

الدورة الاستثنائية للعام 2009	امتحانات الشهادة الثانوية العامة الفرع : اجتماع و اقتصاد	وزارة التربية والتعليم العالي المديرية العامة للتربية دائرة الامتحانات
الاسم: الرقم:	مسابقة في مادة الاقتصاد المدة ثلاث ساعات	

### Part One: Obligatory set

#### Using concepts and techniques (7 points)

#### 1 – Justify each of the following phrases: (2 points)

- 1.1 – During the traditional society stage labor productivity is low.
- 1.2- The policy of reducing the retirement age to fight unemployment leads to the decrease in the competitiveness of enterprises.
- 1.3- Developing countries focus on indirect taxes more than direct taxes.
- 1.4- When the price of olive oil rises, the demand on thyme declines.

#### 2 – Consider a consumption function (C) in a given country: $C = 0.4R + 600$ , and the income (R) is: $R = 1200$ m.u.

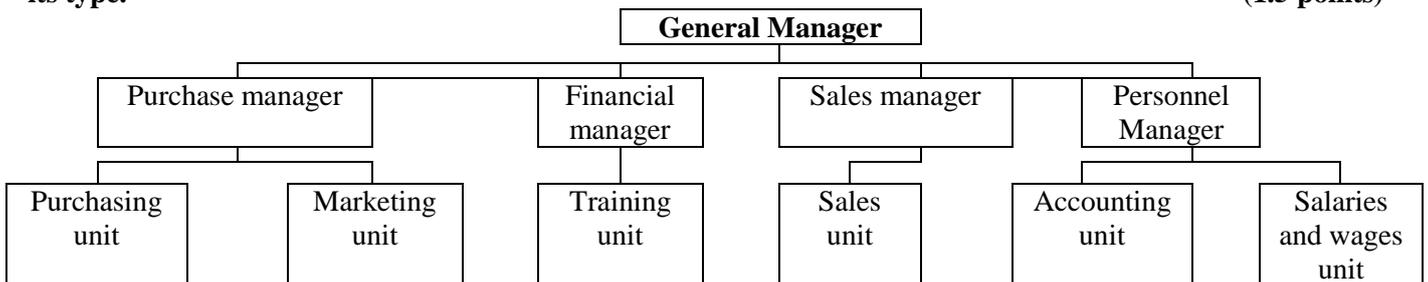
- 2.1- Calculate the average propensity and marginal propensity to consume and to save. (1 point)
- 2.2- Determine if there are savings or a need for borrowing. Justify your answer. (0.5 point)

#### 3 – An industrial enterprise was offered to buy a machine, with the following terms of payment:

Two million m.u. as down payment upon purchase and the balance by five equal yearly payments, the value of each payment 800,000 m.u.; knowing that the annual interest rate is 8%.

Buying this machine will achieve an annual revenue of 1,200,000 m.u. during a period of five years. **Is buying the machine a profitable investment? Justify your answer by the proper calculations. (2 points)**

4 - One of the non-specialized employees of an electronic device enterprise prepared the following organizational chart for the company. Administrative practice has proven the ineffectiveness of this structure. **Redraw the organization chart and correct the mistakes in accordance with the organizational principles and then name its type. (1.5 points)**



### Part Two: choose one of the following sets

#### Firs choice set: Analyzing documents (12 points)

##### Document No. 1:

The Egyptian economy went through a number of phases since 1952, the first phase ended in 1960 and was dominated by a number of policies through evident state intervention in the economic activity (...) in 1960 the second phase began and lasted until 1966; its most important feature was the overall national economic planning (...) In 1967 the third phase of the economic development of Egypt started and is the economy of war during which the economy has encountered problems to finance the plan (...) the military spending increased from 5.5% of the GDP in 1962 to 10% in 1967 to 20% in 1973. The fourth phase began in 1974 with the opening of the economy and a radical shift occurred in the economic system and policies; the most prominent feature of this phase was the shift away from overall planning and the use of Arab and foreign capital in the development through the laws of economic openness. High growth rate were achieved during that period attaining 9.8% but were related mainly to the service sectors and not the productive ones. In 1982 the development process intensified the transformation, and especially (...) the transition from the phase of manufacturing to replace imports to the phase of manufacturing in order to export. Since 1991 (...) the state is no longer the sole investor

Source: 2000/1/1. الهيئة العامة للاستعلامات المصرية- تطور الاقتصاد المصري - موقع انترنت.

