



GOVERNMENT OF SAMOA

STUDENT EDUCATION NUMBER									

Samoa Secondary Leaving Certificate

ECONOMICS

2023

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 – 5	50	27
STRAND 2	CONSUMPTION	6 – 11	65	35
STRAND 3	MARKET	12 – 18	65	38
	TOTAL		180	100

Check that this booklet contains pages 2 - 19 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 Concept and Production Possibility Curve

1. Define **Economics**.

SL 1

2. Define **Production Possibility Curve (PPC)**.

SL 1

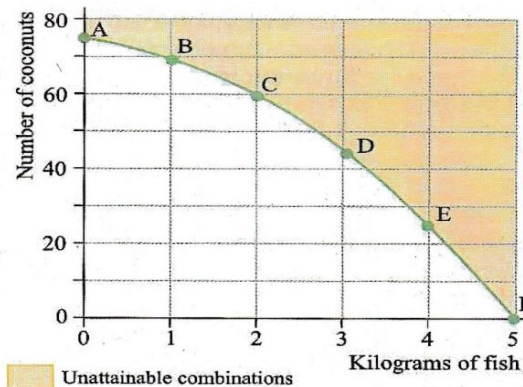
Study the Production Possibility Schedule and Production Possibility Curve below for Matariki to help you answer Questions 3 and 4.

Assume that Matariki, (a hypothetical economy) produces only fish and coconuts. There are only 100 workers in Matariki available to collect coconuts and/or go fishing.

Table 1: Matariki Production Possibility Schedule

Combinations	Kilograms of fish	Number of coconuts
A	0	75
B	1	70
C	2	60
D	3	45
E	4	25
F	5	0

Figure 1: Matariki PPC



3. Describe the **significance of point B**, with regard to the **number of workers employed** and the **level of production** of each good. (Include in your answer how many workers you think are employed and which product has more production).

SL 2

The Government Budget

13. Define **Budget Surplus**.

SL 1

14. State a **major area of Government expenditure** in Samoa.

SL 1

15. List **TWO major sources of Government revenue** in Samoa.

- (i). _____
- (ii). _____

SL 2

16. **Describe any ONE** of the two major sources of Government revenue listed in your answer to Question 15.

SL 2

17. Describe **Government Budget Deficit**.

SL 2

18. Explain **TWO effects** of having a Government **budget deficit** on the economy.

SL 3

Study the Government Budget thoroughly and use it to answer **Question 19**.

Table 3: Samoa’s Budget Summary for Financial years, 2022/2023 to 2023/2024.

Samoa’s Budget Summary	Financial Year 2023/2024	Financial Year 2022/2023
RECEIPTS		
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	\$ 798,192,932.00
<i>Less</i>		
CURRENT PAYMENTS		
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>		
DEVELOPMENT PAYMENTS		
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	\$ 85,843,972.00
<i>Cash (Deficit)/Surplus</i>	\$ (185,667,478.00)	\$(172,862,560.00)
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)

[Source: Ministry of Finance, 2023/2024 Budget Estimates]

Use the following information and Table 4 to answer Questions 21 to 27.

