



GOVERNMENT OF SAMOA
MINISTRY OF EDUCATION, SPORTS AND CULTURE

| STUDENT EDUCATION NUMBER | | | | | | | | | |
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Samoa School Certificate

ECONOMICS

2022

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 paper to write your answers, ask the Supervisor. Write your SEN on all extra sheets used and clearly number the questions. Attach the extra sheets at the appropriate places in this booklet.

| STRANDS | | Page | Time (min) | Weighting |
|----------|-------------|---------|------------|-----------|
| STRAND 1 | PRODUCTION | 2 - 7 | 50 | 27 |
| STRAND 2 | CONSUMPTION | 8 - 14 | 60 | 35 |
| STRAND 3 | MARKET | 15 - 21 | 70 | 38 |
| TOTAL | | | 180 | 100 |

Check that this booklet contains pages 2-22 in the correct order.

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

SERVICE INDUSTRIES

Read the following paragraph and answer Questions 1 – 3.

Lesina was a student at Tuasivi College in 2021, she successfully passed her SSLC (Year 13) examinations and attended the National University of Samoa (NUS) in 2022. She has enrolled as a Foundation Commerce student in 2022. Lesina’s father is currently employed by Mr. Apple company in Hasting, New Zealand, under the Samoa’s Regional Seasonal Employment (RSE) scheme. Lesina’s NUS expenses (school fees, purchases of text books, a new laptop for her online zoom/moodle classes, daily bus fares, phone credits and foods) are all funded by her father’s income from New Zealand.

1. Identify **ONE service other than transportation**, from the service industry which you have studied in class and state how it has assisted Lesina.

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| SL 1 |
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2. Name **another service other than transportation, and the one you mentioned in Question 1** from the service industry and state how it has assisted Lesina.

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| SL 1 |
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3. Name **another service, other than transportation and the ones you mentioned in Questions 1 and 2 above**, from the service industry and state how it has assisted Lesina.

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| SL 1 |
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Businesses rely on transport services for three main reasons.

4. Explain the **THREE** reasons why transport is essential to businesses.

Reason 1:

Reason 2:

Reason 3:

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| SL 3 |
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5. List **TWO services in Samoa (private and/or government)** other than the ones mentioned in Questions 1 to 3 and excluding transportation services that were **affected by the COVID-19 lockdowns**.

(a) _____

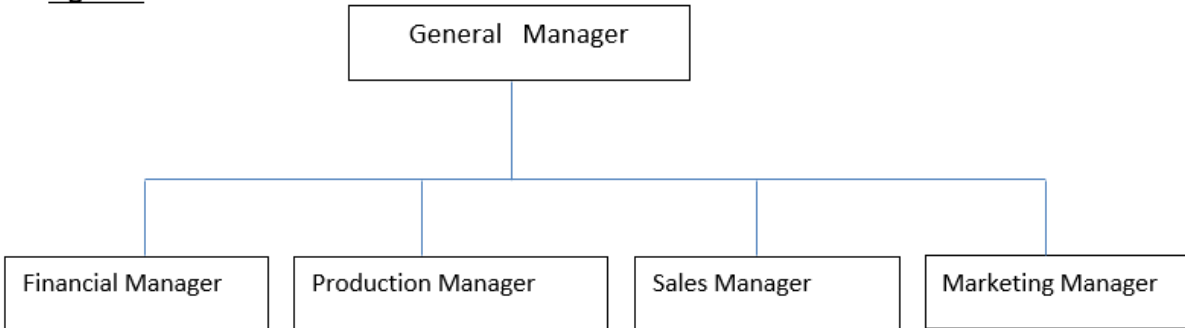
(b) _____

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| SL 2 |
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BUSINESS STRUCTURES & PRODUCTIVITY

Study Figure 1 below and use the information provided to answer Questions 6 and 7.

Figure 1:



6. Name this **type** of diagram.

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| SL 1 |
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7. Explain how the **delegation of duties** among the Production Manager, Sales Manager and the Financial Manager should contribute to the overall increase in business growth.

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| SL 3 |
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8. Evaluate the **impacts** of the following economic concepts on the **productivity of an industry**.

- (a) Increase returns (b) Diminishing returns and (c) Diseconomies of scale

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| SL 4 |
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9. Discuss with examples the **advantages** to the firms of **increased productivity of labour**.

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| SL 4 |
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SUPPLY

Use the information in Table 1 below to answer Question 10.

