

Obligatory part: Using Concepts and Techniques (8 points)

1 – Copy the table below on your answer sheet, then fill in the empty cells with the appropriate answers: **(1 point)**

The result	Principle	Solution policy
Dumping of prices		
Social inequality		

2 – The electricity institution of Lebanon resorts to specify feeding hours of the electrical power of each region on Lebanese territory due to unavailability of sustain feeding quantities.

2.1 - Name the adequate policy adopting by the electricity institution of Lebanon. **(0.5 point)**

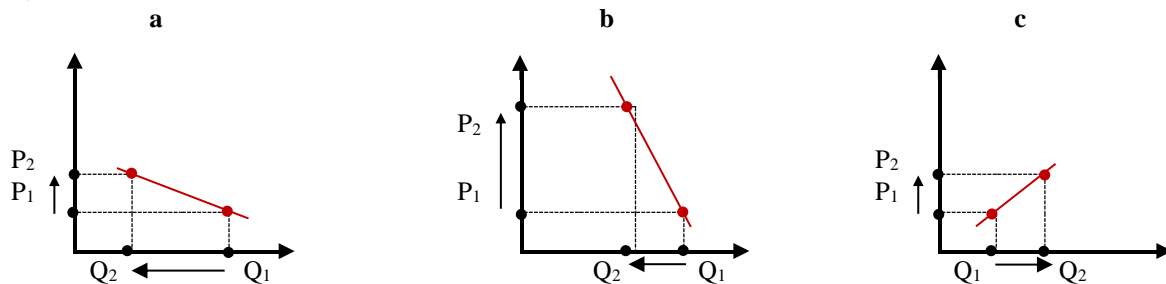
2.2 - Specify a negative consequence may result from not applying the adopted policy in the previous question. **(0.5 point)**

3 – Classify the following expressions according to the table below: **(1.25 points)**

Derives his authority from group – his experience obtained by training and education – depending on commands to do its work – depends on delegated authority to impose his views on subordinates – directs business and has the ability to positively influence the groups.

Manager characteristics	Leadership characteristics

4 – Deduce the nature of demand for each of the following cases below, justify you answer: **(0.75 point)**



5 – A perfume manufacture is currently producing and selling 1000 packs per day at price of 200 m.u for each pack. The average fixed cost achieved 50 m.u. and the average variable cost achieved 75 m.u. at this level of production.

5.1 - Calculate total profit of this manufacture. **(1 point)**

5.2 - Draw the total revenues and total costs curve. **(0.5 point)**

5.3 - Name the intersection point between the total revenues and the total costs. Interpret the economic concept of this point. **(0.5 point)**

5.4 - Calculate the level of production at this point. **(0.5 point)**

6 – The production function “Q” in a certain country is: $Q = 500 - 4P$ and the price is 100 mu. And due to the change of prices at a later stage, the quantity produced doubled.

6.1 - Calculate the new quantity produced and the new price. **(0.5 point)**

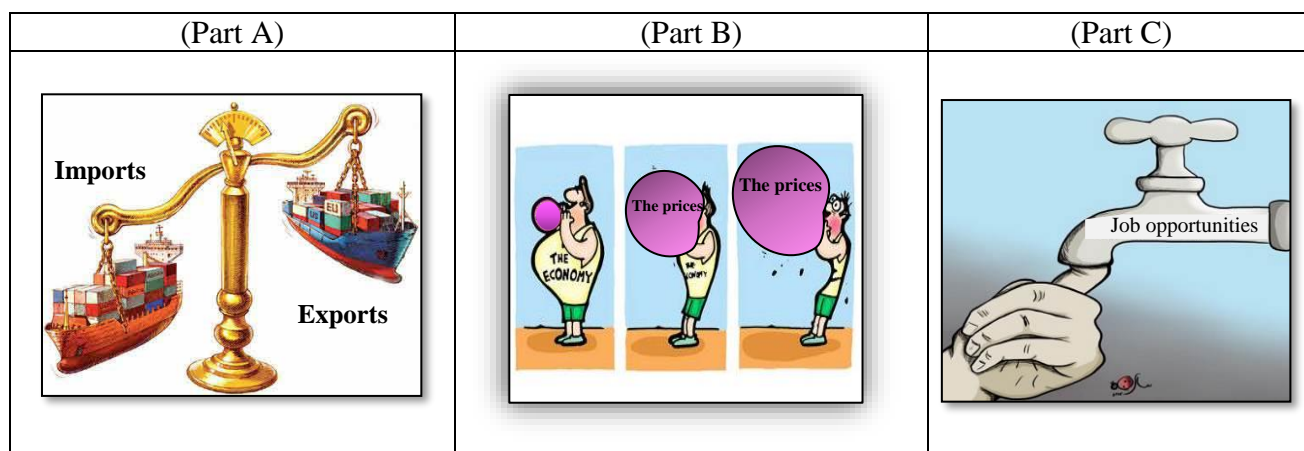
6.2 - Calculate the price elasticity of production and analyze the result. **(0.5 point)**

