


<p>المادة: علم الاقتصاد شهادة الثانوية العامة فرع الاجتماع والاقتصاد نموذج رقم 2 - انكليزي المدة: ثلاث ساعات</p>	<p>الهيئة الأكاديمية المشتركة قسم الاجتماع والاقتصاد</p>	 <p>المركز العربي للبحوث والتنمية</p>
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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. A country decided to increase its public expenditure on education, increase the percentage of medically insured citizens and empower women through preparation and training.

1.1 Name the development policy adopted (0.5 point)

1.2 Suggest two complementary measures to the measures mentioned above. (0.5 point)

1.3 State a direct economic result for these measures. (0.5 point)

2. Complete the following table: (0.5 point)

Option	Reason to adopt this option
Dependency on light industries	
Dependency on heavy industries	

3. Justify each of the following statements: (1 point)

3.1 The excessive granting of social benefits in the neoliberal system may weaken the competitiveness of economic enterprises.

3.2 Under the first industrial revolution, the continuous rise in textile production led to an agricultural revolution in England.

3.3 In some cases, the person with personal authority has more influence on his colleagues in work related consultations than the one with official authority.

3.4 Inflation decreases during a depression.

4. Two amounts: the first worth 10,000,000 m.u and the second worth 9,000,000 m.u were deposited over simple interest rates; the first with an interest rate of  $i_1$  and the second is with a rate that is 1.5% less than the first. After three months of depositing the first amount and 6 months of depositing the second amount, the interest of the second amount exceeds the interest of the first amount by 72,500 m.u. Calculate the interest rates  $i_1$ ,  $i_2$ . (1.5 points)

5. An investor decided to establish a factory for the production of computers. Conducting the feasibility study shows that the project requires the following elements, which include the start-up costs in addition to the annual operating expenses:

Land: 200,000 mu

Machinery and equipment: 150,000 mu

Raw materials: 90,000 mu

Energy: 20,000 mu

Feasibility study cost: 15,000 mu

Salaries and wages: 100,000 mu

The feasibility study showed that the project sales are expected to be as follows:

In the first year: 1,000 computers and the expected per-unit selling price is 200 mu

In the second year: 1,300 computers and the expected per-unit selling price is 230 mu

In the third year: 1,600 computers and the expected per-unit selling price is 300 mu

In the fourth year: 2,000 computers and the expected per-unit selling price is 320 mu  
Knowing that the yearly interest rate is 6%., specify if the project is profitable justifying your answer while using the necessary calculations. (2.5 points)

6. Arrange the planning stages listed below while respecting their methodological sequence  
Evaluation of alternatives - Selection the most appropriate alternative – specifying the objectives – specifying the alternatives. (1 point)

**Choose one of the following sets:**

**First Optional Set: Analyzing Economic Documents (12 points)**

**Document no.1: The Governor’s Wisdom**

(...) After the global financial crisis in 2008, the wisdom of the Governor of the Lebanese Central Bank Riyad Salameh was reflected in the preventive policies taking into account the crisis before the major central banks of the world and the international rating institutions that misjudged their ratings for major international banks and financial institutions. In his policy, he stressed on the control of borrowing for real estate speculations under the circulars of the Banque du Liban, as well as the trading in securities. It should be noted here that as a result of these policies and the subsequent monetary stability since 1993, banks have achieved a significant increase in their capital and assets. This contributed to a significant increase in cash flows, which reached their maximum size during the global financial crisis, with flows reaching about \$ 50 billion over three years. Moreover, due to the decline in economic growth and the large budget deficit, the Lebanese Central Bank has devised and implemented programs to help banks merge from one side and provide subsidized loans for industrial, tourism, medical, residential and alternative energy projects etc.....; a fact that boosted investment in each of these sectors as the modest achieved growth has been the result of this support for more than four years.