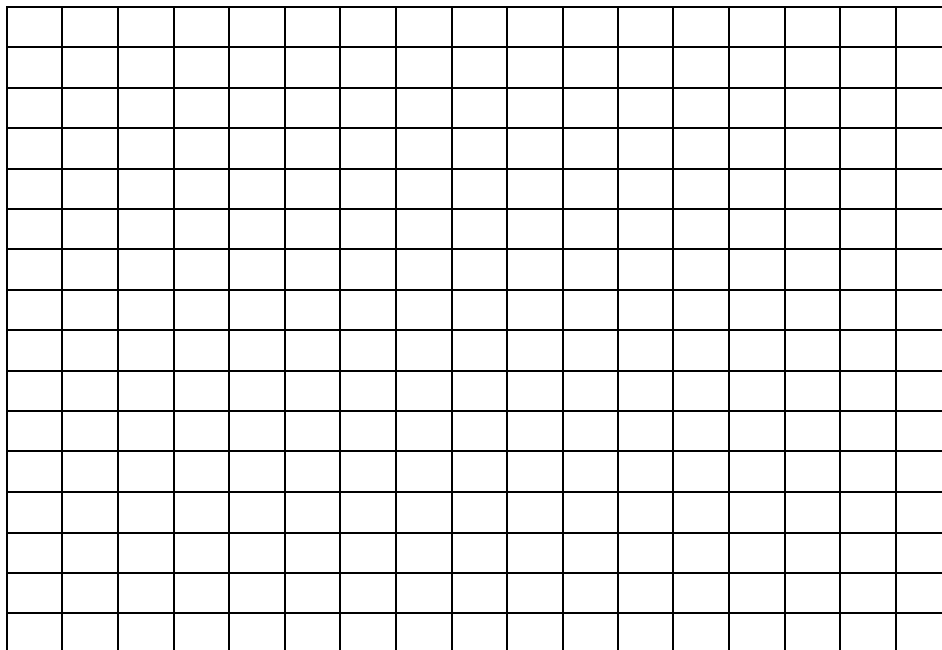
10. Complete the market supply schedule.

Table 1: Individual and Market Supply for a good

| Price (\$) | Quantity Supplied (Firm A) | Quantity Supplied (Firm B) | Quantity Supplied (Firm C) | Market Supply |
|------------|----------------------------|----------------------------|----------------------------|---------------|
| 1 | 2 | 3 | 4 | |
| 2 | 4 | 6 | 5 | |
| 3 | 6 | 9 | 6 | |
| 4 | 8 | 12 | 8 | |
| 5 | 10 | 15 | 10 | |
| 6 | 12 | 18 | 14 | |

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| SL 2 |
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11. Draw a market supply curve based on the supply schedule in Question 10 above. Make sure your graph is fully labelled.



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| SL 3 |
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12. Describe the **effect of a decrease in the cost of electricity** used in the production of goods by the three firms and their **collective impact** on the market supply curve. You may draw a new market supply curve graph to support your answer.

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| SL 2 |
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DEMAND

13. Describe **individual demand**.

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| SL 1 |
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14. Explain the **law of demand**.

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| SL 3 |
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15. Table 2 below shows the differences in the quantity demanded for soft drinks by Paris, Peter and Pio.

Fill in the missing blanks (i) to (iv).

Table 2:

| Number of Cans of Soft Drinks Demanded. | | | | |
|---|-------|-------|------|--------------|
| Price per Can (SAT) | Paris | Peter | Pio | Total Demand |
| 2.00 | 0 | 2 | 1 | (iii) |
| 1.95 | (i) | 3 | 2 | 5 |
| 1.90 | 1 | 5 | 3 | (iv) |
| 1.85 | 2 | 7 | (ii) | 13 |
| 1.80 | 3 | 9 | 4 | 16 |
| 1.75 | 4 | 11 | 4 | 19 |

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| SL 2 |
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16. What will happen to the quantity demanded if there is a **general price increase**?

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| SL 1 |
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17. Describe in **TWO** or **THREE** sentences how the information given in **Table 2** above, demonstrates the **Law of Demand**.

