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# **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.

s	TRANDS	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.

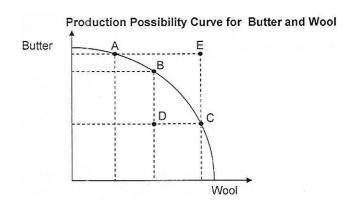
HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

AND 1:	PRODUCTION	WEIGHTING 27
Economic Con	<u>cepts</u>	
Define the tern	n <b>opportunity cost</b> .	
		SL 1
opportunity co	ationship between economic problem of scarci ost.	rey, economic enoice and
		SL 3

#### 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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taro and banana, are what they should pr ole below (Figure 2) ormation provided t	e considering trading with each oduce for export.  shows their level of production	ch other.	They need your advic	ce on
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The Government	
"In the midst of the Covid19 pandemic, the government of Samoa has state of emergencies, in terms of national lockdowns from time to time restricted the movement of the people (consumers and producers), littrading hours and authorized closure of international travels".	me. This has
Describe <b>ONE</b> of the four roles of the government indicated by the state	tement above.
	SL
List FOUR economic aims of government.	
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and it uses a number of policies or	ssue or a reason for Government intervention, tools (measures) to reduce such inequalities, thus ne and Wealth.	
and it uses a number of policies or achieving Fair Distribution of Incom	tools (measures) to reduce such inequalities, thus ne and Wealth.	
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iaentity	whether the investment in education by the government is a fiscal or	
	ary tool/measure.	
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	ary tool/measure.	SL 1
	ary tool/measure.	SL 1

## **The Government Budget**

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

Figure 3

Forecast Statement of F	inancial Performa ding 30 <sup>th</sup> June 202		
Items	2020 Actual (\$millions)	2021 Actual (\$millions)	2022 Forecast (\$millions)
Revenue:			
Direct Taxation	17585	19753	21193
Indirect Taxation	10120	10342	10738
Other Revenue	2478	3261	2674
Total Revenue	30183	33356	34605
Expenses:			
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
Total Expenses	29639	30298	31635
Other adjustments	211	(455)	317
Operating balance	755	2603	3287

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

SL 1

	9
Give <b>TWO</b> other sources of government revenue which <b>are not given</b> in the table on page 8.	
	9
Describe <b>ONE</b> valid reason for the expected increase in tax revenues between 2020 and 2022.	
	5
Law, Order and Health come under Social Services. Name <b>TWO</b> other areas that come under <b>Social Services</b> .	
	9
Name the <b>type of budget</b> Tik-land had in 2021.	
	5

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Explain the <b>aims</b> of a	a government budget.	
	ment <b>subsidies</b> to businesses could decrease unemployment and	
promote economic g	ment <b>subsidies</b> to businesses could decrease unemployment and growth. <b>Complete/label</b> the graph below to support your answer. <b>Sh the impact of a subsidy on market price and quantity</b> .	
promote economic g	growth. Complete/label the graph below to support your answer.	
promote economic g	growth. Complete/label the graph below to support your answer.	
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<b>Differentiate</b> bet Provide examples		ernment reve	nue.	
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### **Consumption Possibilities**

23. Define Consumption Possibilities.

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

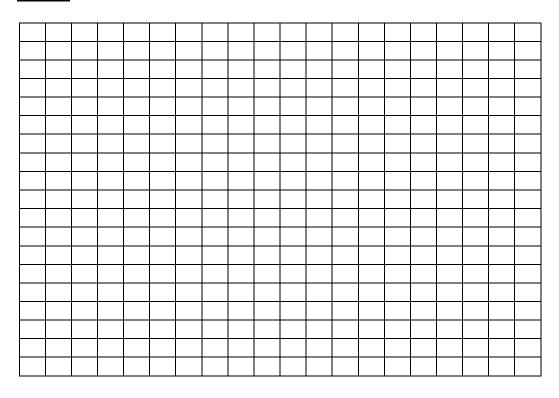
Use the consumption possibility schedule below to answer Questions 24 – 27.