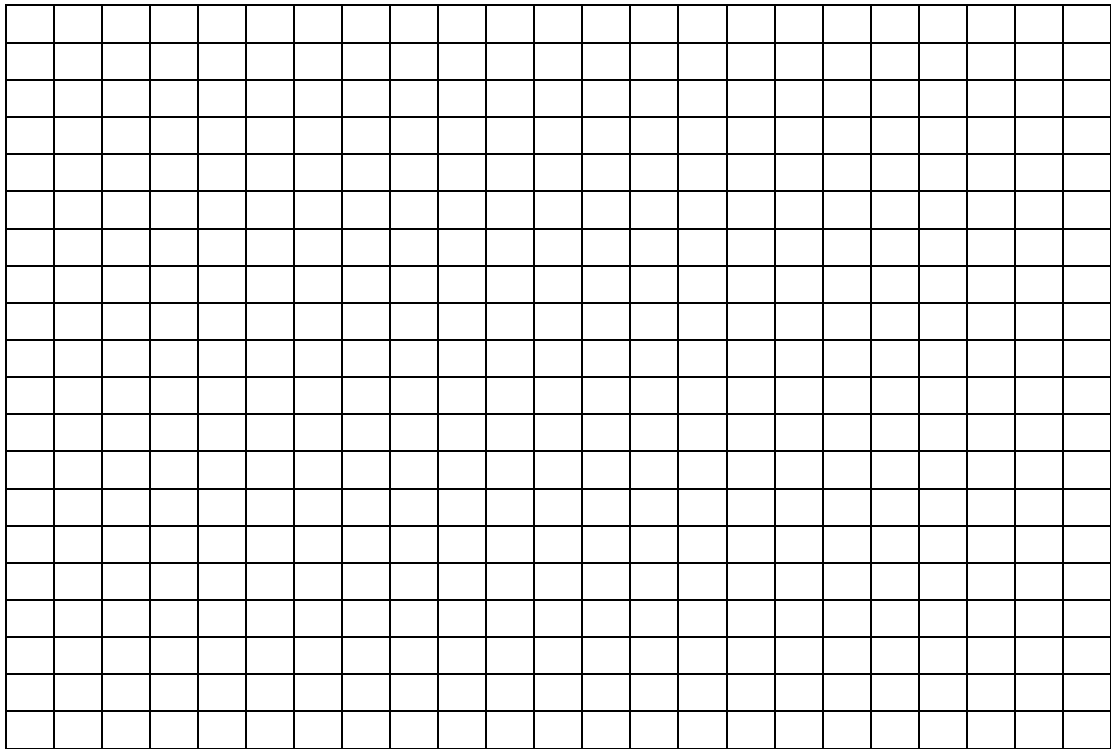
Assume that Donte has \$10 (income) she can spend. There are many possible combinations for Donte if she spends her \$10 on the two goods.

21. Use the data provided to construct a fully labeled Consumption Possibility curve for Donte on the grid below. Put the quantity of oranges plotted on the x-axis. Label this Budget Line, (BL₀).

Table 4: Donte’s Consumption Possibility Schedule

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

SL 3



22. State the **significance of a point** that is located **outside** the CPC.

SL 1

Market Demand and Supply

28. Define **Demand**.

SL 1

29. Define **Supply**.

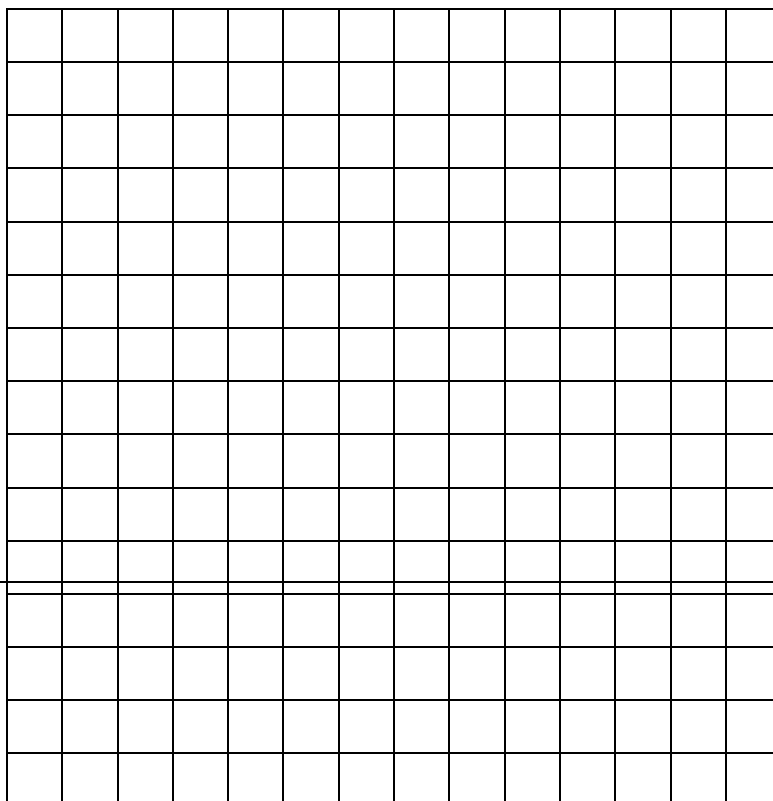
SL 1

Study the Table 5 below and use it to answer Questions 30 to 32.