##### Document No. 2:

Egypt is ranked the first in the world in the domain of trade policies reform (...) and in the area of structural reform according to the World Bank report on the latest developments and future prospects for the Middle East and North Africa region of 2006 (...) The report noted that the economic awakening in Egypt benefited from both the industrial exports and the significant growth in the services sector.

Source: شهادات دولية في الاقتصاد المصري - موقع انترنت.

**Document No. 3:** Economic indicators, public finance and external transactions.

Years	2000-2001	2001-2002	2002-2003	2003- 2004	2004-2005	2005- 2006
GDP real growth rate %	3,4	3,2	3.1	4.2	4.6	6.9
Total exports (Million dollars)	7078	7121	8205	10453	13833	-
Non-fuel exports (Million dollars)	4446	4740	5045	6542	8534	-
Gross fiscal deficit (Egyptian pounds)	-	34928	37674	39988	48593	42623

Source: Egyptian Ministry of Industry and Foreign Trade – September 2006

**Referring to the above documents, answer the following questions:**

1- Referring to document no. 1:

1.1 - Deduce the type of economic system that prevailed in Egypt in the first three phases, justify your answer by a proof. **(1 point)**

1.2 - Determine the negative impact of the basic principle adopted within this system. **(1 point)**

2 – It is mentioned in document no. 1 that during the economy of war, the economy has encountered problems to finance the plan. Explain the impact of increasing military spending in the third phase of development in Egypt. **(1 point)**

3 - After the third phase, the Egyptian economy witnessed a remarkable transition. Deduce the type of economic system adopted and justify your answer. **(1 point)**

4 – It is stated in document 1: " the transition from the phase of manufacturing to replace imports to the phase of manufacturing in order to export." Indicate two positive consequences of this decision. **(1 point)**

5– Referring to documents no.2 and 3 show the impact of the trade reform policies in Egypt:

- on the public finance for the year (2005 -2006) - on the economic situation. **(2 points)**

6 – The Egyptian economy witnessed two essential transformations. The first one in the economic system and the second one in the priority set for industry. In the form of a text:

- Name the two economic systems adopted in Egypt.

- Specify the adequate policy to pass from the first system to the second one, mentioning the two measures of this policy and showing the economic objective of applying them.

- Name two measures from the industrial policy to achieve the second transformation

- Relate between the two measures and the economic situation mentioned in document no.3 **(5 points)**

**Second set: Studying an economic subject (12 points)**

**Document No. 1:** From the Lebanese Economy Report of 2006

The Israeli aggression hit the elements of the economic reform achieved in the first half of the year 2006. After the Lebanese economy faced depression and the painful events of the year 2005, economic indicators accelerated since the beginning of the year 2006, registering the highest rates rise and new records, on the balance of payments level and Central Bank reserve of foreign currencies and the movement of harbors, construction, exports and other indicators.

(...) The aggression directed a harsh blow to the government's economic program, and it is certain that the budget deficit will rise to about twice what it was last year and the gross public debt will escalate. The tourism sector, which was supposed to attract more than 1.6 million tourists as well as investments, suffered a heavy toll,.

As a result of this crisis the productive sectors' ability to retain labor decreased, a large number of staff were fired which created a disturbing unemployment situation, that led thousands to thinking about immigration; this is what threatens Lebanon's wealth of efficient human resource.

Source: Chamber of Commerce, Industry and Agriculture, Beirut- Lebanese Economy Report 2006

**Document No. 2:**

	2003	2004	2005	2006
Gross Domestic Product ratio	3%	5%	1%	-5%

Source: Chamber of Commerce, Industry and Agriculture, Beirut- Lebanese Economy Report 2006

**The above two documents show the problems suffered by Lebanon between 2004 and 2006. Write an essay discussing the following points:**

- Stages of the economic cycle undergone by Lebanon between 2004 and 2006, covering two features of each stage.

- The consequence of the aggression on each of the following levels: financial, economic and social

- The economic policy that must be adopted to deal with the economic consequence and another one to deal with the financial consequence, explaining two measures for each policy.

