

المادة: علم الاقتصاد شهادة الثانوية العامة فرع الاجتماع والاقتصاد نموذج رقم 3 - انكليزي المدة : ثلاث ساعات	الهيئة الأكاديمية المشتركة قسم الاجتماع والاقتصاد	 المركز العربي للبحوث والدراسات
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نموذج مسابقة (يراعي تعليق الدروس والتوصيف المعدل للعام الدراسي 2016 – 2017 وحتى صدور المناهج المطورة)

Obligatory Part: Using Economic Concepts and Techniques (8 points)

1. Complete the following table: (1.5 points)

Principle (Classical Liberal System)	Positive Result	Negative Result	Measure (in the Neo-liberal system) to address the negative result
		Capital flight	
			Progressive direct tax

2. Justify each of the following statements: (1.5 points)

2.1 During depression inflation decreases

2.2 The reduction in the exchange rate of the national currency leads to a reduction in unemployment rates.

2.3 The State adopts a policy of austerity (contractionary fiscal policy) to solve inflation

3. At the beginning of 2010, Mr. Fadi was appointed as the General Manager of Capco General Trading Company SAL. Mr. Fadi has since adopted the principle of developing teamwork spirit. At the end of the year, the company's CFO presented a report to Mr. Fadi showing a 27% increase in the company's profits compared to the previous year. Show, using a logical sequence, the link between developing the teamwork spirit and the increase in Capco's profits. (1 point)

4. An individual earning an income of LBP 4,000,000 tends to allocate 75% of it to consumption.

4.1 Calculate the average propensity to save for this individual. (0.5 point)

4.2 When his income increased by 15%, he allocated 50% of this increase to savings. Calculate the marginal propensity to consume. (0.5 point)

4.3 Calculate the income elasticity of consumption. Analyze the result. (1 point)

5. Copy the following table on your answer sheet; then, complete it with the appropriate answers knowing that the market price is $P = 0.025 Q + 0.75$ (2 points)

Quantity of Production	Total Cost	Marginal Cost	Market Price	Complete the cells of this column with one of the following appropriate expressions: loss, maximum profit, profit below its maximum limit
20	75			
70	200			
100	390			
130	500			
175	740			

Choose one of the following sets:

First Optional Set: Analyzing Economic Documents (12 points)

Document no.1:

Following the consecutive four-year high growth in the Lebanese economy during the period between 2007-2010, and following the challenges faced on more than internal and external levels in 2011, the Lebanese economy did not recover in the first half of 2012. Most economic indicators showed a slowdown or a decline in the improvement rates. The economic growth in Lebanon is expected to fall below 2% in 2012, compared with a projected 3.5% growth for this period. This decline in growth estimates is due to the challenges that Lebanese economy faced in 2011 until mid-2012.

These challenges, some of which are internal and mainly linked to the political conflict and the state of stagnation (statuquo) that prevented the start of the process of financial and administrative reform, and some of which are regional such as the impact of security and political turmoil in many Arab countries on the economic situation and on the flow of investment and others are international as the impact of the financial crisis in a number of European countries, in addition to the rise in world oil prices.

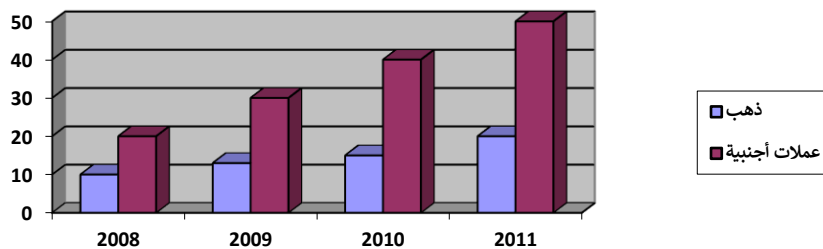
Document no.2:

(...) The public policies that raise risks in the public budget are more influential than external shocks and the repercussions of the Syrian crisis. The recent adjustment in the scale of wages and salaries for public sector employees would cost the Treasury between \$ 1 billion and \$ 1.5 billion yearly, which is equivalent to half of the budget deficit in 2011. Also, the 2013 budget includes a 25% increase in expenditures and includes new taxes to cover the increase in spending in order to keep the deficit at \$ 3.5 billion. For that, the budget deficit is expected to exceed 7.5% of Gross Domestic Product (GDP) in 2012 compared to 6.2% of GDP in 2011.