Table 5: Demand and Supply Schedule for Tennis Rackets.

Price (\$)	Quantity Demanded (rackets)	Quantity Supplied (rackets)
20	5000	1000
40	4000	2000
60	3000	3000
80	2000	4000
100	1000	5000
120	0	6000

30. **Construct** a Demand and Supply graph for Tennis Rackets on the grid below using the data provided in table 5 above. Make sure your graph is **fully labelled**.



SL 3

31. **On your graph in Question 30, identify and label the equilibrium price and quantity** for the market for Tennis Rackets.

Equilibrium Price: _____

Equilibrium Quantity: _____

SL 2

32. Describe a situation where a price is **set below the equilibrium price** in the market for tennis rackets. (Include in your answer a price that will lead to a shortage of tennis rackets in the market.)

SL 2

Money Supply and Inflation

33. Define **Inflation**.

SL 1

34. Define **Monetary Policy**.

SL 1

Study the Table 6 below and use it to answer Question 35.

Table 6: Samoa Consumer Monthly Price Index (Base Period: February 2016 = 100)

Period	CPI
June 2022	121.0
July 2022	125.3
August 2022	129.9
September 2022	130.1
October 2022	127.7
November 2022	124.6
December 2022	124.0
January 2023	128.2
February 2023	129.0
March 2023	129.8
April 2023	131.8
May 2023	131.5
June 2023	133.9

[Source: Samoa Bureau of Statistics, Consumer Price Index June 2023 report]

35. Calculate the **rate of inflation** for the period of June 2022-June 2023. (Show calculation).

SL 2

Study the Table 7 below and use it to answer Question 36.

The table below illustrates the average annual rate of inflation for the period of 2019 to 2022 for Samoa.

Table 7: Samoa's Average Annual Inflation Rate

Year	Average Annual Inflation Rate (%)
2019	1.0
2020	-1.6
2021	3.1
2022	11.0

[Source: Samoa's Average Annual Inflation Rate]

36. Explain the **trend of inflation and TWO reasons** for the rate of change in prices from 2019 to 2022.

SL 3

37. Explain the **cause** of demand-pull inflation. Use an appropriate example.

SL 3

38. Explain the **cause** of cost push inflation. Use an appropriate example.

SL 3

Foreign Exchange and Balance of Payments

39. Define **exchange rate**.

SL 1

40. Define **the appreciation** of a currency.

SL 1

41. Explain **ONE factor** that may cause **currency appreciation** in Samoa's economy.

SL 3

42. Explain the **impact of currency depreciation** on Samoa's **exports**.

SL 3

Carefully study the Table 8 below on Samoa's Current Account for the year 2021/2022 and answer Questions 43 and 44.

Table 8: Samoa's Current Account 2021/2022

Samoa's Current Account (2021/2022)	2021/2022
	Total
GOODS AND SERVICES	
GOODS	
Exports (fob) (credit)	82.9
Imports (fob) (debit)	897.4
Balance on Trade in Goods	?
SERVICES	
Services Credit	183.3
Services Debit	246.6
Balance on Trade in Services	?
Balance on Goods and Services	-877.8
PRIMARY INCOME	
Balance on Primary Income	-62.5
SECONDARY INCOME	
Balance on Secondary Income	688.8
CURRENT ACCOUNT BALANCE	?

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

43. Calculate the following balances:

(i) Balance of Visible (Balance on Trade in Goods).

(ii) Balance of Invisible (Balance on Trade in Services).

SL 2

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SSLC ECONOMICS

2023

(For Scorer only)

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