


المادة: اقتصاد – لغة انكليزية الشهادة: الثانوية العامة الفرع: الاجتماع والاقتصاد نموذج رقم: 2 / 2019 المدة: 3 ساعات	الهيئة الأكاديمية المشتركة قسم: الاجتماع والاقتصاد	 المركز التربوي للبحوث والإنماء
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Obligatory part: Using Concepts and Techniques (8 points)

1 – A certain country resorted to nationalize some of the major economic enterprises, in order to benefit the entire community of the profits of these enterprises and the possibility of intervention in the mechanism of the market.

1.1 - Name the economic system adopted by this country. **(0.25 point)**

1.2 - Specify the principle adopted. **(0.25 point)**

1.3 - Classify the policy adopted by the state according to the structural or circumstantial nature. **(0.25 point)**

2 – Specify the type of investment for each of the following cases:

2.1 - The ministry of education established three new public schools in the down town of Beirut. **(0.25 point)**

2.2 - Procter & Gamble Company invested in a new types of safety razors named Gillette fusion. **(0.25 point)**

2.3 - The households sector purchased 5000 housing units during last year. **(0.25 point)**

3 – Fill in the table cell with the appropriate expressions: **(1 point)**

The case	Consumer behavior	The effect of behavior on the demand
Anticipated elasticity > 1		
Anticipated elasticity < 1		

4 – Mr. Mark, the CEO of Health and Beauty Company for the pharmaceutical and cosmetic industry, decided to consult and share the head of departments the following points:

a. Continuous expansion and development in the markets where the company is located due to the growth potential available.

b. The entry of new markets in the first quarter of 2019 has differentiated advantages in order to achieve a 15% increase in the geographical distribution of the company's activities in the marketing of cosmetics.

c. To achieve acquisitions of a group of small and medium-sized (SME's) companies in the final quarter of 2019, which, through its acquisition of an additional value of about \$ 10 million, can contribute to the enhancement of the company's position and performance.

4.1 - Extract from the text above the general objective of the enterprise and two objectives with operational characteristics. **(0.5 point)**

4.2 - Specify the type of motivation adopted by Mr. Mark's subordinates of Health and Beauty Company. justify your answer. **(0.5 point)**

4.3 - Determine the type of this decision and justify your answer. **(0.5 point)**

5 – According to the following table below, calculate the labor force: **(1.5 points)**

Description	Capita
People who are jobless but not willing to work	2,000
Full-time employees	1,230,000
Housewives	450,000
Self-employed	800,000
Part-time workers	270,000
People who are jobless, willing, and able to work (16-65)	500,000
Retired individuals	300,000

6 – The following table shows the investment value, expected revenue and expected expenses to an economic project for an investment period of 5 years. (2.5 points)