- The expected phase after the application of the proposed policies

**N.B. Clear and neat presentation (0.5 point) – Readable handwriting (0.25 point) - Style (0.25 point)**

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**Obligatory set:**

Part of the Q	Answer	Mark
1.1	The use of old machinery and equipment that are at able to development in the stage of traditional society leads to low productivity (production rendered for self-consumption)	0.5
1.2	The use of this policy will result deficit in the funds that pays wages or compensations due to the unusual rise for those who reach retirement age, to remove the deficit, these funds resort to raise subscriptions (social burdens), which rests on the majority of holdings or enterprises have to pay to pay compensations to those who retire and this constitutes an increase of their costs → ↑ <b>cost of production</b> → ↓ <b>competitiveness</b>	0.5
1.3	The reason for this emphasis is often due to poor fiscal administration, traditional techniques in collecting taxes, weak equipment and apparatus and weak control, which make them unable to disclose the revenues and profits	0.5
1.4	↑ price of olive oil leads to low demand for thyme - complementary goods.	0.5
2	<p>2.1</p> <p>Average propensity to consume = <math>C/R = (0.4 (1200) + 600)/1200 = 0.9</math> (0.25 pt)</p> <p>Marginal propensity to consume = 0.4 (0.25 pt)</p> <p>Average propensity to save = <math>S/R = 120/1200=0.1</math> (0.25 pt)</p> <p>Or</p> <p>1- Average propensity to consume = <math>1 - 0.9 = 0.1</math></p> <p>Marginal propensity to save = <math>1-0.4 = 0.6</math> (0.25 pt)</p> <p>2.2</p> <p>There are savings (0.25 pt)</p> <p>Average propensity to consume = <math>0.9 &lt; 1</math> (0.25 pt)</p> <p>Or</p> <p><math>R=C+S</math></p> <p><math>S= R-C = 1200 - 1080 = 120</math> m.u.</p>	1.5
3	<p>The present value of payments:</p> $V_0 = F \frac{1 - (1 + i)^n}{i} + I_0 \text{ (0.25 points)}$ $V_0 = 2000,000 + 800,000 \frac{1 - (1 + 0.08)^{-5}}{0.08} = 5,194,168.03 \text{ m.u.}$ <p>(0.25 for the application of the equation and 0.25 for the result)</p> <p>The present value of equal revenue:</p> $V_0 = 1,200,000 \frac{1 - (1 + 0.08)^{-5}}{0.08} = 4,791,252 \text{ m.u.}$ <p>The present value of financial flows: <math>4,791,252 - 5,194,168.03 = -402,916</math> mu (0.25 points)</p>	2

	Since the present value of financial flows is negative, the process of buying machines loses (0.5 points)	
4	<div style="text-align: center;"> <pre> graph TD     DG[Director General] --&gt; PM[Personnel manager]     DG --&gt; FM[Finance manager]     DG --&gt; Pm[Purchasing manager]     DG --&gt; SM[Sales manager]     PM --&gt; SS[Salaries section]     PM --&gt; TS[Training section]     FM --&gt; AS[Accounts section]     Pm --&gt; PS[Purchasing section]     SM --&gt; MS[Marketing section]     SM --&gt; Ss[Sales section] </pre> </div> <p>(0.25 point for each correction)</p> <p>Functional Departmentalization (0.5 points)</p>	1.5

### First choice set

Part of the Q	Answer	Mark
1.1	Marxist Leninist system.(0.5 Point) Justification: “through state intervention in economic activity.” Or “overall national economic planning “(0.5 Point)	1
1.2	Negative result: Hinders private initiative or Reduce competition or Hinders creativity and renovation or Reduces productivity	1
2	The increase in military spending during the war leads to allocate a large portion of the state budget for acts of war and military installations that increased from 5.5% in 1962 to 10% in 1967 to 20% in 1973 instead of allocating budget for the expenditure on the economic plan and development in health and education or infrastructure	1
3	The neo liberal system or Socio democratic system (0.5 Point) Justification: “With the introduction of economic openness .... the state is no longer the sole investor. (0.5 Point)	1
4	Contribute to reduce trade balance deficit or Increase the reserve of foreign exchange or self sufficiency or increase competitiveness.  (0.5 point for each consequence, 2 are required)	1
5	Document (2) confirms that Egypt had benefited from changes in trade policy and structural reform, its manufacturing exports →↑ Public revenues → ↓ Public deficit from 48593 to 42623 (1 point) and ↑ economic growth from 3.1 to 4.2 to 4.6 to 6.9	2
6	First phase: Socialist Marxist Leninist system. (0.25 point) Second phase: Neo liberal system or socio democratic. (0.25 point)  Determine transition policy: privatization. (0.5 point) The two measures: Build Operate & Transfer and Build Operate & Own(0.5 point)  Policy objective: Improving the efficiency and effectiveness of the targeted institutions →↑ productivity →↑ competitiveness →↑ investment →↑ production (1 point) →↑ economic growth (0.5 point)	5