6.3 - Indicate the economic phase through which this country is passing in. Justify your answer. **(0.5 point)**

Choose one of the following sets:

First Optional Set: Analyzing Economic Documents (12 points)

Document no.1



www.google.com – google art:المصدر

Document no.2

The unemployment rate in Lebanon ranges between 18% to 20%. The unemployment is mainly affecting fresh graduates from universities, pushes them to emigrate in high rates to the gulf countries and at lower rates to other countries, in addition, unemployment is more prevalent in the city than in the countryside, this is mainly due to the low level of wages that aren't enough for city's residents. Unemployment also rises with the high level of education, as the holder of the certificate does not accept a job that does not fit his scientific level.

The current reasons of high unemployment in Lebanon are due to the dismissal of workers from gulf countries, the critical global economic situation, the increase wages in public and private sectors, the increase in the percentage of graduates from universities and the deterioration of the economic situation in addition to the absence of an official plan to accommodate the incomings from abroad. The best solution of unemployment in Lebanon is to stimulate growth by strengthening the national economic situation to be able to create job opportunity.

Source: <http://www.saidaonline.com/news>.

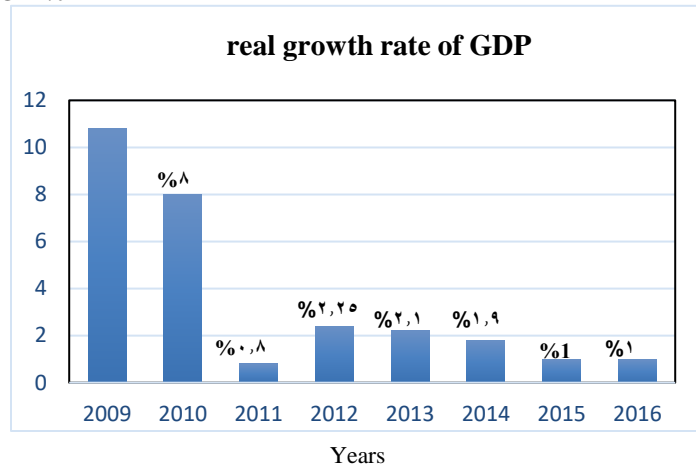
Document no.3

Main economic indicators	2014	2015 estimated	2016 expected	2017 expected
Real GDP growth (%)	1.9	1	1	2.3
Inflation rate (%)	1.2	-3.7	1.5	2.5
Fiscal balance (% from GDP)	-6.6	-7.3	-7.4	-8.7
Balance of current account (% from GDP)	-26.7	-23.2	-21.3	-22.5

المصدر: البنك الدولي، الأفاق الاقتصادية، ربيع ٢٠١٦ (بتصرف)

Document no.4

Real growth rate
of GDP%



Source: World bank, perspective economics, spring 2016

Referring to the documents above, answer the following questions:

- 1 – Deduce the problems presented in the three parts from document no.1, classified it according the indicators of development. **(1.5 points)**
- 2 – Referring to the second paragraph of document no.2:
 - 2.1 - Extract three reasons to high unemployment. **(0.75 point)**
 - 2.2 - Deduce the type of unemployment; justify your answer by a proof extracted from document. **(1 point)**
- 3 – Specify the economic cycle stages mentioned above in document no.4 between year 2010 and 2015, justify your answer. **(1.5 points)**
- 4 – It is mentioned in document no.1: “The reasons of high unemployment ... increase wages ...” explain the link between the increase wages and the aggravation of fiscal problem presented in document no.3, and the economic problem presented in document no.4. **(1.5 points)**
- 5 – It is mentioned in document no.2: “The best solution of unemployment in Lebanon is to stimulate growth by strengthening the national economic situation to be able to create job opportunities”
 - 5.1 - suggest an adequate policy to stimulate growth and reduce unemployment; taking into consideration, the problems presented in the documents, specifying two measures within this policy. **(0.75 point)**
 - 5.2 - Explain the link between these two measures and the achievement of both objectives. **(1 point)**
- 6 – Referring to the documents above, write an economic text in which you suggest:
 - An appropriate policy to address both economic problems mentioned in document no. (1-A) and (1-B), and one measure within each policy, explaining the link between each measure and its consequence on the intended result.
 - A structural policy to address the problem related to the public finance mentioned in document no.3, and two measures within this policy, explaining the link between the two measures and addressing the presented problem. **(4 points)**

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

Document no.1

The government adopted a set of legal and administrative steps and approaches that are compatible with the policy leading to rely on open market especially eliminating the custom duties.

