



GOVERNMENT OF SAMOA

STUDENT EDUCATION NUMBER

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# Samoa Secondary Leaving Certificate

# ECONOMICS

# 2024

## 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 to the appropriate places in this booklet.

STRANDS		Page	Time (min)	Weighting
STRAND 1	PRODUCTION	2-7	36	30
STRAND 2	CONSUMPTION	8-13	45	30
STRAND 3	MARKET	14-22	99	40
	TOTAL		180	100

Check that this booklet contains pages 2 - 23 in the correct order and that none of these pages are blank.

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

**Economic Concepts**

1. Define **microeconomics**.

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SL 1

2. Define **need** as it is used in economics.

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SL 1



3. Describe how the needs and wants of consumers are interconnected or interrelated in economics.

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SL 2

4. Describe how scarcity exists as the basic economic problem.

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SL 2

### Production Possibility Curve

5. Describe a straight line production possibility curve with reference to opportunity cost.

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SL 2

### Structure of the Government of Samoa

6. There are three levels (branches) of the structure of the Government of Samoa. Describe **ONE** of the three levels of the Government Structure of Samoa and mention **ONE** of the function of the level you have selected.

Name of the Government Structure: \_\_\_\_\_

Your Description: \_\_\_\_\_

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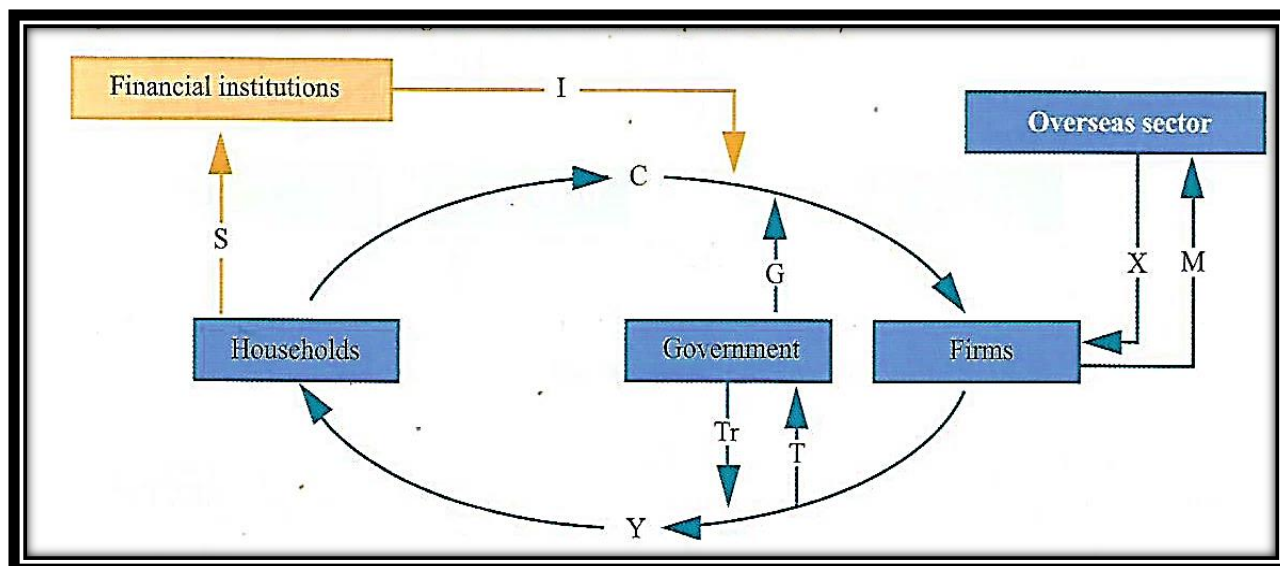
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SL 2

## Circular Flow Diagram of Economic Activity

Study Figure 1 below and use your knowledge of the circular flow diagram to answer Question 7.

**Figure 1: Circular Flow Diagram**



7. **Explain the interdependence** between households and firms emphasizing the exchange of goods, services and money.

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SL 3

## Government Economic Aim

8. **“Balance of payments (BOP) account is the record of a country’s economic and financial transactions (international trade) with the rest of the world over a period of time.”**

Explain how achieving a Favourable Balance of Payments will benefit Samoa’s economy with reference to the above statement.