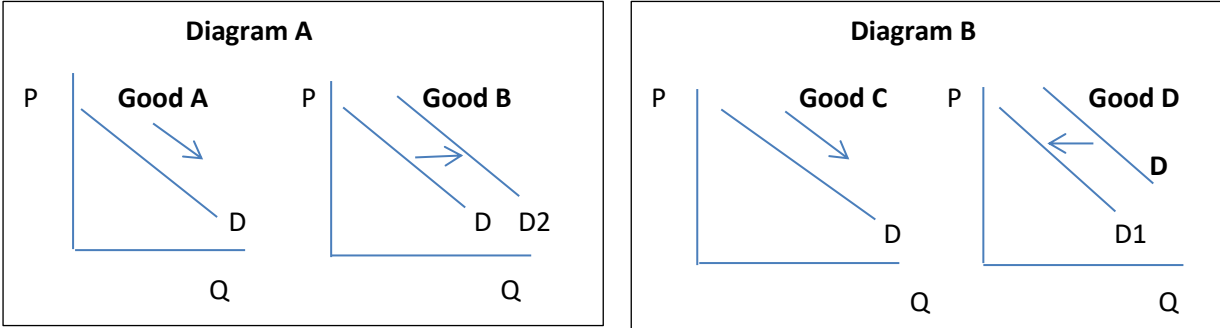
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| SL 2 |
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18. Discuss at least **three possible reasons** for the **differences in the demand** curves for Paris, Peter and Pio.

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| SL 4 |
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Carefully study Figure 2 below and complete Questions 19 and 20.

Figure 2: Substitutes and Complements



Circle **ONE** best answer (increase or decrease) from the brackets (increase/decrease).

19. 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 substitutes.

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| SL 1 |
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20. 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 complementary goods.

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| SL 1 |
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CONSUMPTION POSSIBILITIES

21. Explain the concept of the **consumption possibility curve**.

SL 3

Read the following passage and answer Question 22.

Maota's budget for cupcakes and ice-creams (cone) is \$10 a week. The price of ice-cream is \$1.00 each and the price of cupcakes is twice that of an ice-cream.

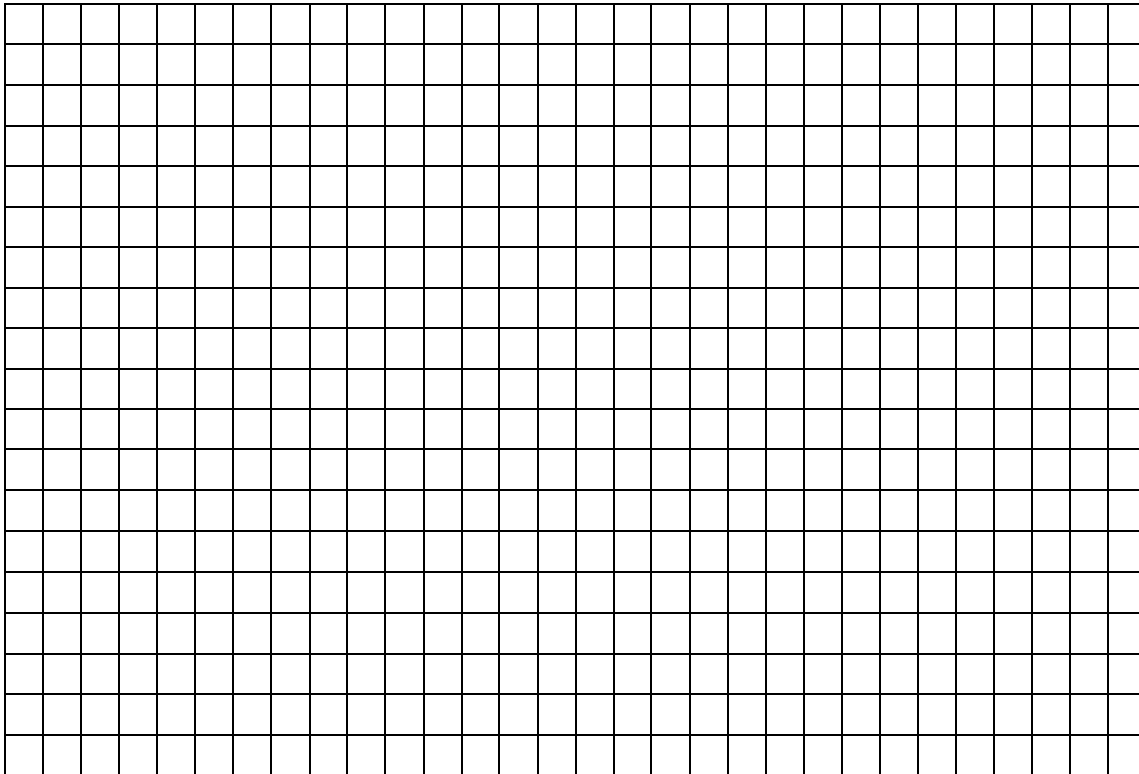
22. Use the information in Table 3 below and knowledge of consumption possibilities to **complete** the Consumption Possibility Schedule for Maota.

