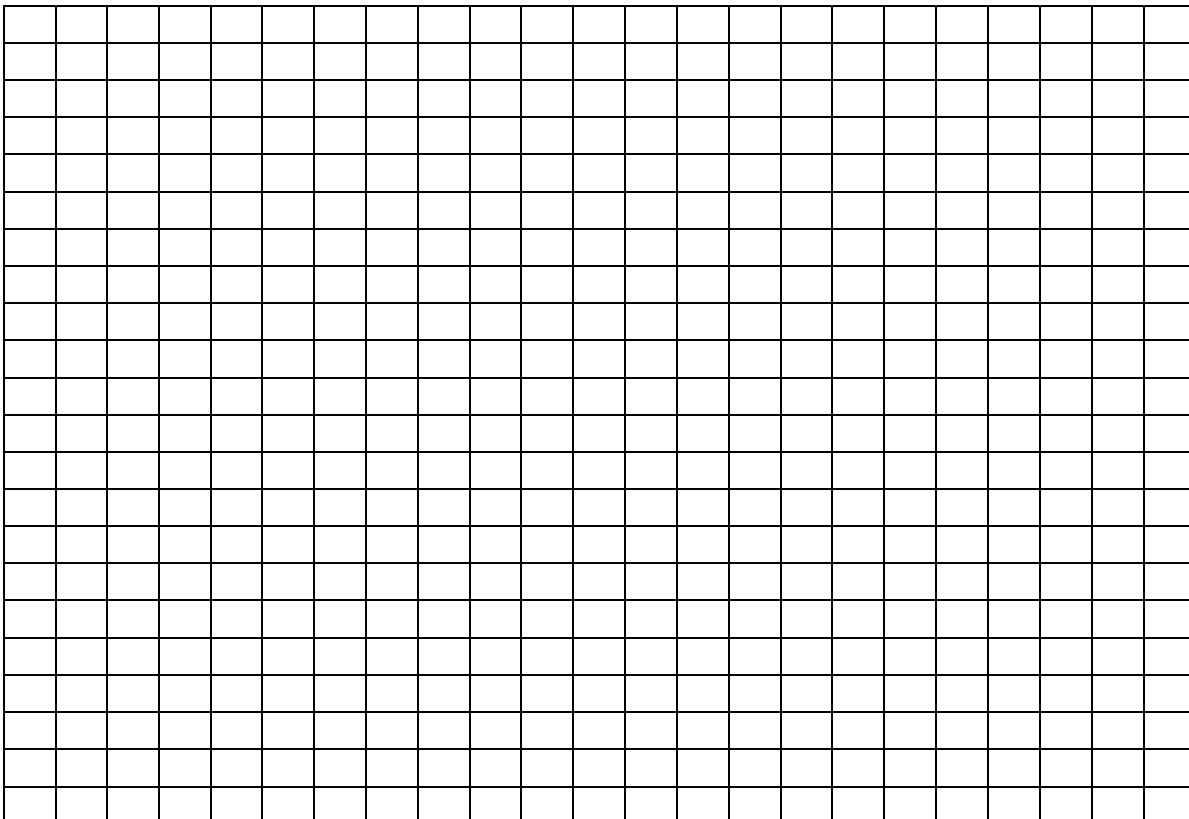
22. Use the information provided above to complete the Consumption Possibility Schedule for Mele.

**Table 3: Consumption Possibility Schedule for Mele**

Possibility	Ice cream	Pies
A	10	
B		
C		
D		
E		
F		5

SL 2

23. Draw a graph of Mele's Budget line with Ice creams plotted on the x-axis. Label this Budget Line 0 (BL0).



SL 3

24. On the graph page 11, mark and label the following consumption possibilities.

(i) Possibility X (4 ice creams, 2 pies)

(ii) Possibility Y (8 ice creams, 4 pies)

SL 2

25. State the significance of Possibility X and Possibility Y.

(i) Possibility X \_\_\_\_\_

\_\_\_\_\_

(ii) Possibility Y \_\_\_\_\_

\_\_\_\_\_

SL 2

26. Using the graph on page 11 with reference to the movement from B to C, discuss the significance of the relationship between scarcity, choice and opportunity cost.