**المصدر: الاقتصاد الجديد – العدد الثالث – آذار 2016**

**Document no. (2):**

(...) International rating agencies lowered Lebanon's expected economic growth rate for 2012 to reach 2% at best, with performance improving in 2013 to reach a growth rate of 3.7%. These expectations came after the high growth rate witnessed by the Lebanese economy for four consecutive years between 2007-2010 ; as growth reached about 7.5% in 2010, and after the challenges it faced in internal and external levels in 2011. The Lebanese economy did not recover in the first half of 2012 and most of the economic indicators showed a slowdown or decline in performance.

**Document no. 3: Plan of Action for Economic and Social Reform**

The government prepared a plan of action for economic and social reform in March 2012. The plan included the following seven axes to implement this reform:

1. Restoring sustainable financial well-being by addressing the public debt issue and developing an effective strategy to reduce its size and improve its management.
2. Strengthening the policies and enacting legislations and regulations that may improve the investment climate and support the private sector.
3. Developing and rehabilitating the infrastructure.
4. Promoting and developing work in the areas of health, education and social protection

5. Promoting a balanced economic and social developmental strategy covering all Lebanese regions
6. Executing institutional and administrative reform to raise the level and capabilities of the civil service and improving the governance at the level of public institutions.
7. Implementing requirements to assist reform.  
مصدر المستندين رقم (2) و(3): التقرير الاقتصادي عام 2011 – غرفة التجارة والصناعة والزراعة في بيروت وجبل لبنان.

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

1. Extract the financial problem mentioned in document no.1 (0.5 point)
2. Referring to document no.1:
  - 2.1 Deduce the principle within the classic liberal system that could lead to real estate speculations (0.5 point)
  - 2.2 Specify a positive result for this principle. (0.5 point)
  - 2.3 Suggest a solution within the neo-liberal system to address the problem of real estate speculations (0.5 point)
3. By referring to the information in document no.2, specify the stages of the economic cycle expected after the year 2010. Justify your answer. (1 point)
  4. 4.1 Explain how the financial problem extracted in question (1) may hinder the implementation of the fourth axe of document no.3. (0.5 point)
  - 4.2 Specify a direct economic consequence that may result from the non-applicability of this axe. (0.5 point)
5. 5.1 State two measures that may be adopted to achieve the second axe mentioned in document no.3; then, explain the link between one of these measures and the intended objective of this axe. (1.5 points)
- 5.2 Explain the effect of applying the third axe mentioned in document no.3 on the economic situation. (1 point)
6. Show how the innovative programs issued by the Central Bank in document no. 1 confirm the information mentioned in document no.2 on the stage of the economic cycle during the years 2007 to 2010. (1 point)
7. The above documents refer to several economic and financial problems from which Lebanon is suffering, write a text in which you suggest: (4.5 points)
  - An appropriate policy to help Lebanon achieve the expected growth stage during 2013, stating two measures within this policy and explaining the effect of these two measures on achieving the intended objective.
  - An appropriate policy to address the financial problem in document no.1 while corresponding to the 2<sup>nd</sup> axe mentioned in document no. 3, stating two measures within this policy and linking between these two measures and the achievement of the intended objective
  - An appropriate policy to achieve the fourth axis mentioned in document no.3, mentioning three measures within the policy and linking between these measures and the intended objective