Table 3: Consumption Possibility Schedule for Maota

| Possibility | Ice cream (cones) | Cupcakes (unit) |
|-------------|-------------------|-----------------|
| A | 10 | 0 |
| B | | 1 |
| C | | |
| D | | |
| E | 2 | |
| F | | 5 |

SL 2

23. Use the data in Table 3 above to draw a Consumption Possibility Curve for Maota with **ice-cream plotted on the x-axis**. Label this Budget Line, (**BL₀**).



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| SL 3 |
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On the diagram above, **plot** the following consumption possibilities.

- (i) Possibility X (4 ice cream, 2 cupcakes)
- (ii) Possibility Y (8 ice cream, 1 cupcake)

24. Describe the **significance of Possibility Y** in Question 23 above, in relation to Maota's original consumption possibilities on the initial budget line (BL₀).

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| SL 2 |
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25. Describe how **an increase in the price of cupcakes** affects the Consumption Possibility Curve.

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| SL 2 |
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26. Use the graph you have drawn in Question 23 and with reference to the movement from possibility B to C, to discuss the **significance of the relationship between scarcity, choice and opportunity cost**.

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| SL 4 |
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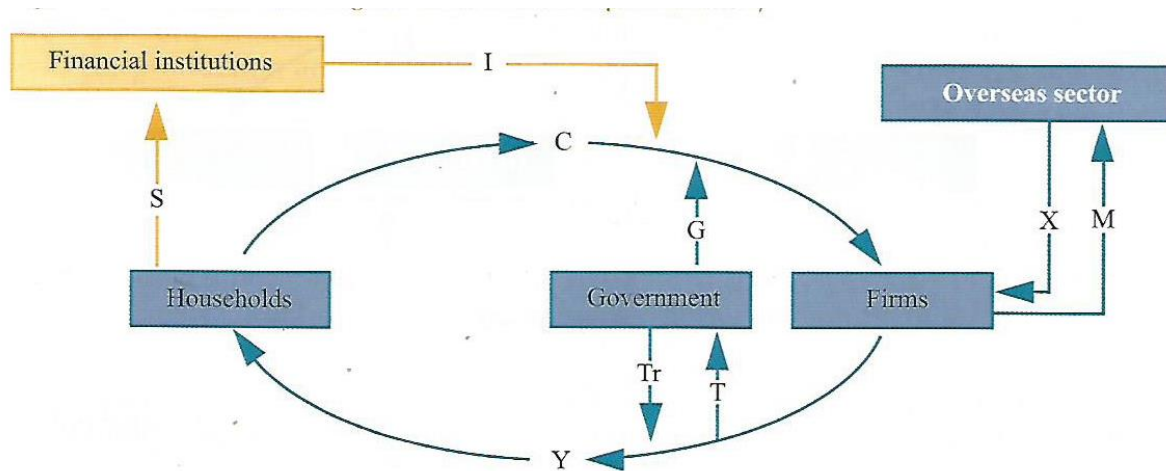
27. Explain how the budget line in Question 23 changes if **Maota’s budget increases**. **Illustrate this new change** on the graph in Question 23 (page 12) and label the new budget line, BL₁.

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| SL 4 |
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CIRCULAR FLOW

Use the Circular Flow Diagram below to answer Questions 28 – 31.

Figure 3: Four Sector Circular Flow Diagram



28. Identify a **major sector** of the economy from the Circular flow model above that is **also known as the public sector**.

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| SL 1 |
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29. Describe the **role of the financial sector in promoting economic growth** in the economy.

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| SL 2 |
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30. Explain the relationship between the **firms and the overseas sector** shown by the circular flow diagram on page 15.

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| SL 3 |
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31. Predict **how the money flows indicated by letters C and Y** in the circular flow diagram (page 15) **is affected by more unemployment in the Household Sector**. Your answer should include the interdependence between households and firms.

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| SL 4 |
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MONEY AND INFLATION

32. Define the term **money**.

SL 1

33. Identify the **two characteristics or qualities** of money referred to in each of the following transaction.

Maota always takes \$10 to school to buy her lunch from the school canteen.

The cashier gives Maota two ten sene coins as her change.