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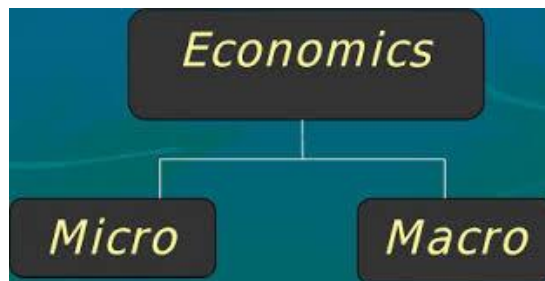
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SL 3

9. Distinguish between Micro-economics and Macro-economics.



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SL 3

10. Analyze how the government's measure of providing overseas temporary employment for locals, under **the seasonal employment schemes** with New Zealand and Australia, has affected the employment issue in Samoa.

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SL 3

11. Identify an **economic issue (problem)** that the government of Samoa is trying to address (solve) in Question 10 above.

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SL 1

12. The Central Bank uses various monetary policies to achieve economic objectives. Explain how interest rates can be used by Central Bank and commercial banks to address a slow growth in an economy.

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SL 3

- Apply or discuss the economic concepts, '**comparative advantage**' and '**exchange**' in relation to **international trade** among countries.

**Include the following in your discussion:**

- Definition of comparative advantage.
- Benefits of comparative advantage and exchanging goods among trading countries.

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SL 4

**The Government Budget**

**Table 1** shows Samoa's Actual Budget for the Financial Years 2022/2023 to 2023/2024.

**Study Table 1 carefully and answer Questions 14 to 18.**

**Table 1: Samoa's Budget Summary for Financial Years 2022/2023 to 2023/2024.**

Samoa's Budget Summary	Financial Year(2023/24)	Financial Year(2022/23)
<b>RECEIPTS</b>		
Ordinary Receipts	\$ 730,151,357.00	\$ 650,325,051.00
External Grants	\$ 165,392,124.00	\$ 147,864,881.00
Total Receipts and Grants	\$ 895,543,481.00	\$ 798,189,932.00
<i>Less</i>		
<b>CURRENT PAYMENTS</b>		
Statutory Payments	\$ 157,457,949.00	\$ 135,886,101.00
Expenditure Programs	\$ 759,261,445.00	\$ 727,515,942.00
Unforeseen Payments	\$ 22,777,843.00	\$ 21,809,477.00
Total Current Payments	\$ 939,497,237.00	\$ 885,211,520.00
<i>Less</i>		
<b>DEVELOPMENT PAYMENTS</b>		
Loan financed project payments	\$ -	\$ 1,303,441.00
Grant financed project payments	\$ 141,713,722.00	\$ 84,843,972.00
Total Development Payments	\$ 141,713,722.00	\$ 86,147,413.00
<i>Cash (Deficit)/Surplus</i>	\$ (185,667,478.00)	\$ (173,169,000.00)
Financed by		
Soft Term Financing	\$ -	\$ 1,303,441.00
General Budget Support Financing	\$ 110,964,718.00	\$ 128,517,562.00
	\$ 110,964.00	\$ 129,821,003.00
Movement in Cash Balances	\$ (74,702,760.00)	\$ (43,041,557.00)

14. **Ordinary Receipts** refer to normal sources of revenue for the government of Samoa, including **direct and indirect taxation**.

Give an example of indirect tax.

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SL 1



15. Name a major area of government expenditure included under the expenditure programme.

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SL 1

16. Describe the economic importance of one major area of government expenditure you named in Question 15.

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SL 2

17. Describe the trend of **External Grants** as one of the major sources of government revenue in Samoa for the two financial year periods.

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SL 2

18. Analyze whether the financial year **2023/2024 budget** above is experiencing a budget deficit or budget surplus. Discuss ONE method that the government is using to manage its budget balance for the financial year **2023/2024**, as shown in the table. State (quote) the values of balances to confirm your answers.

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SL 4

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19. Distinguish between Foreign Aid and Remittances.

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SL 3

20. Define **unemployment**.

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SL 1

21. Describe how unemployment exists as a major issue to government.

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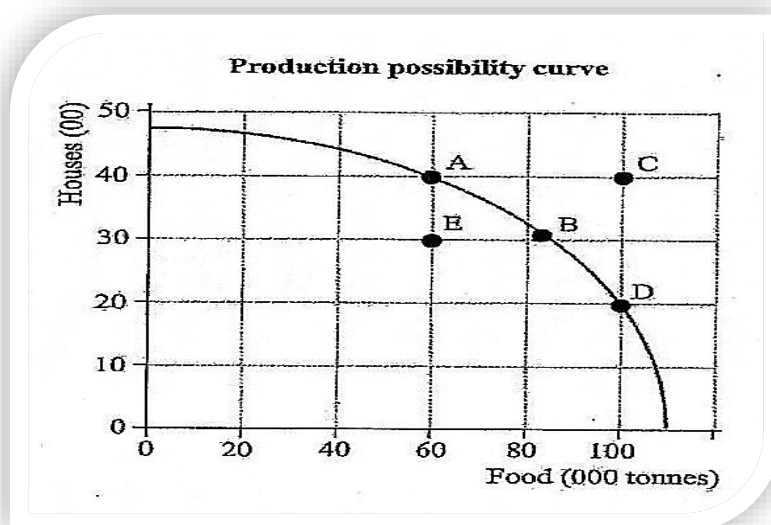
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SL 2

Study the Production Possibility curve below (Figure 2) and answer Questions 22 and 23.