However, Lebanon needs more than ever public investment, from infrastructure such as electricity, telecommunications and transport, to social spending, in its forefront comes the total medical coverage for all Lebanese. Public investments have an important impact on improving macroeconomic indicators and raising the welfare of society, not to mention their contribution to economic growth.

(...) The most difficult thing to justify, however, is ignoring the economic decision as the legislative work for their importance in raising the competitiveness of the investment climate and making lasting profits in the productivity of all business sectors; these are two conditions to overcome the economic repercussions of the regional turmoil.

Document no. (3): External assets of the Lebanese Central Bank (LBP billion)



Document no.4: Commercial banks' subscription of treasury bonds with the Lebanese Central Bank

Billion Pounds	2008	2009	2010	2011
Commercial banks' subscription In treasury bonds	8,419	10,043	12,912	15,835
Percentage (%)	21.8%	22.5%	26.9%	32.5%

مصدر المستندات : التقرير الاقتصادي عام 2011 – غرفة التجارة والصناعة والزراعة في بيروت وجبل لبنان.

Referring to the above documents, answer the following questions:

1. 1.1 Referring to the first paragraph of document no. 1, specify the expected stage of Lebanon's economic cycle for 2012. Justify your answer with one proof extracted from the document. (1 point)
1.2 Extract the challenges that the Lebanese economy faced in 2011 to mid-2012. (0.75 point)
1.3 Explain the effect of the internal challenges on the expected stage of Lebanon's economic cycle for 2012. (0.75 point)
2. Deduce from document no.2, a measure within the income policy; then, mention a positive consequence of this measure at the social level and a negative one on the financial level. (1 point)
3. 3.1 Extract the financial problem referred to in document no.2. (0.5 point)
3.2 Document no. 2 states: "The budget for 2013 ... includes new taxes to cover the increase in expenditure." Evaluate this suggestion. (1 point)
4. Deduce from document no.2 a health indicator that the State is seeking to improve; then, mention the intended economic result. (1 point)
5. 5.1 Mention the result of the change in the data of document no.3. (0.5 point)
5.2 Explain how the result mentioned in 5.1 may contribute to limiting the implications of the regional challenge contained in document no.1. (0.5 point)
6. 6.1 According to the data of document no.4, deduce the percentage change occurring to the

subscription rate of treasury bonds at the Lebanese Central Bank. (0.5 point)

6.2 Explain the impact of this change on the economic situation referred to in document no.1. (0.5 point)

7. The above documents mention several domestic, regional and international challenges that have exacerbated the economic and financial problems in Lebanon.

Write a text in which you present these problems while suggesting:

- An appropriate policy to solve the main underlying economic problems, mentioning two measures within this policy and explaining the effect of these two measures on achieving the intended objective

- A structural policy to deal with the financial problem, mentioning two measures within this policy and linking these two measures and the solution of the presented problem. (4 points)

Second Optional Set: Addressing an Economic Subject (12 points)

Document:

Mr. Samir, the general supervisor at a school, thought: "The school has made a remarkable progress in its academic level, and the success rates are continuously increasing." But what disturbs Mr. Samir is the school's director who sits in his room behind his office while being preoccupied with defining the relations between the coordinators, teachers and supervisors and among the supervisors and who rarely meets with the teachers, employees and staff at school. This fact drew the attention of Mr. Samir, the supervisor, who sent a report to the owner of the school explaining the situation. Indeed, the school's owner responded to Mr. Samir's request and appointed a new director for the school.

One year after the appointment of the new director, Mr. Samir paused again and thought:

"It is amazing that, despite the efforts and activity of the director in the school, its level is declining and the success rates are declining ... The director rarely enters his office and intervenes in every matter in vain... .. strange."