The ministry of industry has followed these steps and supported them with a five-year plan of industrial development aiming to reduce the cost of production, facilitating the investment process, creating job opportunities limiting youth emigration and improving the type of industrial exports to double its volume.

The program focuses on four domains:

- Increasing the industrial sector growth rate to 15% per year.
- Increasing the industrial sector portion from the Gross domestic product in a way that exceeds 20%.
- Doubling the volume of exports from 700 million to 1.4 billion of American dollar.
- Creating job opportunities reaches to 50 thousand job in first stage.

Source: Cabinet Bulletin of the Minister of State for Administrative Reform, March 2004


Document no.2

Comparing the prices of combustibles and energy in some countries				
Countries	Electricity (cent/kg)	Fuel (Dollar/ton)	Gasoline (Dollar/gallon)	Diesel (Dollar/ton)
Lebanon	13	250	15	400
Emirate	5	68	-	137
Syria	3.7	70	9	135
Saudi	3.2	30	4	100
Egypt	3	31	4	84

Source: Lebanese economic magazine year 2004.

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

- Defining two economic objectives due to the adaptation of the five-year development industrial plan.
- Choosing a convenient policy and four measures within this policy to accomplish the third domain of the five-year program plan of the ministry of industry mentioned in document no.1.
- Deducing the problem which is presented by document no.2; showing its social and economic consequence on the industrial sector and suggesting two appropriate measures to solve this problem.
- Explaining the combined solution effect on achieving the first and the fourth domain of the ministry of industry five-year plan program which are mentioned in document no.1.

المادة: إقتصاد – لغة انكليزية الشهادة: الثانوية العامة الفرع: الإقتصاد والإقتصاد نموذج رقم: ٢٠١٩ / ١ المدة: ٣ ساعات	الهيئة الأكاديمية المشتركة قسم: الإقتصاد والإقتصاد	
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Answer key

Obligatory part: Using Concepts and Techniques (8 points)

1 -

The consequence	The principle	Solution policy
Dumping of prices	Freedom of pricing (0.25 point)	Price control policy (0.25 point)
Social inequality	Legitimacy of profit (0.25 point)	Income redistribution policy (0.25 point)

2 -

2.1 - Rationing policy **(0.25 point)**

2.2 - increasing in the level of prices or inflation **(0.25 point)**

3 -

Manager characteristics	Leadership characteristics
His experience obtained by training and education (0.25 point) – depending on commands to do its work (0.25 point) – depends on delegated authority to impose his views on subordinates (0.25 point)	Derives his authority from group (0.25 point) – directs business and has the ability to positively influence the groups (0.25 point)

4 -

“A”: Elastic demand.

Justification: quantity demanded changes in a percentage greater than the percentage of price. **(0.25 point)**

“B”: Inelastic demand

Justification: quantity demanded changes in a percentage less than the percentage of price. **(0.25 point)**

“C”: Abnormal demand

Justification: quantity demanded changes in the same direction with price, and this consider as an exceptional case. **(0.25 point)**

5 -

Total revenue = price × Quantity

TR = 200 × 1000 = 200,000 m.u **(0.25 point)**

TC = FC + VC

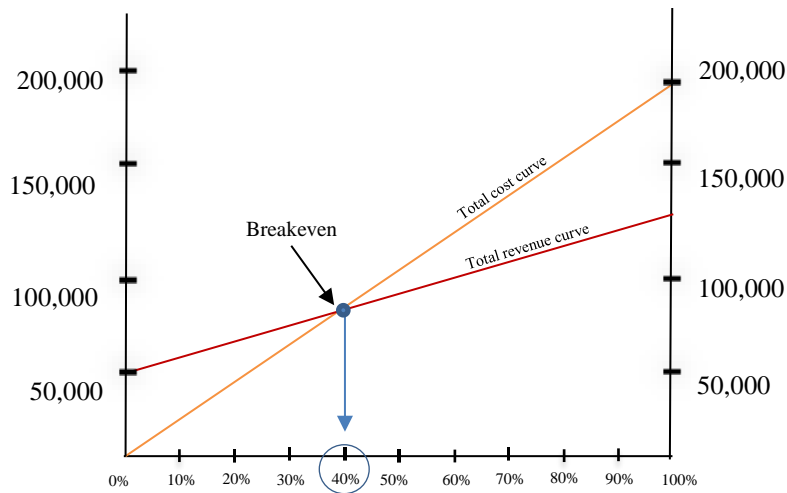
FC = AFC × Q = 50 × 1000 = 50,000 m.u **(0.25 point)**