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

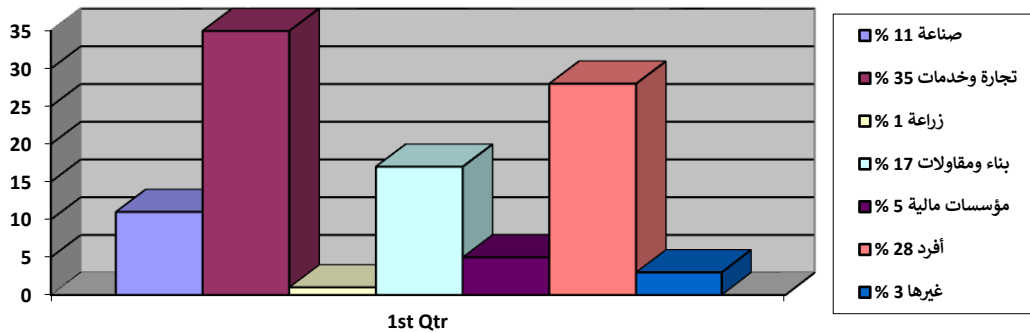
### **Document no. (1):**

During the Roman period, the Bekaa was known as Rome's convictions, and the largest Roman temples were built in its midst. The Bekaa has been an agricultural area since the old days, providing food security for the population. The Bekaa's agricultural share amounted to 44.7% of the total Lebanese agriculture in terms of value.

**المصدر:** المجال الجغرافي اللبناني والعربي – التعليم الثانوي – السنة الثانية فرع العلوم – المركز التربوي للبحوث والانماء.

### **Document No. (2):**

Distribution of Loans to economic sectors



**المصدر:** التقرير الاقتصادي 2013

### **Document no. 3: Agricultural Production System in Lebanon**

The analysis of the agricultural production system revealed that it is a traditional system that is not desired by the consumer at home and abroad. As for the labor force, there is a shortage of agricultural labor in Lebanon. In general, the labor force in Lebanon can be described as an unskilled labor force that lacks education and expertise.

(...) Farmers do not have access to financial capital. (...) Short-term soft loans can be obtained from private banks for a high interest rate of up to 25% when government financial facilities and agricultural loans are non-existent.

**المصدر:** بتصرف من كتاب د. توفيق جابر – القطاع الزراعي في لبنان تحليل وآفاق.


### **Document no. (4): Development of trade exchange of agricultural products (\$ thousand)**

Years	Agricultural Exports	Agricultural Imports
2010	154116	7156489
2011	160584	849613

**المصدر:** تقرير صادر عن غرفة التجارة والصناعة والزراعة – بيروت – 2012

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

- How to encourage farmers to stay in their land, invest and produce by mentioning the development problem identified while suggesting two measures to solve it
- Selecting four problems from the documents while naming an appropriate measure to overcome each of these problems
- Specifying the effect of the solutions on the commercial exchange of agricultural products and on the Lebanese society.

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

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

1.1 Human Development Policy (0.5 point)

1.2 Increase in public expenditure on health - Increase of social allowances - Mandatory and free education (any another procedure within this policy is considered valid. (0.5 point per measure)

1.3 Increase labor productivity / increase productivity. (0.5 point)

2- (0.25 point per cell)

Option	Reason to adopt this option
Dependency on light industries	<ul style="list-style-type: none"> <li>- Availability of locally produced goods market</li> <li>- These industries do not require large capital for investment</li> </ul>
Dependency on heavy industries	<ul style="list-style-type: none"> <li>- Benefit from their high ability to create jobs.</li> <li>- Upgrading one step to the level of industrialized countries.</li> </ul>

3-

3.1 The excessive granting of social allowances in the neo-liberal system has made these granting institutions fall in deficit. To fund this deficit, these institutions resort to increase the social contributions of the economic establishments; a fact that increases cost of production weakening the competitiveness of the economic establishments. (0.25 point).

3.2 The continued rise in textile production has boosted the demand for cotton, which has stimulated investment in this sector, which attracts capital and develops its production techniques; a fact that has revolutionized agriculture in England. (0.25 point)

OR

The continued rise in textile production led to a decline in the prices of cotton products, which raised the demand for this product and thus increased the demand for cotton, which stimulated investment in this sector, which attracted capital and developed its production techniques, which brought about an agricultural revolution in England.

3.3 The employee derives his personal authority from his seniority at work and from the recognition of his colleagues and the group with which he works with in his leadership. Whereas the employee gains his official authority from the law or the delegation he is granted; as a result, he may not have the necessary expertise to work at times. For that, he who owns a personal authority from his work may influence more his colleagues in the consultations relates to the work from that of an official authority. (0.25 point).