Based on the information in the above document and your acquired knowledge, address this subject through the following points:

- Specify the problem presented in the document
- Explain the most important principles of the managerial function presented by the document
- Specify the framework according to which the several activities and authorities are practiced in any organization
- Mention the most important criteria used to evaluate the effectiveness of this function

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أسس التصحيح (تراعي تعليق الدروس والتوصيف المعدل للعام الدراسي 2016 – 2017 وحتى صدور المناهج المطورة)

Obligatory Part: Using Concepts and Techniques (8 points)

1. (1.5 points)

Principle (Classical Liberal System)	Positive Result	Negative Result	Measure (in the Neo-liberal system) to address the negative result
Freedom of capital mobility	Attracting investment/increasing investment	Capital flight	Imposing a ceiling on the rate of capital mobility in the country during crises
Legacy of profit	Increasing investment	Social inequality	Progressive direct tax

2.2.1 In the recession period, some economic establishments reduce their prices to manage to sell their stocks of unsold products. So, inflation decreases (0.5 point).

2.2 The reduction in the value of the exchange rate of the national currency in relation to foreign currencies leads to an increase in the prices of imported foreign goods in national currency. The competitiveness of imported goods decreases when competing with domestically produced goods. Demand for domestic goods increase leading to an increase in investment; this will lead to the creation of new job opportunities and reduction in unemployment rates. (0.5 point).

2.3 The State adopts austerity measures or contractionary fiscal/budgetary policy that requires the following two measures: reducing public expenditure and raising direct tax rates in order to absorb the excess liquidity that causes the increase in demand for consumption. The demand for consumption decrease with respect to supply leading to a decrease in prices and hence a reduction in inflation rates. (0.5 point).

3 - Developing the teamwork spirit leads to an increase in productivity which will enhance competitiveness of the company (0.5 point). As a result, there will be an increase in the demand for the products of the company leading to an increase sales and hence an increase in profits (0.5 point).

4.1 Average propensity to save = $1 - \text{average propensity to consume} = 1 - 0.75 = 0.25$ (0.5 point)

4.2 Marginal propensity to save = $1 - \text{marginal propensity to consume} \rightarrow \text{marginal propensity to consume} = 1 - 0.5 = 0.5$ (0.5 point)

4.3 Elasticity of demand with respect to income = $(\text{Change in } Q_d / Q_d) / (\text{change in income} / \text{income}) = \text{marginal propensity to consume} / \text{average propensity to consume} = 0.5 / 0.75 = 0.66$ (0.5 point)

$0.66 < 1 \rightarrow$ the consumer tends to purchase necessities (0.5 point)

5.

Quantity of Production	Δ Quantity of Production	Total Cost	Δ Total Cost	Marginal Cost	Market Price	Complete the cells of this column with one of the following appropriate expressions: loss, maximum profit, profit below its maximum limit
20	-	75	-	-	-	
70	50	200	125	2.5	2.5	MC = P $\rightarrow$ Maximum profit
100	30	390	190	6.33	3.25	MC > P $\rightarrow$ Loss
130	30	500	110	3.66	4	MC < P $\rightarrow$ Profit less than maximum
175	45	740	240	5.33	5.12	MC > P $\rightarrow$ Loss

0.25 point for each change in production – change in total cost – marginal cost and price

0.25 point for each cells of the last column in the table

First Optional Set: Analyzing Economic Documents (12 points)

1.

1.1 The stage of the economic cycle: recession (0.5 point) – Proof: “The economic growth in Lebanon is expected to fall below 2% in 2012, compared with a projected 3.5% growth for this period” (0.5 point)

1.2 Some of which are internal and mainly linked to the political conflict and the state of prevarication that prevented the start of the process of financial and administrative reform, and some of which are regional such as the impact of security and political turmoil in many Arab countries on the economic situation and on the movement of investment and others are international as the impact of the financial crisis in a number of European countries, in addition to the rise in world oil prices. (0.75 point)

1.3 Internal challenges: political conflict and the state of prevarication... $\rightarrow$ Political crises $\rightarrow$ Decrease in amount of capital flow from the Arab countries in the form of investments $\rightarrow$ decrease in investment $\rightarrow$ decrease in production $\rightarrow$ decrease in economic growth (0.75 point)

2. Measure: Increase salaries and wages (0.5 point)

A positive result at the social level: increasing purchasing power (0.25 point)

A negative financial result: increased public expenditure (0.25 point)

3.3.1 Public budget deficit (0.5 point)

3.2 Positive result: reduction of the government budget deficit. (0.5 point)

Negative result: $\downarrow$ Purchasing power $\rightarrow \downarrow$ Demand for consumption / $\uparrow$ Production cost $\rightarrow \downarrow$ Competitiveness. (0.5 point).

