

STUDENT EDUCATION NUMBER



GOVERNMENT OF SAMOA
MINISTRY OF EDUCATION, SPORTS AND CULTURE

Samoa School Certificate

ECONOMICS

2020

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
STRAND 1:	PRODUCTION	2	54	27
STRAND 2:	CONSUMPTION	9	45	35
STRAND 3:	MARKET	17	81	38
TOTAL			180	100

Check that this booklet contains pages 2-27 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. ECONOMICS CONCEPTS AND PRODUCTIVITY

Briefly define the following basic economic concepts.

1. Opportunity Cost

SL 1

2. Economic Efficiency

SL 1

3. Scarcity

SL 1

4. Describe ONE important economic feature firms.

SL 2

B. SERVICES

Study the diagram in Figure 1 below to answer Questions 8 – 9.




Sector of economy	Examples
 Primary	<ul style="list-style-type: none">• Fishing• Farming• Mining
 Manufacturing	<ul style="list-style-type: none">• Car factory• Brewery• Flour mill
 Service	

Figure 1

8. List TWO examples of the local service industry in Samoa.

SL 2

9. Individual firms are individual or standalone business entities engaged in trading of commodities, good or services. **Explain** the relationship between individual firms and the service industries.

SL 3

10. Discuss ONE advantage of the service industry to the Samoan economy. Use examples to support your answer.

SL 4

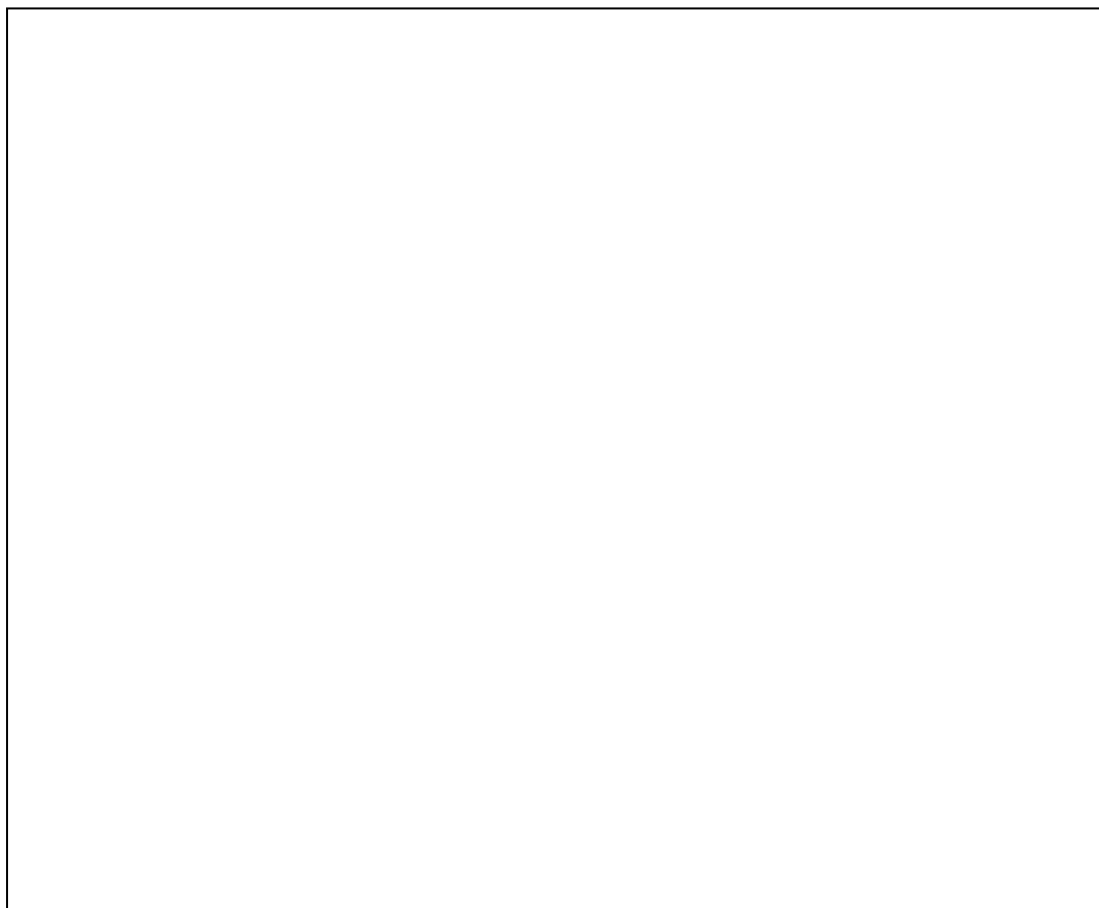
C. SUPPLY

Below is a supply for coconuts during one week in January 2020. Use the data in the Table 1 below to answer Questions 11 and 12.