	<p>Measures for the second transformation:</p> <ul style="list-style-type: none"> <li>- Create a data bank or a documentation center</li> <li>- Advertisement campaign in international markets</li> <li>- Guaranty export credits</li> <li>- Financing exports</li> <li>- Reduce tax burdens</li> </ul> <p style="text-align: right;">(0.5 point for each measure, 2 are required)</p> <p>Any measure to encourage exports → ↑ Demand on domestic products in international markets  → ↑ investment → ↑ production → ↑ economic growth (1 point)</p> <p>Or</p> <p>Any measure to encourage exports → ↑ Demand on domestic products in international markets →  ↑ Exports → ↑ foreign currencies reserves and ↓ trade balance deficit → ↑ economic growth</p>	
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**Second choice set**

Part of the Q	Answer	Mark
<b>1</b>	<p><b>Introduction :</b></p> <p><u>Methodology</u> (1 point): Mention an adequate and coherent issue (“problematique”) and announce the plan which will be detailed in the body.</p> <p><u>Content</u> : 1 point for stating the issue which will be discussed et 1 point for announcing the plan</p> <ul style="list-style-type: none"> <li>- Identifying and defining stages of the economic cycle.</li> <li>- Identify the prominent problem in the document: the deterioration of the Lebanese economy and its impact on employment</li> </ul> <p>Example of “problematique”: The slowness of the Lebanese economy has negative repercussions such as the decrease in economic growth rates and high level of unemployment and increasing budget deficit, what are the appropriate policies to deal with the repercussions?</p>	<b>3</b>
<b>2</b>	<p><b>Body – Methodology</b> (1 point) :</p> <ul style="list-style-type: none"> <li>- Dividing the body in paragraph containing each one main idea supported by arguments.</li> <li>- Connecting between paragraphs with a sentence.</li> <li>- Respecting a logical sequence of ideas.</li> </ul>	1
<b>3</b>	<p><b>Body – Content:</b></p> <p>Discussion of the phases through which the Lebanese economy went through in the years mentioned in the document.</p> <ul style="list-style-type: none"> <li>- First phase: Economic recession (between 2004 and 2005), decrease of GDP, decline in economic growth. + mention stage features</li> <li>- Second phase: economic crisis, specifically depression (between 2005 and 2006), a decline in growth rate from 1% to -5% + mention stage features</li> </ul> <p>(0.5 point for mentioning every phase - 0.25 for mentioning every feature of every phase, 2 features for each phase)</p>	2
<b>4</b>	<p><b>Body – Content:</b></p> <p>Consequences:</p> <ul style="list-style-type: none"> <li>- On the economic level: recession, decrease in economic growth</li> <li>- At the financial level: the aggravation of public debt or increase the public deficit</li> <li>- At the social level: increasing unemployment</li> </ul>	0.5
<b>5</b>	<p><b>Body – Content:</b></p> <p>The crisis itself constitute suitable conditions for the return of investment and thus to restore growth.</p> <p>Policies that can be used to treat the consequence on the economic level:</p> <p>Reform Policy through enhancing the competitiveness of supply, its tools: the fight against inflation</p> <ul style="list-style-type: none"> <li>- providing a competitive market - stabilizing wages - low interest rates on loans intended for investment</li> </ul> <p>(0.5 point to mention politics and point to explain that means)</p>	3

	<p>Policies that can be used to treat the consequence on the financial level:          -Privatization policy which seeks to reduce the ratio of public debt and means: BOT, BOO          Privatization → improve productivity of enterprises → ↑ production in quantity and quality → ↑ growth          (0.5 point to mention policy and 1 point to explain that means)</p> <p>The student may mention more than 2 policies, three marks are distributed among them.</p>	
6	<p><b>Body – Content:</b>          Expected phase: return of growth          0.25 for mentioning stage, 0.25 for explanation</p>	0.5
7	<p><b>Conclusion :</b>  <u>Methodology</u> (0.5 point): Synthesizing the arguments and solutions of the issue discussed.  <u>Content</u> (1.5 points):          Synthesizing the arguments which were developed in the body.</p>	2