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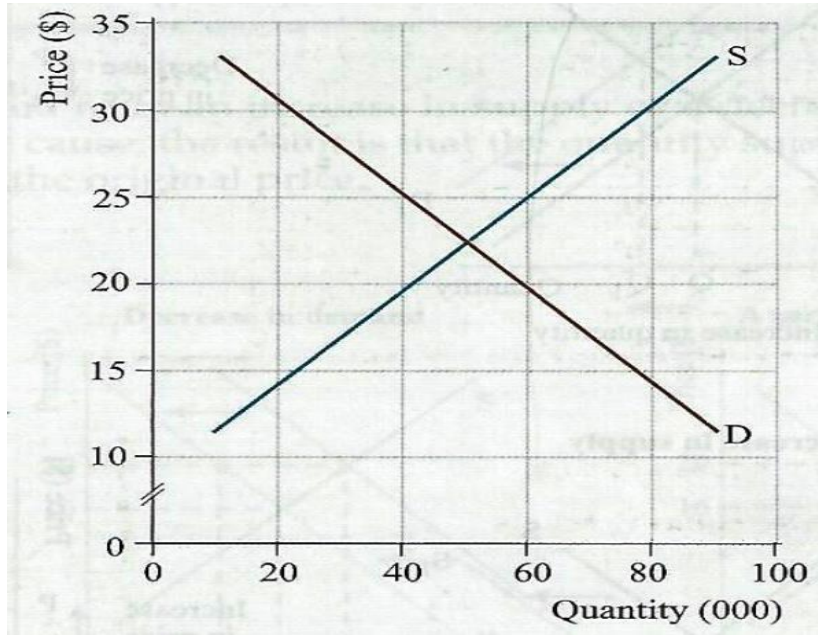
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SL 4



The table below shows the market demand and supply for Compact Discs (CDs).

**Graph 1: Market for Compact Discs (CDs)**



28. Define Market Equilibrium.

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SL 1

29. Describe the market situation if the price of the CD was SAT\$15.00 and show it on the graph above.

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SL 2

30. Explain how the free market would react to the situation in question Number 29.

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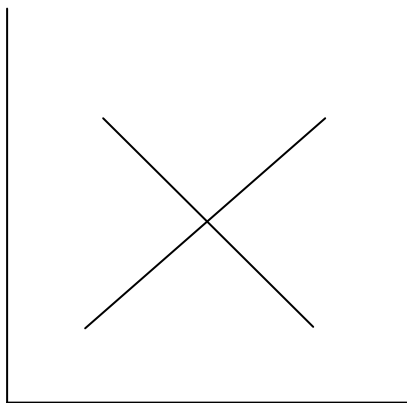
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SL 3

31. Due to strong import regulations in Samoa, less CDs are imported into the market. Illustrate the effect of importing less CDs to the market. Make sure to label your graph fully.