Table 1: Supply Schedule

Price (\$)	Quantity supplied (no. of coconuts)
5	30,000
8	50,000
10	80,000
12	90,000
14	110,000

11. Draw a supply curve using the information in Table 1 above. **Ensure all parts of the graph are labeled appropriately.**



SL 3

12. Using the same graph, you have drawn in Question 11 (page 8), **illustrate** how a severe tropical cyclone would affect the supply curve. Label both curves carefully.

SL 3

D. MULTIPLE CHOICE QUESTIONS**CIRCLE the correct answer.**

13. Which of the following does not influence a consumer's demand for a good or service?

- A. Price
- B. Population
- C. Taste
- D. Income

SL 1

14. Which of the following will cause a movement along the demand curve?

- A. An increase in the price of a complementary good.
- B. An increase in income when the good is inferior.
- C. A decrease in the price of a substitute good.
- D. An increase in the price of the good.

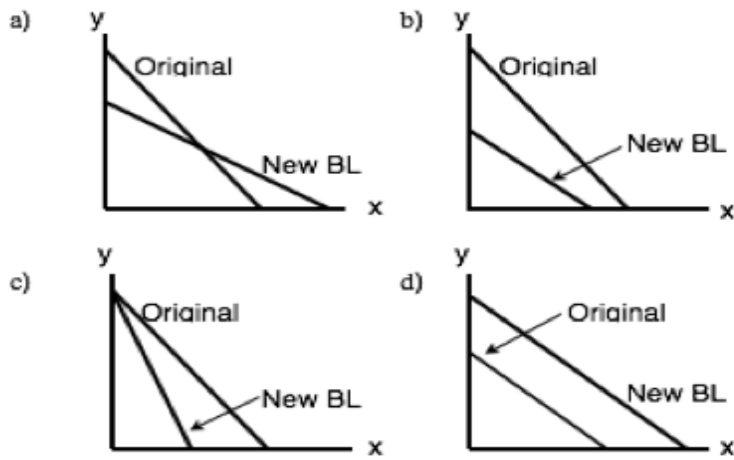
SL 1

15. A point inside the Consumption Possibilities Curve is:

- A. not feasible and unaffordable.
- B. feasible and optimal.
- C. not feasible but optimal.
- D. feasible but not optimal.

SL 1

16. Which of the following diagrams represent the change in a consumer's budget line if the consumer's income decreases?



- A. Figure a
- B. Figure b
- C. Figure c
- D. Figure d

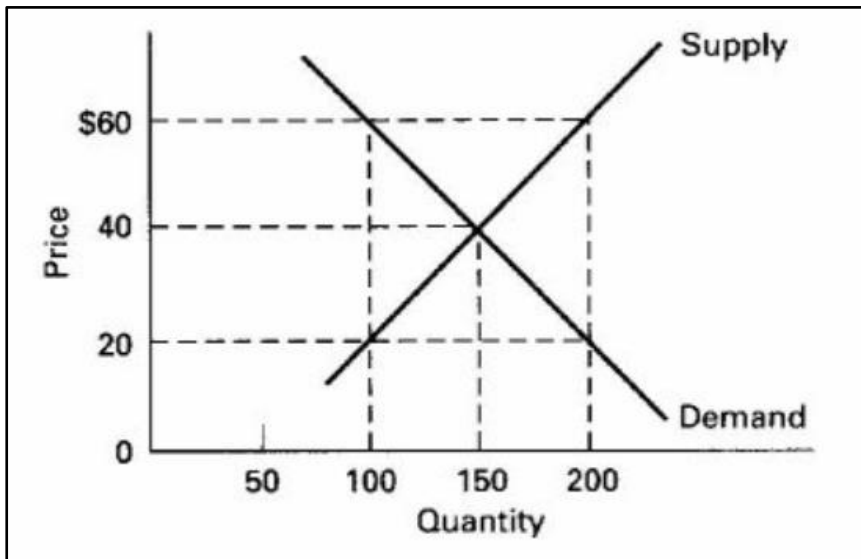
SL 1

E. DEMAND AND CONSUMPTION POSSIBILITIES

17. Describe the law of demand.

SL 3

Study the demand and supply graph below and use it to answer Questions 18 – 21.



18. Refer to the information in the above graph to complete the demand schedule below by putting in the correct values for **a** and **b**.