Figure 2: Production Possibility Curve



22. Assume that there are **only 100 workers** to produce the two goods, houses and food. Indicate a point (a letter) shown on the Production Possibility graph that reflected **unemployment** of households and state a reason for the said unemployment.

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SL 2

23. Explain the impacts of unemployment of households on government spending and revenues from taxation.

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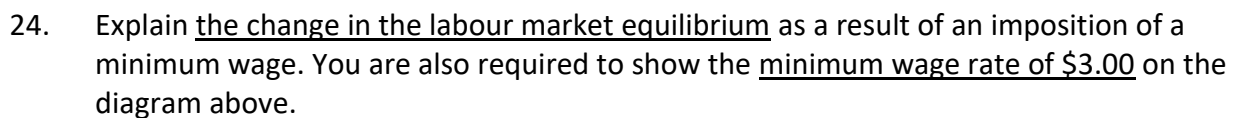
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SL 3

**Study Figure 3 below and answer the Question 24 that follows.**

### Figure 3: Labour Market



SL 3



**Market Equilibrium**

27. Explain the concept of **Market Equilibrium**.

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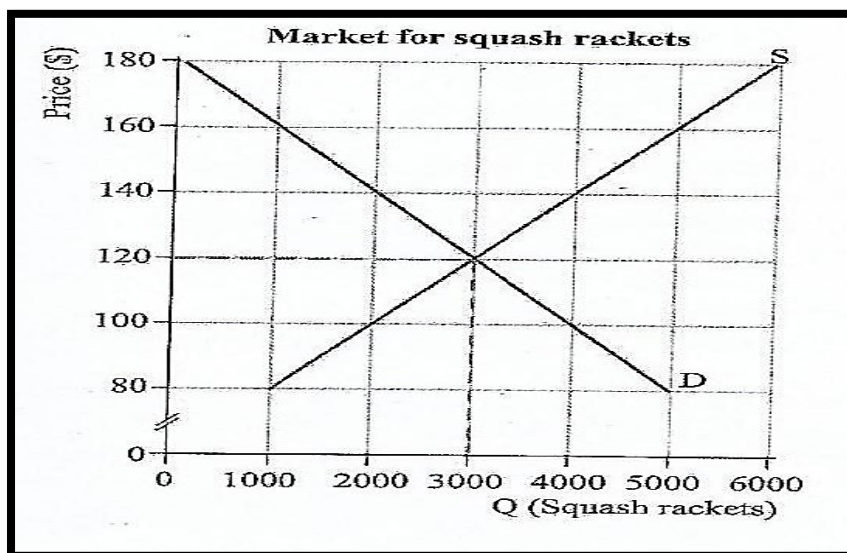
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SL 3

Study and analyze the graph in Figure 4 below on the Market for Squash Rackets to answer Questions 28 and 29.

Figure 4: Market for Squashing Rackets



28. State/Identify the equilibrium price as shown on the Squash Rackets market.

Equilibrium Price: \_\_\_\_\_

SL 1

29. Calculate the value of the consumer spending from the purchase of 3,000 squash rackets at the market equilibrium price. Must show relevant working.

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SL 2

30. Distinguish between the effects of a '**change in the price factors**' and a '**change in the non-price factors**' on the demand curve only. You may draw fully-labelled graphs to illustrate the difference. *(Must include in your answer the effect of a **price increase** on the demand curve and the effect of the **decrease in consumer income** as a non-price fact of the demand curve).*

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SL 3

## International Trade

Study Table 2 below on Samoa's Current Account for the year 2021/2022 to answer Questions 31 to 33.

