



GOVERNMENT OF SAMOA  
MINISTRY OF EDUCATION, SPORTS AND CULTURE

STUDENT EDUCATION NUMBER									

# Samoa Secondary Leaving 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	36	27
STRAND 2	CONSUMPTION	8 - 13	45	35
STRAND 3	MARKET	14 - 21	99	38
TOTAL			180	100

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

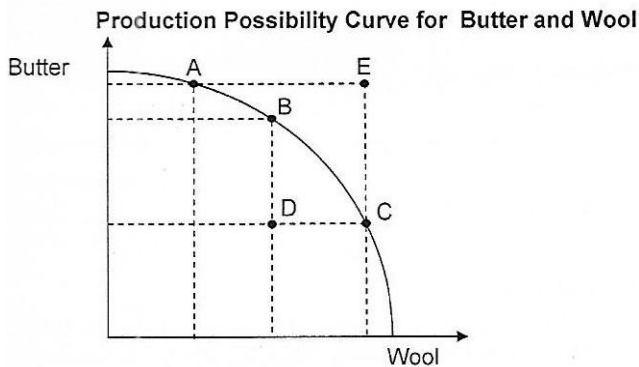
**HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**



Use the Production Possibility Curve diagram below to answer Question 3.

Assume that there are only 100 workers (labour) involved in the production of Butter and Wool.

**Figure 1**



3. Describe point A on the PPC, with regard to the **number of workers employed** and the level of production of each good.

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SL 2

**Terms of Trade and Gains from Trade**

4. Define **Terms of Trade** (T.O.T)

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SL 1

5. State **ONE way or measure** the government of Samoa needs to carry out in order to improve Samoa's Terms of Trade.

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SL 1



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**The Government**

**“In the midst of the Covid19 pandemic, the government of Samoa has issued several state of emergencies, in terms of national lockdowns from time to time. This has restricted the movement of the people (consumers and producers), limited business trading hours and authorized closure of international travels”.**

8. Describe **ONE** of the four roles of the government indicated by the statement above.

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SL 2

9. List **FOUR** economic aims of government.

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

4. \_\_\_\_\_

SL 2





The Government Budget

Study Figure 3 below for Tik-land and answer Questions 13 – 19.

Figure 3

Forecast Statement of Financial Performance 2021 – 2022			
Year ending 30 <sup>th</sup> June 2021			
Items	2020 Actual (\$millions)	2021 Actual (\$millions)	2022 Forecast (\$millions)
<b>Revenue:</b>			
Direct Taxation	17585	19753	21193
Indirect Taxation	10120	10342	10738
Other Revenue	2478	3261	2674
<b>Total Revenue</b>	<b>30183</b>	<b>33356</b>	<b>34605</b>
<b>Expenses:</b>			
Agriculture	11479	11438	11897
Education	4627	4812	4967
Health	4602	4889	5137
Core Government Services	1723	1367	1556
Law and Order	1150	1199	1217
Defense	1049	1042	978
Transport and Communication	815	759	785
Economic and Industrial Services	711	750	723
Finance Costs	3788	3658	3547
Other	(305)	384	828
<b>Total Expenses</b>	<b>29639</b>	<b>30298</b>	<b>31635</b>
<b>Other adjustments</b>	<b>211</b>	<b>(455)</b>	<b>317</b>
<b>Operating balance</b>	<b>755</b>	<b>2603</b>	<b>3287</b>

13. Identify the area of government spending that was forecasted to have the **highest increase in dollar terms between 2021 and 2022.**

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SL 1



14. List the **TWO** major sources of revenue for Tik-land.

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SL 2

15. Give **TWO** other sources of government revenue which **are not given** in the table on page 8.

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SL 2

16. Describe **ONE** valid reason for the expected increase in tax revenues between 2020 and 2022.

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SL 2

17. Law, Order and Health come under Social Services. Name **TWO** other areas that come under **Social Services**.

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SL 2

18. Name the **type of budget** Tik-land had in 2021.

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SL 1

19. Describe the **type of budget balance** identified in Question 18 (page 9).

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SL 2

20. Explain the **aims** of a government budget.

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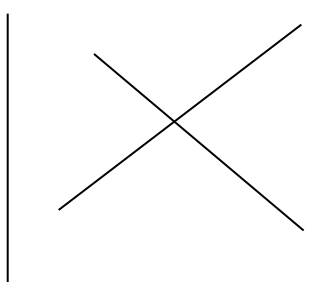
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SL 3