Demand Schedule

Price	Quantity
a	200
30	b

a = _____

b = _____

SL 2

19. List TWO causes of change in a demand curve.

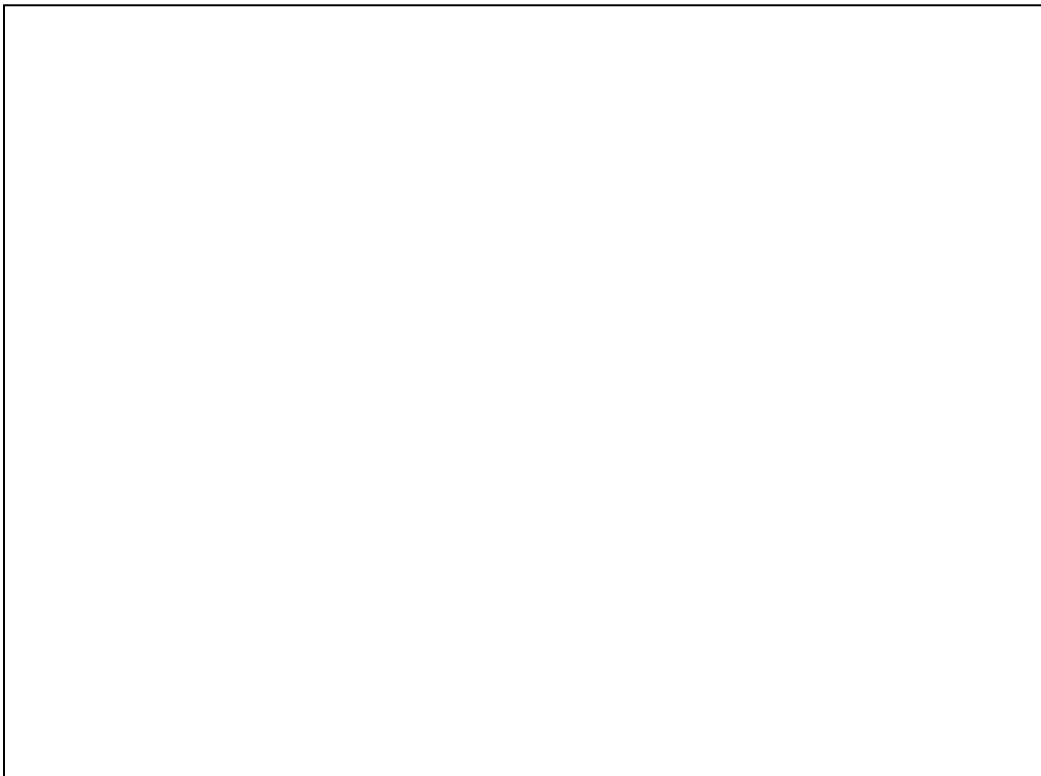
SL 2

20. **Choose** any one cause of change in a demand curve mentioned in Question 19 and **illustrate** how it affects the demand curve.



SL 3

21. **Draw** a graph to show how changes in price affect the demand curve.



SL 3

22. **Describe** a consumption possibility schedule.

SL 2

23. **Describe** how an increase in price affects the consumption possibility curve.

SL 2

Consumer X has an income of \$7 to spend on Products A and B, with A's price = \$1.00, and B's price = \$0.50.