3.4- In the depression period, some economic establishments reduce their prices to sell their stocks of unsold products; which reduces inflation. (0.25 point)

4. C 1 = 10.000.000 m.u

C 2 = 9.000.000 m.u

i 1 = i 1

i 2 = ( i 1 – 0.015 )

n 1 = 3 months

n 2 = 6 months

$$I_1 \qquad \qquad \qquad I_2 = I_1 + 72.500 \text{ m.u (0.5 point)}$$

$$I_2 = I_1 + 72.500$$

$$6 \times 9.000.000 \times (i_1 - 0.015) = 3 \times 10.000.000 \times i_1 + 72.500$$

$$4.500.000 i_1 - 67.500 = 2.500.000 i_1 + 72.500$$

$$2.000.000 i_1 = 140.000 \text{ (0.5 point)}$$

$$i_1 = 0.07 = 7 \% \text{ (0.25 point)}$$

$$i_2 = 0.07 - 0.015 = 0.055 = 5 \% \text{ (0.25 point)}$$

5. Investment value = 200,000 + 150,000 + 15,000 = 365,000 mu (0.25 point)

Expenses = 90,000 + 20,000 - 100,000 = 210,000 m.u (0.25 point)

Revenues = (0.5 point)

1<sup>st</sup> year → 1,000 \* 200 = 200,000 mu

2<sup>nd</sup> year → 1,300 \* 230 = 299,000 mu

3<sup>rd</sup> year → 1,600 \* 300 = 480,000 mu

4<sup>th</sup> year → 2,000 \* 320 = 640,000 mu

Year	0	1	2	3	4
Investment Value	365,000	----	----	----	----
Revenues	----	200,000	299,000	480,000	640,000
Expenses	----	210,000	210,000	210,000	210,000
Cash Flow	----	(10,000)	89,000	270,000	430,000
Coefficient of actualization	1	0.94	0.88	0.83	0.79
Actual Value of Cash Flow	(365,000)	(9,400)	78,320	224,100	339,700

Accumulated value of cash flow = 78,320 + 224,100 + 339,700 - 9,400 - 365,000 = 267,720 mu (1 point)

Since the accumulated value of cash flow of this project is positive, it is feasible. (0.5 point)

6. Setting goals → selecting the alternatives → evaluating the alternatives → choosing the most appropriate alternative. (1 point)

## **First Optional Part: Analyzing Economic Documents (12 points)**

1. “The large budget deficit” (0.5 point)
  
2. 2.1 Individual initiative (0.5 point)
  - 2.2 Innovation and renewal (0.5 point)
  - 2.3 Increasing taxes on profits made from speculation (0.5 point)
  
3. Economic crisis stage: recession (0.25 point) – Proof: growth reached about 7.5% in 2010 → Lebanon's expected economic growth rate for 2012 to reach 2% at best (0.25 point)  
Economic recovery stage (0.25 point) – Proof: with performance improving in 2013 to reach a growth rate of 3.7%. (0.25 point)
  - 4.1 The large budget deficit results in a decrease in public expenditures on education, health and social protection; which may prevent the achievement of this axe. (0.5 point)
  - 4.2 Decrease in productivity (0.5 point)
    - 5.1 Tax exemption/soft loans/improving the infrastructure/decrease in tariffs on imported factors of production (0.5 point)  
Tax exemption/soft loans/improving the infrastructure/decrease in tariffs on imported factors of production → decrease in cost of production → increase in competitiveness → increase in demand on consumption → increase in investment → increase in production → increase in economic growth (1 point)
    - 5.2 improving and enhancing the infrastructure → attract investment → increase investment → increase in production → increase in economic growth (1 point)
  
6. It is mentioned in document no.1 “the Lebanese Central Bank has devised and implemented programs to help banks merge from one side and provide subsidized loans for industrial, tourism, medical, residential and alternative energy projects etc.....; a fact that Boosted investment in each of these sectors as the modest achieved growth has been the result of this support for more than four years.”  
Document no.2 confirmed the effect of these innovative programs from the Lebanese Central Bank: “these expectations came after the high growth rate witnessed by the Lebanese economy for four consecutive years between 2007-2010; as growth reached about 7.5% in 2010” (1 point)



7.