#### Figure 4

Possibility	Α	В	С	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

SL 1

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	rate on your graph on page 12, how the budget line, $BL_0$ will change if the ving events occur, assuming other things remain the same.	
(a)	The <b>price of oranges decreases</b> by 50%. Label it $BL_1$ ( $BL_0$ is the original Budget line).	S
(b)	Magnus's <b>budget or income increases</b> from \$10 to \$14, while the prices for apples and oranges are unchanged. Label it <b>BL<sub>2</sub></b> (BL <sub>0</sub> is the original budget line).	
to Co	nss the importance of the concept of Consumption Possibilities with references in summer Choices in their purchases given money income, knowledge of the prices products and the Budget Line.	
to Co	nsumer Choices in their purchases given money income, knowledge of the prices	5
to Co	nsumer Choices in their purchases given money income, knowledge of the prices	5
to Co	nsumer Choices in their purchases given money income, knowledge of the prices	9
to Co	nsumer Choices in their purchases given money income, knowledge of the prices	5
to Co	nsumer Choices in their purchases given money income, knowledge of the prices	5

#### **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)

identity t	he <b>equilibriun</b>	<b>price</b> of Pet	trol from the	e table abov	e.			
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Identify t	he <b>price level</b>	to achieve a	surplus.					
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Calculate	consumer spe	nding at the	market equ	uili <b>brium</b> . Sł	now working	gs.		
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petrol decreas	ok-land is located near Ukrair es by 5 units at every price an nent of Tok-land.			
List <b>TWO</b> factor	s that could have caused this o	decrease in supply of pe	trol in Tok-land.	
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the governmen	nay result from the imposition In a sentence, briefly <b>explain</b> In a sentence, briefly <b>explain</b> In a seition of a minimum or a ma	n (in general) how a bla		
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# **Money Supply and Inflation**

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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	

	nterest rate can be used as a monetary	tool to influence the level of	
Explain how the money supply.	nterest rate can be used as a monetary	tool to influence the level of	
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## Foreign Exchange

Use the information provided below to answer Questions 39 – 40.

The exchange rate for Tik-land dollars (TIK\$) and Tok-land dollars (TOK\$) are shown below.

Figure 7

August 2020	TIK\$1.00 = TOK\$1.20
September 2020	TIK\$1.00 = TOK\$1.10

Is the Tik-land dollar (TIK\$) appreciating or depreciating over the period shown?	
	SL
Explain the effects of the situation identified in (a) above, will have on the price of Tikland's exports and imports from Tok-land.	
	SL

## **National Income**

Use the information provided in Figure 8 below to answer Questions 41 – 42.

Figure 8

	2019	2021
Nominal GDP	\$81 million	\$92 million
Price Index (CPI)	1000	1043
Real GDP in 2019 prices		

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_		DP and real GDP in r	_	_	
Include in y		easure (nominal or	_	_	
Include in y	our answer which m	easure (nominal or	_	_	
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Study Figure 9 below and answer Question 43.

Figure 9: Percentage changes in Samoa's Economic Growth/Real GDP growth

	2018	2019	2020	2021
Growth Rates in % at constant prices	2.0	3.8	-8.0	-2.3

(Source: Samoa Bureau of Statistics, December 2021 quarter, GDP Report)

Assess Samoa's real GDP growth rates from 2019 to 2021 as shown by the table above. State in your answer the trends and the likely (at least two) causes of obvious real GDP trend(s) since 2018, with reference to the key economic sectors in the	
Samoa economy to support your answer.	
	SL 4
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#### **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.

Area (sector) for Development	Government Measure to promote the Development Area	The responsible International Agency (Donor)	
			SL 4
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STUDENT EDUCATION NUMBER									

# **ECONOMICS**

## 2022

# (For Scorer only)

S	TRANDS	Weighting	Scores	Check Scorer	AED (Check)
STRAND 1	PRODUCTION	27			
STRAND 2	CONSUMPTION	35			
STRAND 3	MARKET	38			
	TOTAL	100			