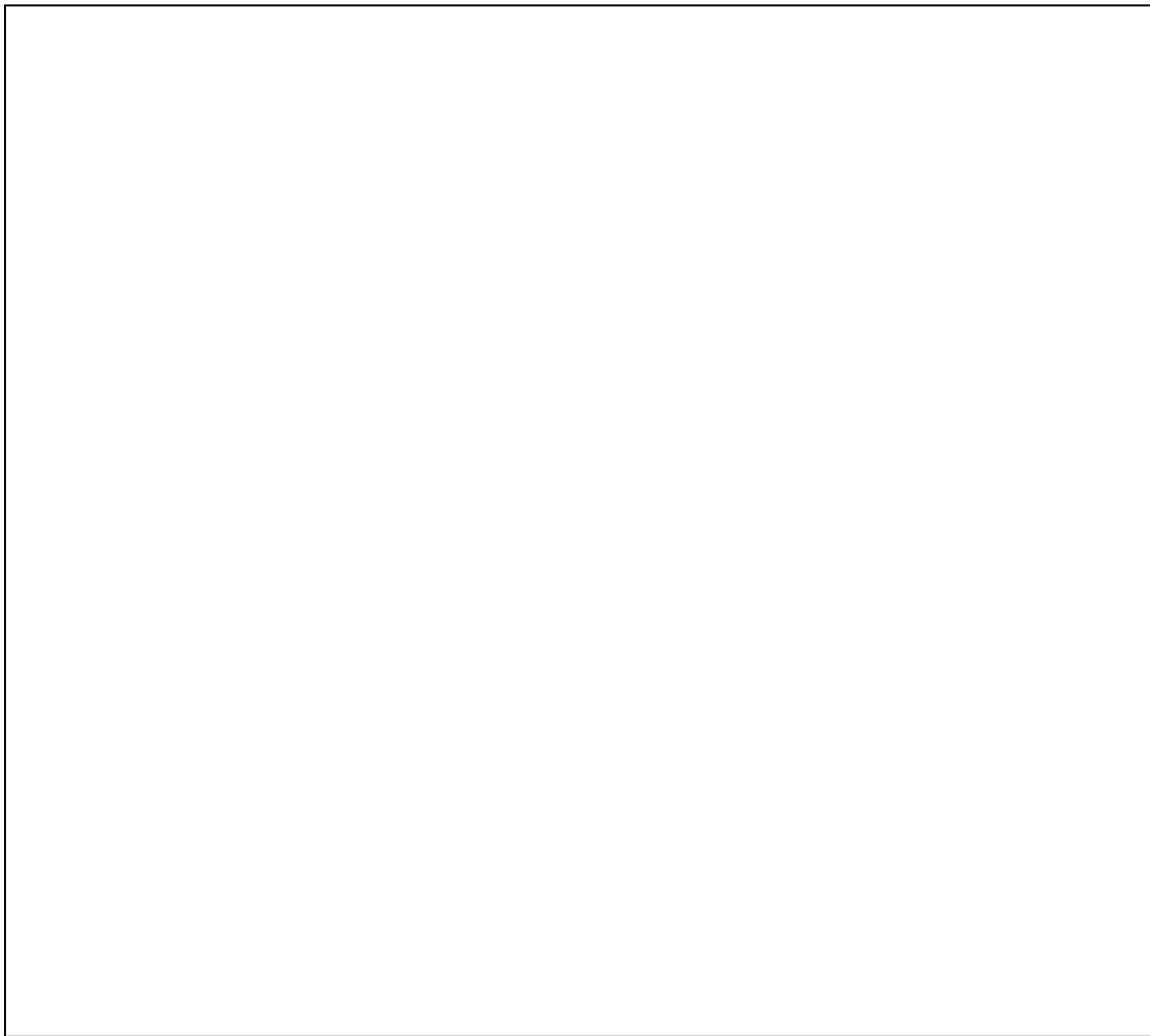
24. Using this information, **construct** a Consumption Possibilities Curve with Product A on the x-axis and Product B on the y-axis.



SL 2

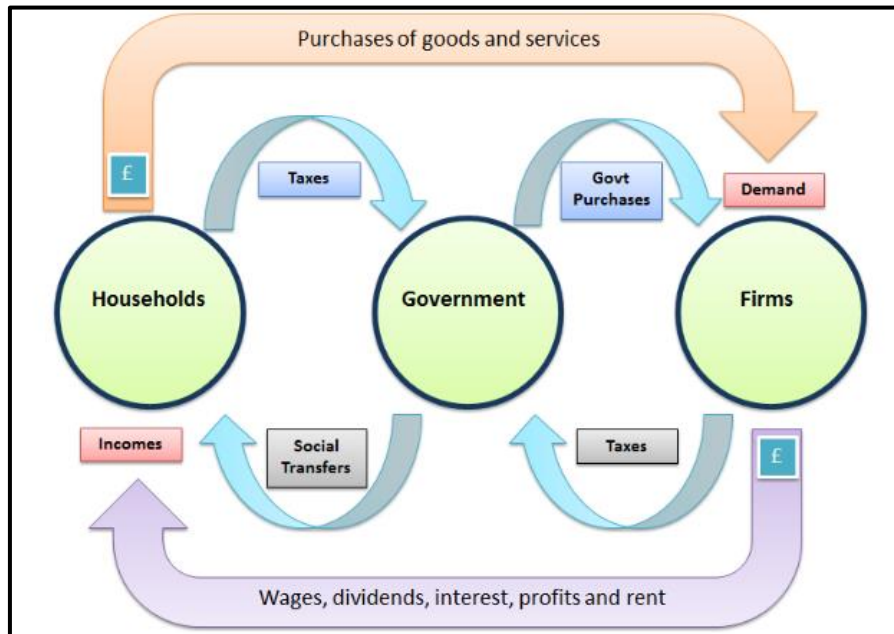
25. **Discuss** how an increase in price of Product B from \$0.50 to \$1.00 affect the consumption possibility curve. Use a graph to support your answer.