21. **Discuss** how government **subsidies** to businesses could decrease unemployment and promote economic growth. **Complete/label** the graph below to support your answer. **Indicate on the graph the impact of a subsidy on market price and quantity.**



SL 4

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**Consumption Possibilities**

23. Define Consumption Possibilities.

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SL 1

Magnus has \$10 he can spend. There are many possible combinations for Magnus if he spends his \$10.

Use the consumption possibility schedule below to answer Questions 24 – 27.

**Figure 4**

Possibility	A	B	C	D	E	F
Apples	10	8	6	4	2	0
Oranges	0	1	2	3	4	5

24. Construct a fully labeled graph of Magnus’s Budget Line on the grid below with oranges plotted on the x-axis. Label this **Budget Line, BL<sub>0</sub>**.

**Figure 6**

SL 3



**Market Demand and Supply**

Use the information given below to answer Questions 28 – 33.

**Figure 5:** Demand and Supply of Petrol in Tok-land.

Price (cents per litre)	Demand (megalitres per day)	Supply (megalitres per day)
80	8	24
75	10	22
70	12	20
65	14	18
60	16	16
55	18	14

(Note: Prices are in cents, 80 = 0.80 cents, A megalitre, is **one million (1,000,000)** litres)

28. Identify the **equilibrium price** of Petrol from the table above.

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SL 1

29. Identify the **price level** to achieve a **surplus**.

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SL 1

30. Calculate consumer spending at the **market equilibrium**. Show workings.

SL 2

31. If the Government decides to impose a maximum price of 0.55 cents on the market of petrol. Will there be a **shortfall or surplus** and by how much?

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SL 2

Assume that Tok-land is located near Ukraine and Russia. Tok-land's supply of petrol decreases by 5 units at every price and the price of petrol is not regulated by the government of Tok-land.

32. List **TWO** factors that could have caused this decrease in supply of petrol in Tok-land.

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SL 2

33. **Black markets** may result from the imposition of minimum and maximum prices by the government. In a sentence, briefly **explain** (in general) **how a black market works due to the imposition of a minimum or a maximum price control.**

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SL 3

## Money Supply and Inflation

34. When inflation increases by 10%, it erodes the values of our physical assets such as houses, land and cars. **Identify** the **function** of money that is affected by inflation.

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SL 1

35. **Identify** the **characteristic** of money that applies to the “putting of a metal strip into a bank note to deter forgery”.

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SL 1

36. **Calculate** the values of **M1** and **M3** from the information provided in the table below. (Show relevant working).

**Figure 6**

Money Supply	\$million
Notes and Coins	12m
Cheque account balances	100m
Saving accounts (via EFTPOS)	250m
Other depositis	200m

M1 = \_\_\_\_\_

M3 = \_\_\_\_\_

SL 2











**Economic Development**

44. Discuss the importance of international agencies which aid development in Samoa.

Include the following in your discussion:

- Identify and describe **ONE potential area (sector) for development** whether in its planning phase or currently underway in Samoa;
- Identify and describe **ONE measure that the government** is taking to ensure that there is increased development of your selected area in the country;
- Identify **ONE international agency** or organization (donor) that aids development of your selected area and describe how it contributes to the economic development in Samoa.

To simplify your discussion, fill in the table below with your chosen **area of development, related government measure** and **correct donor** financing or supporting your chosen area of development. Select ONE Potential Area for Development of your own choice.

<i>Area (sector) for Development</i>	<i>Government Measure to promote the Development Area</i>	<i>The responsible International Agency (Donor)</i>

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SL 4

STUDENT EDUCATION NUMBER									

## ECONOMICS

2022

(For Scorer only)

STRANDS		Weighting	Scores	Check Scorer	AED (Check)
STRAND 1	PRODUCTION	27			
STRAND 2	CONSUMPTION	35			
STRAND 3	MARKET	38			
<b>TOTAL</b>		<b>100</b>			