SL 1

34. Describe the phrase **means of deferred payment as a function** of money.

SL 2

MARKET EQUILIBRIUM

35. Define **Market Equilibrium**.

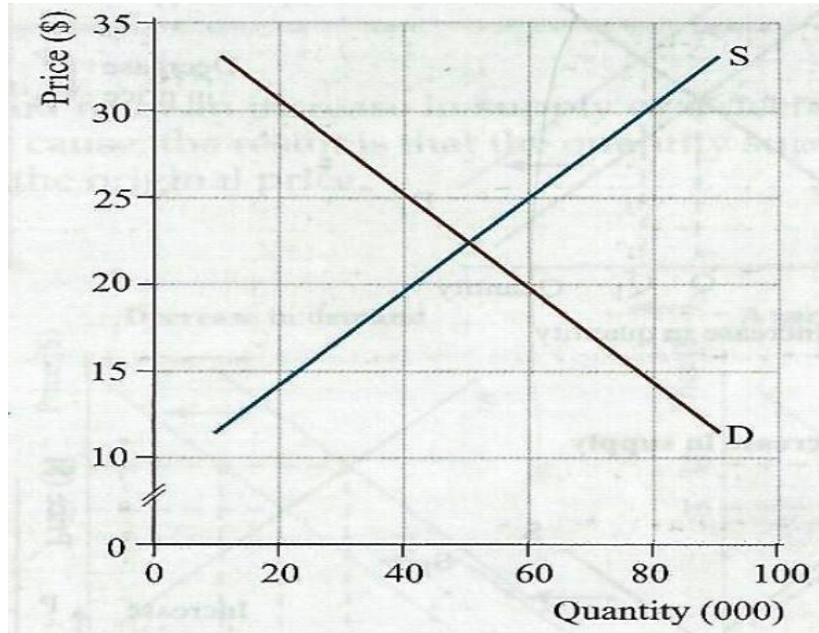
SL 1

36. Describe **excess supply**.

SL 2

Figure 4 below shows the Market demand and supply for Compact Discs (CDs). Use the graph below and knowledge of market equilibrium to answer Questions 37 and 38.

Figure 4: Market for Compact Discs (CDs)



37. Identify the **price that will reflect excess supply of CDs** according to Figure 4 above.

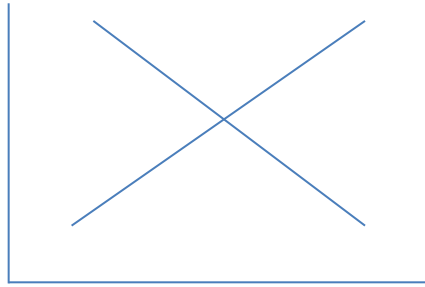
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| SL 1 |
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38. Describe what will happen to the market if the price of the CD was **SAT\$15.00**. Label or shade the area of the new market situation on Figure 4.

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| SL 2 |
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39. Assume the Government has imposed export subsidies on several firms to boost the production of exports in Samoa.

Explain the **impact of a subsidy on the market equilibrium**. You may illustrate the impact on the sketch below to support your answer. (Also label the relevant curves and the new market equilibrium).



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| SL 3 |
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40. Describe **Perfect competition** as a market structure in economics.

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| SL 2 |
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41. Distinguish between **perfect markets and imperfect markets**.

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| SL 3 |
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42. Compare the **Monopolistic competition and the Monopoly** market structure with reference to the following features: number of sellers, type of products and barriers to entry.

| Features | Monopoly | Monopolistic Competition |
|-------------------|----------|--------------------------|
| Number of sellers | | |
| Type of products | | |
| Barriers to entry | | |

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| SL 3 |
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43. Explain **ONE positive** and **ONE negative impact of non-price competition to Frankie Supermarket.**

Positive Impact _____

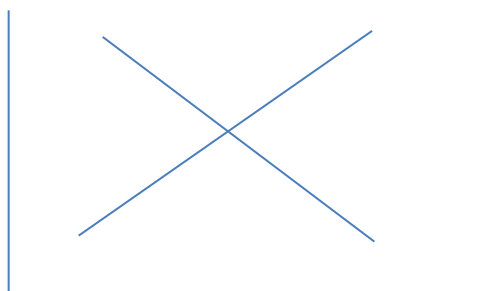
Negative Impact _____

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| SL 3 |
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44. **Assume the government has placed a direct tax on all the Government and Private employees in Samoa.**

Discuss the **effects of a direct tax on the market equilibrium.**

You may illustrate the impact on the sketch below to support your answer. (Also label the relevant curves and the new market equilibrium).



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| SL 4 |
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| STUDENT EDUCATION NUMBER | | | | | | | | | |
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ECONOMICS

2022

(For Scorer only)

| STRANDS | | Weighting | Scores | Check Scorer | AED (Check) |
|--------------|-------------|------------|--------|--------------|-------------|
| STRAND 1 | PRODUCTION | 27 | | | |
| STRAND 2 | CONSUMPTION | 35 | | | |
| STRAND 3 | MARKET | 38 | | | |
| TOTAL | | 100 | | | |