Table 2: Samoa's Current Account 2021/2022

Samoa's Current Account (2021/22)	2021/22
	Total (millions in SAT)
<b>GOODS AND SERVICES</b>	
GOODS	
Exports (fob) (credit)	82.90
Imports (fob) (debit)	897.40
<b>Balance on Trade in Goods</b>	-814.50
SERVICES	
Services Credit	183.30
Services Debit	246.60
<b>Balance on Trade in Services</b>	-63.30
<b>Balance on Goods and Services</b>	?
<b>PRIMARY INCOME</b>	
Balance on Primary Income	-62.50
<b>SECONDARY INCOME</b>	
Balance on Secondary Income	688.80
Net Income (Primary and Secondary)	626.30
<b>CURRENT ACCOUNT BALANCE</b>	-251.50

[Source: extracted from the Central Bank of Samoa, 2023 Balance of Payments report]

31. Identify the value in Samoan Tala of the **Balance on Goods and Services** for the financial year 2021/2022.

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SL 1

32. Name ONE of Samoa's major export products.

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SL 1



33. **Table 2** on page 16 shows a **Current account deficit** of 251.50 millions Samoan Tala.  
Discuss the economic impacts of a current account deficit on Samoa’s economy.

SL 4

Exchange Rates

34. Define **fixed exchange rate**.

SL 1

**Table 3** below shows the exchange rate of the Samoan Tala (SAT) in NZ dollars in the Samoa exchange market. Use the data provided to answer **Question 35**.

**Table 3: Samoa’s exchange rates in NZ Dollars, January and November 2024.**

	Samoa’s exchange rate in NZ Dollars	
January 2024	SAT1.00	0.50NZD
November 2024	SAT1.00	0.80NZD

35. Calculate how much the Samoan importer will pay in Samoan Tala, in order to buy a machine costing 100NZD in November 2024. (Show calculation).

SL 2

36. Explain **ONE reason/cause** for the increase in the demand of a currency **OR** the cause of an appreciation of a currency.

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SL 3

37. Explain the impact of a currency appreciation on exports and imports.

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SL 3

### **Money Supply**

38. Describe **Money Supply**.

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SL 2

39. **Interest rate** is the cost of borrowing for this question.

Describe the impact of an increased interest rate on the Money Supply for an economy.

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SL 2

40. Describe M1 as a measure of the money supply.

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SL 2

## Economic Growth and Aggregate Demand

41. Select **ONE** international agency that assisted the economic development of Samoa and discuss its contributions to the development of Samoa's economy.

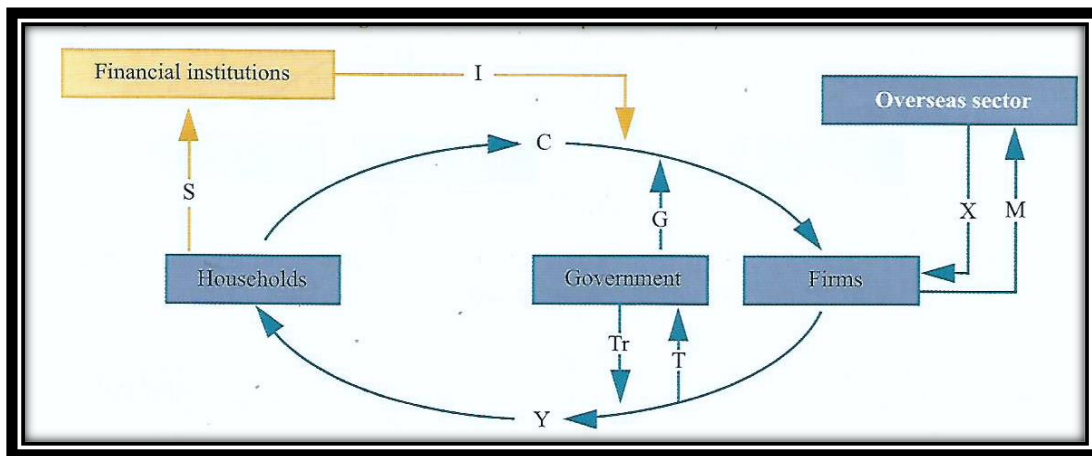
**Name of international agency.**

**Contribution(s)** of agency to Samoa's economy.

SL 4
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Study **Figure 4** below carefully to answer **Questions 42 and 43**.

### Figure 4: The Circular Flow Diagram



42. Describe **ONE** important **injection** (by the Financial Institutions) shown in the circular flow diagram above and include **the injection's impact** on the **economy (GDP)** as a whole, in your answer.

[illegible]

<b>SL 2</b>

43. **Firms are important economic units in an economy.**

Discuss the firms' collective contribution to the economy with emphasis on the overseas sector. Include any **TWO** of the following in your discussion:

- Export receipts;
- Imported goods;
- Employment;
- Government Revenue (tax).

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SL 4

STUDENT EDUCATION NUMBER									

## SSLC ECONOMICS

**2024**

(For Scorer only)

STRANDS		Weighting	Scores	Check Scorer	AED (Check)
STRAND 1	PRODUCTION	30			
STRAND 2	CONSUMPTION	30			
STRAND 3	MARKET	40			
TOTAL		100			