VC = AVC × Q = 75 × 1000 = 75,000 m.u **(0.25 point)**

TC = 50,000 + 75,000 = 125,000 m.u

Profit = TR - TC = 200,000 - 125,000 = 75,000 m.u **(0.25 point)**

5.2 - **(0.5 point)**



5.3 -

Breakeven point or profitability line (0.25 point)

The breakeven point is the point where profit is equal to zero and from this point production will be profitable.

As long as the production level is below the break-even point, the project is incurring losses, and when production exceeds the breakeven point, the project starts to generate gain. **(0.25 point)**

5.4 -

$$Q_0 = \frac{F}{P_m - V}$$

$$Q_0 = \frac{50,000}{200 - 75}$$

$$Q_0 = 400 \text{ packs (0.5 point)}$$

6 -

6.1 -

$$Q_1 = 2 \times (500 - 4 \times 100) = 200 \text{ units}$$

$$P_1 = \frac{500 - Q_1}{4}$$

$$P_1 = \frac{500 - 200}{4}$$

$$P_1 = 75 \text{ m.u (0.25 point)}$$

6.2 -

$$\text{PES or } E_{S/P} = \frac{\Delta S}{S} \div \frac{\Delta P}{P}$$

$$\text{PES or } E_{S/P} = \frac{200 - 100}{100} \div \frac{75 - 100}{100}$$

$$\text{PES} = -4 \text{ (0.25 point)}$$

This is the case of abnormal elasticity of supply since PES has a negative sign. **(0.25 point)**

6.3 - This case takes a place when a country enters into an economic phase of recession or depression, when prices are decreasing. The decline in prices forces the inefficient firms (small firms) with high production costs to shutdown (stop producing). The remaining efficient firms would produce more to meet the market needs in spite of the decrease in prices. **(0.5 point)**

First Optional Set: Analyzing Economic Documents (12 points)

1 -

Part (A): trade balance deficit **(0.25 point)** → Economic indicator **(0.25 point)**

Part (B): increase inflation **(0.25 point)** → Economic indicator **(0.25 point)**

Part (C): unemployment **(0.25 point)** → Social indicator **(0.25 point)**

2 -

2.1 - The current reasons of high unemployment in Lebanon are due to:

- The dismissal of workers from gulf countries due to the critical global economic situation. **(0.25 point)**

- the increase wages in public and private sectors. **(0.25 point)**

- The increase in the percentage of graduates from universities and the deterioration of the economic situation in addition to the absence of an official plan to accommodate the incomings from abroad. **(0.25 point)**

2.2 - Cyclical unemployment. **(0.5 point)**

The proof: The dismissal of workers from gulf countries due to the critical global economic situation or the deterioration of the economic situation. **(0.5 point)**

3 -

2010 - 2011 → economic recession: decrease economic growth rate from 8% to 0.8%. **(0.5 point)**

2011 - 2012 → economic recovery: increase economic growth rate from 0.8% to 2.25%. **(0.5 point)**

2012 - 2015 → economic recession: decrease economic growth rate from 2.25% to 1%. **(0.5 point)**

4 - Increase wages → increase government spending **(0.25 point)** → increase deficit in the fiscal balance **(0.25 point)**

increase wages → increase cost of production **(0.25 point)** → decrease competitive power **(0.25 point)**

→ decrease demand on goods and services **(0.25 point)** → decrease investment → decrease production → economic recession **(0.25 point)**

5 -

5.1 - the adequate policy: reform policy supply side. **(0.25 point)**

The two measures:

- Provision of a competitive market which force economic enterprises to renew in their equipment and machines. **(0.25 point)**

- Decrease tax burdens on economic enterprises (or any measure contribute to decrease cost of production). **(0.25 point)**

5.2 - The link: Provision of a competitive market → increase productivity

decrease tax burdens → decrease cost of production

Increase productivity & decrease cost of production → increase competitive power → increase demand on goods and services → increase investment → increase production → increase economic growth. **(0.5 point)**

Increase productivity & decrease cost of production → increase competitive power → increase demand on goods and services → increase investment → create job opportunities → decrease cyclical unemployment. **(0.5 point)**