4. Health Indicator: Percentage of medically insured / public expenditure on health. (0.5 point).

Economic result: increased productivity. (0.5 point)

5.5.1 Strengthening the national reserve of gold and foreign currency (0.5 point)

5.2 Strengthening the national reserve of foreign currency → Increase the capacity of the Central Bank to meet the demand for exchanging the local currency to foreign ones due to the regional challenge of the impact of security and political turmoil in many Arab countries on the economic situations and investment movement, which may threaten civil peace, lead to capital flight and thus reduce the repercussions of this challenge. (0.5 point)

6. 6.1 Increase in the percentage of commercial banks' subscription in treasury bonds meaning that the commercial banks (0.25 point): Justification: increase in the percentage from 21.8% in 2008 to 32.5% in 2011. (0.25 point)

6.2 Increase in the percentage of commercial banks' subscription in treasury bonds meaning that the commercial banks are buying treasury bills instead of issuing loans issued for investment → decrease in liquidity of economic enterprises → decrease in investment → decrease in production → decrease in economic growth (0.5 point)

7. The problems presented in the documents are: the low rate of economic growth, due to several challenges, including political disputes, security and political turmoil in most Arab countries, the financial crisis in a number of European countries, the rise in world oil prices and the budget deficit.

The Problem	The Solution	The Measure	The Link
Decrease in economic growth	Expansionary supply side policy (0.5 point)	-Decrease in interest rates on loans issued for investment - Availability of a competitive market (0.5 point)	... → decrease in production cost + increase productivity → improvement of competitiveness → increase in demand on consumption → increase in investment → increase in economic growth (1 point)
Public budget deficit	Privatization (0.5 point)	BOO BOT (0.5 point)	Applying BOO and BOT increases public revenues of privatized institutions from one side and reduces government spending. As public revenues increase with respect to a decrease in public spending, there will be a decrease in budget deficit (1 point)

Second Optional Set: Addressing an Economic Subject (12 points)

Introduction: (3 points) (1 point for the methodology and two points for the content).

Methodology: The student gets the full mark on the methodology when he mentions the problem and the basic points he will address in the content.

Content: (2 points) the learner may highlight the importance of the organization in

- Achieving the optimal use of the factors of production
- Reducing conflict.
- Achieving coordination between different individual and collective efforts

Problematic: (0.5 point) - Example: Is the success of the school based on the follow-up of all the detailed matters or the division of labor and other conditions of an organizational nature?

Body: (7 points) (1 point for the methodology and 6 points for the content)

Methodology: taking into account the sequence of ideas according to the steps in the introduction and linking the paragraphs with transitional sentences.

Content: (6 points)

1. State the problem while analyzing it - regulation allows directing all efforts to achieve common goals (1 point)
- 2 - Principles of organization (2.5 points) - enough to mention only five elements with the proper explanation

To be an effective organization of the enterprise, there is a set of principles, including:

- The unity of purpose
- Parity between power and responsibility
- The principle of specialization and division of labor
- Command unit.
- Principle of homogeneity and compatibility
- Scope of supervision

Standards of effective regulation: (2.5 points) - enough to mention only five elements with the proper explanation

- Clarity of powers and responsibilities.
- Equality between authority and responsibility
- Helping to achieve the goal for which the institution was found
- The organization should be suitable for individuals and meet their needs
- Clarity of relationships
- Flow of administrative work
- Avoid complications and reduce formalities
- Delegation of authorities

Conclusion: (2 points)

Methodology: The answer to the problem - the result. (0.5 point)

Content:

- A solution to the problem (applying the function of regulation in a scientific manner according to criteria to prove the effectiveness of this function).
- Summarize the ideas that came in the body and the introduction and answer the problem. (1.5 points)