SL 4



F. **CIRCULAR FLOW MODEL**

Use the circular flow diagram of income and spending below to answer Questions 28 – 31.



28. List the TWO types of markets shown in the circular flow diagram above.

(i) _____

(ii) _____

SL 2

29. Name any ONE sector of the economy that is not shown in the above circular flow diagram.

SL 1

30. **Describe** the role of the household sector in the circular flow model.

SL 2

31. **Explain** Gross National expenditure (GNE) as a measure of circular flow in the economy.

SL 3

G. MONEY AND INFLATION

32. Describe any ONE characteristic of money.

SL 2

33. State the quantity theory of money.

SL 1

34. If the GDP of an economy is \$1.4 billion and the velocity of money circulation is 2, calculate the money supply in the economy.

SL 2

37. **Explain** the causes of *demand pull inflation* in an economy.

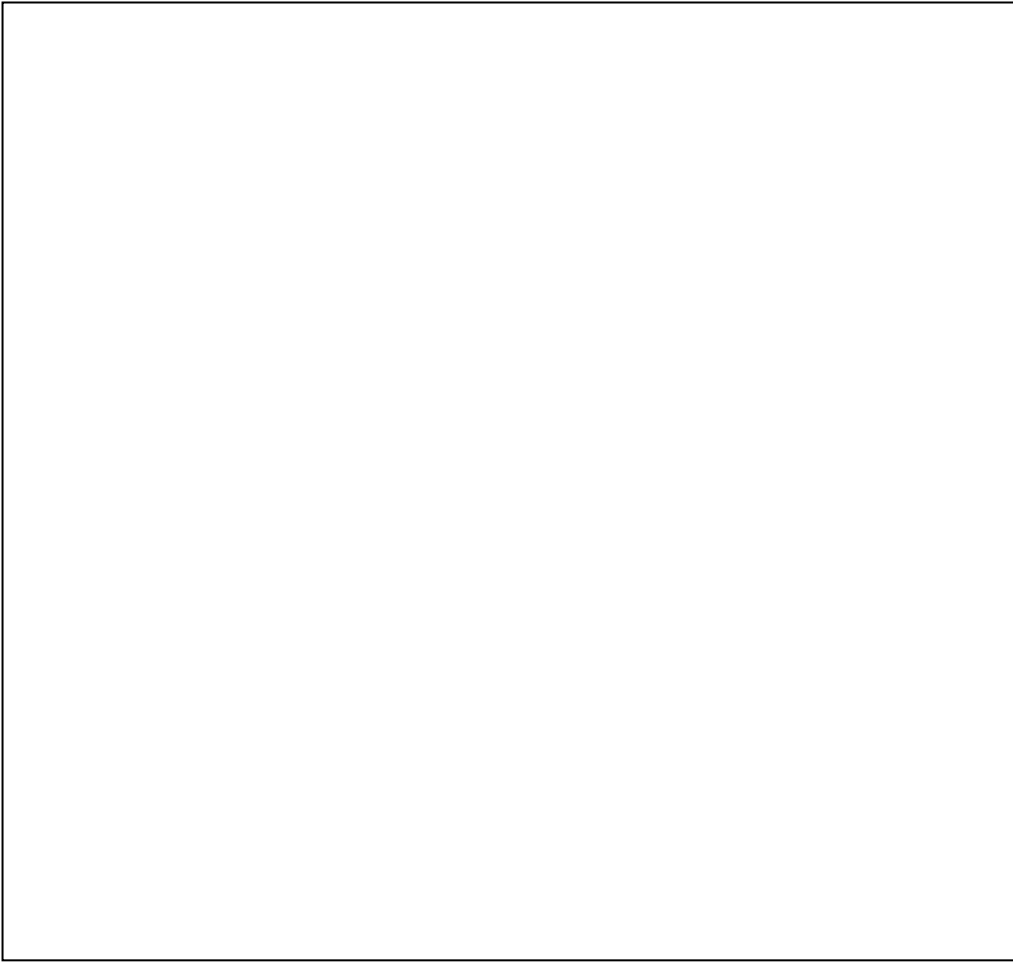
SL 3

38. **Evaluate** the impact of inflation on the business sector. Use examples to support your answer.

SL 4

43. **State** ONE advantage of price competition on consumers.

SL 1



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(For Scorers only)

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STRAND 2: CONSUMPTION	35			
STRAND 3: MARKET	38			
TOTAL	100			