SL 2

32. Describe the effect of this decrease in imported CDs on the market.

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SL 2

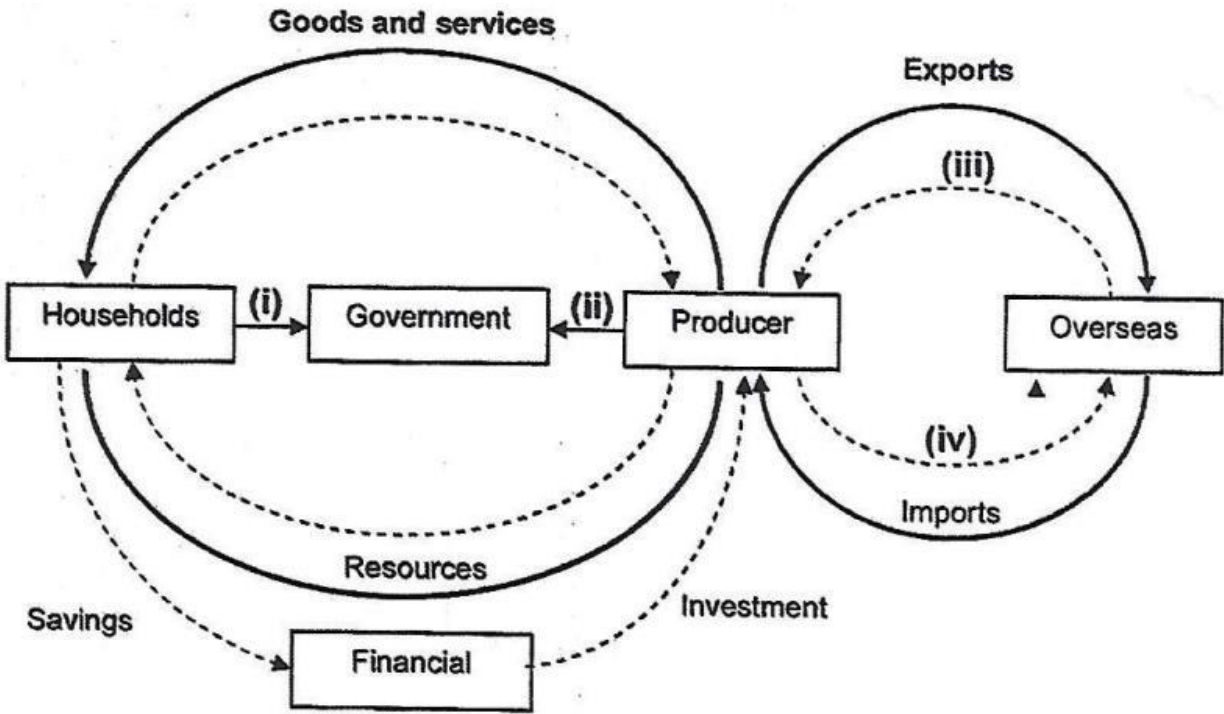
Many firms use non-price methods to encourage demand for CDs because new technology has developed cheaper substitutes for CDs.

33. State ONE non-price competition strategy that firms can use to increase the market demand for CDs.

SL 1

Use the Circular Flow Diagram below to answer the questions that follow.

**Diagram 3**



34. Identify and label the flows (i) to (iv) from the Circular flow model.

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

SL 2



35. State the reward or type of income that is linked to the following resources:

Labour \_\_\_\_\_

Capital \_\_\_\_\_

SL 1

36. Identify whether the economy shown in the circular flow diagram is an open economy or a closed economy. Give a reason for your answer.

\_\_\_\_\_

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\_\_\_\_\_

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SL 2

37. Explain with examples the interdependence between the Financial Sector and the Firms Sector and predict how the money flow labeled (i) in Diagram 3 is affected by more unemployment in the Household Sector.

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SL 4

38. Before money was introduced, people used to exchange goods and services for other goods and services. This trading system was known as

\_\_\_\_\_

SL 1

39. Explain any TWO difficulties of the system mentioned in Number 38.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SL 2

40. Identify the function of money referred to in each of the following.

Buying \$100 worth of goods from Frankie Supermarket \_\_\_\_\_

Paying a monthly account with SSAB on hire purchase \_\_\_\_\_

SL 1

41. Distinguish between cost-push inflation and demand pull inflation by illustrating each concept on the axes given below. Make sure your graphs are fully labeled.

**Cost Push Inflation**



**Demand Pull Inflation**



SL 3



44. Explain ONE positive and ONE negative impact of non-price competition to producers.

Positive impact \_\_\_\_\_  
\_\_\_\_\_

SL 3

Negative impact \_\_\_\_\_  
\_\_\_\_\_

STUDENT EDUCATION NUMBER									

## ECONOMICS

2019

(For Scorers only)

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