<b>The Problem</b>	<b>The Policy</b>	<b>The Measure</b>	<b>The Link</b>
Helping to achieve economic recovery	Expansionary supply side policy (0.5 point)	-Reducing interest rates on loans issued for investment -Availability of competitive markets (0.5 point)	... → reduction of cost of production + increase productivity → increase competitiveness → increase in demand on consumption → increase investment → increase production → increase in economic growth (0.5 point)
Large budget deficit	Privatization (0.5 point)	BOO BOT (0.5 point)	BOO and BOT lead to the increase in public revenues from the privatized institutions and to the decrease in public spending that used to be part of the government's spending. The increase in public revenues with respect to public spending leads to a decrease in the budget deficit (0.5 point)
Supporting and developing work in the health, educational and social security fields	Human development policy (0.5 point)	-increase public spending on health -increase the rate of the medially secured citizens - making education obligatory and free of charge - increase social allowances Any other valid measure (0.5 point)	All these measures → improve human development → availability of skilled labor force → increase productivity → increase GDP → increase economic growth (0.5 point)

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

**Introduction: (3 points)**

- Methodology (1 point): 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): Example: the agricultural sector is considered one of the important economic sectors in the national economy, working in this sector is difficult, tiring and is inherited from grandfather to father to son. Consequently, any shortage of manpower in this sector is difficult to compensate for, and the State that does not attribute attention to this sector; a fact that makes it vulnerable to problems from unbalanced growth to lack of food security in

addition to the role this sector plays in rebalancing the trade balance and achieving sustainable economic growth. (1 point)

Problematic: (1 point) Example: How may the state encourage farmers to survive, invest and produce in their land?

**Body (7 points)**

- Methodology: taking into account the sequence of ideas according to the steps in the introduction and linking the paragraphs with transitional sentences. (1 point)

- Content: (5 points)

Problems	Measures	Grade
Developmental problem: Unbalanced growth as the percentage of banking loans issued for the agricultural sector amounts to 1% of the total loans distributed to all sectors	Reduction of interest rates of loans issued for investment in the agricultural sector	1 point
Traditional sector that is not desired by consumers internally and externally	- Establishing agricultural research centers that work on providing farmers with the techniques needed to enhance the rate of return and ensure that all farmers have access to these techniques - Establishing a bank for information or data centers	1 point
A shortage of workers in the agricultural sector in Lebanon; the labor force engaged in the agricultural sector may be described as unskilled, uneducated and lacks expertise in general	Establishing centers for agricultural research that work on training farmers for them to acquire the techniques needed to enhance the rate of return and ensure that all farmers have access to these techniques	1 point
Farmers do not have access to financial capital (...) banking loans may be available at highly elevated interest rates that may reach almost 25%	Establishing an agricultural bank specialized in providing soft loans	1 point
Financial and governmental facilities and agricultural loans are not available	- Tax exemptions - Establishing a specialized agricultural bank to provide soft loans	1 point
Balance of trade deficit in the agricultural sector	-Customs duties on imported agricultural output over a	1 point

	specific period of time - Imposing strict rules and regulations on imports - imposing a quota on imports	
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All these measures combined leads to increased competitiveness of the agricultural sector which leads to an increased demand for local agricultural products. This increases agricultural exports with respect to low imports which leads to a decrease in the agricultural trade balance deficit.

(0.5 point)

All these measures combined enhances the competitiveness of the agricultural sector. This leads to an increase in the demand for local agricultural products; a fact that increases the possibility to achieve food self-sufficiency (0.5 point)

**Conclusion: (2 points)**

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

- Content: Summarize the ideas discussed in the body the introduction and answer the problem.

(1.5 points)