6 - The adequate policy to address the trade balance deficit, which is the first economic problem mentioned in document no. (1-A) is the protectionist policy **(0.25 point)** and the suitable measure within this policy is adopting any measure of the protectionist policy. **(0.25 point)**

The adoption of any measure of protectionist policy contributes to increase competitiveness of domestic production **(0.25 point)** which may lead to decrease demand on foreign products and increase demand on domestic ones in internal and external market **(0.25 point)** and that may lead to decrease imports against exports, therefore decrease trade balance deficit. **(0.25 point)**

Where the appropriate policy to address inflation **(0.25 point)**, which is the second economic problem mentioned in document no. (1-B) is adopting any policy of anti-inflation and the adequate measure within this policy is any measure suit the adopted policy. **(0.25 point)**

The adoption of any measure of anti-inflation policy may lead to decrease demand against supply **(0.25 point)** which may lead to decrease prices **(0.25 point)** and decrease the inflation rate. **(0.25 point)**

Nevertheless, the structure policy which can be adopted to address the problem related to fiscal issue is the privatization policy **(0.5 point)** and the suitable measures within this policy are B.O.T **(0.5 point)** and B.O.O **(0.25 point)**.

Adoption of any measure of privatization policy contributes to activate the efficiency of the public enterprises and securing financial revenue to the state treasury **(0.25 point)** which lead to reduce fiscal deficit. **(0.25 point)**

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

Introduction (3 points) → 2 points for the content, **0.5 point** for the problematic and **0.5 point** for the methodology

Firstly: The student gets the full mark on the methodology when he mentions the problem and the key points he is going to address in the content.

Secondly: the content: **(1 point)**

- Including an explanation of the importance of the industrial sector and the identification of two economic objectives as a result of the adoption of the five-year development industrial plan, which are sustainable economic growth and redressing the payment balance.
- Mentioned the main problems, that, industrial sector suffers from it (decline in exports, increase cost of production, unemployment, increase the prices of oil and electricity).

- The reality of industrial sector in Lebanon: despite the high export operation many industrial institutions resort to closure, knowing that the Lebanese economy has full human and financial potential.

The problematic: what are the problems facing the industrial sector? And how the government can activate this sector?

Body: (7 points) (one point for methodology and 6 points for contents)

Methodology: (1 point)

The student receives the full mark on the methodology when he/she:

(0.5 point) - Presents the main idea at the beginning of the paragraph while supporting each idea with the relevant evidence.

(0.25 point) - Links the paragraphs with transitional sentence

(0.25 point) - takes into consideration the sequence of ideas according to the steps presented in the introduction.

Content: (6 points)

- The industrial sector problems (**0.5 point** for the solution policy, **0.5 point** for each procedure or measure, **1 point** for the link)

1 - The first problem: decline in exports

Encouraging exports policy	- Establishing a data center or data bank for information: This data center collects data about foreign markets (each country's import conditions, the types of industrial products demanded in these markets, their sources, quality, prices, trade treaties with other countries, ... etc.	➔ Provide exporters continuously with updates regarding the environment, states and improvement of the markets of the countries to which they are exporting.
	Publicity campaigns in foreign markets: State works to engage industrialist in foreign fairs or exhibitions.	➔ Introducing business man and foreign consumers to the locally produced products.
	Giving industrial exporters guaranties through establishing appropriate insurance companies on exports.	➔ Reassuring inventors
	- Financing exports through establishing a bank for financing exports.	➔ Making liquidity available and promoting exports
	- Exempting exports from indirect taxes. - Exempting exports from taxes in the profit made from exporting products.	➔ Reduced the cost of exporting and improved competitiveness

2 - The second problem: high cost of industrial production (**0.5 point**) due to the lack support of government to the electricity and the oil ads required. (**0.5 point** for each procedure) show its social and economic consequence on the industrial sector. (**0.5 point**)

a - Exempting enterprises from a percentage of their income and profit taxes.	➔ increase competitive power
b - Offering the enterprises low-interest, long-term loans.	➔ reduce cost of production
c - Offering the enterprises tax exemption	

The link: ... decrease the cost of production of industrial sector → increase competitiveness of industrial sector → increase demand on industrial products → increase investment in industrial

sector → create job opportunities in industrial sector → increase production in industrial sector → increase industrial growth rate **(0.5 point)**

Explaining the combined solution effect on achieving the first and the fourth domain of the ministry of industry five-year plan program which are mentioned in document no.1

Conclusion (2 points)

- Methodology: **(0.5 point)**
- Content: **(1.5 point)**
- Methodology: The answer to the problem - the result
- Content: Summarize the ideas presented in the body of the essay