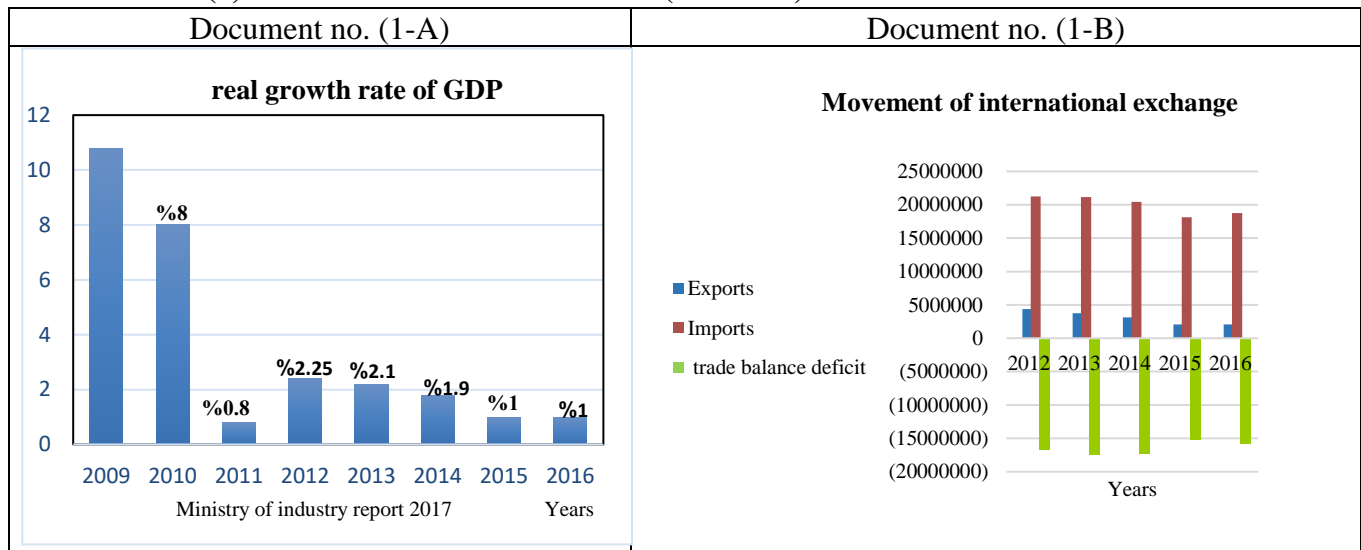
Year	0	1	2	3	4	5
Investment value	5000	3000	2000	-	-	-
Expected expenses	-	7000	7000	8000	9000	12000
Expected revenues	-	7000	9000	12000	12000	14000

- Knowing that the annual interest rate is 7%, determine if the project is feasible. Justify your answer.

Choose one of the following sets:

First Optional Set: Analyzing Economic Documents (12 points)

Document no. (1): Selected economic indicators (Lebanon)



Source: Al Nahar newspaper 15 of February 2018

Document no.2

The difficulties that faces the industrial sector in Lebanon:

- a - Political instability leading to a reluctance to invest because of the internal political and security and in the surrounding countries.
- b - Increase real estate prices due to increased demand by Lebanese and Gulf expatriates as well as the increasing trend towards investment in real estate speculation.
- c - Absence of adequate infrastructure and necessary services (lack of electricity, internet, and facilitation of economic activity roads), leading to higher production costs and poor investment.
- d - Increase cost of production due to expensive energy land and Lebanese labor force which lead to weak competitive power of Lebanese products in internal and external markets and lead to replace Lebanese labor by foreign ones.
- e - Exports stopped due to the war in Syria which increased significantly in the costs of transportation and affected negatively the level of exports.

Source: Ministry of industry – directorate general of industry June 2017.

Document no. (3):

Document no. (3 - A):



Document no. (3 - B):



Source: Google - clipart

Referring to the documents above, answer the following questions:

1 – Referring to the document no.1:

1.1 - Determine the economic cycle stages between year 2014 and 2016 from document no.(1-A), justify your answer. **(0.5 point)**

1.2 – Extract from document no. (1-B) the economic problem referred to, interpret its effect on the economic cycle specified in question 1.1. **(1.25 points)**

2 – Referring to the document no.2:

2.1 - Deduce the principle from the economic system adopted referred to in the item (b). **(0.25 points)**

2.2 - It is mentioned in item (a): “Political instability leading to a reluctance to invest because of the internal political and security and in the surrounding countries”. Explain the relation between political instability and investment. **(0.5 point)**

3 – Referring to the document no.3:

3.1 - Specify the type of tax referred to in document (3-A), mention two reasons behind focusing on this type of taxes in developing countries. **(0.75 point)**

3.2 - Deduce the social effect due to the focus on this type of taxes in developing countries, choose the appropriate policy to address this reflection. **(0.5 point)**

3.3 - Explain the relation between the increase in the burden of this type of taxes and its impact on the cessation of exports mentioned to in item (e). **(1 point)**

3.4 - Deduce the problem mentioned to in document no. (3-B), classify it according to the indicators of development. **(0.5 point)**

3.5 - link the relation between this problem and the economic cycle stage between years 2014 and 2016 in document no. (1-A). **(0.75 point)**

4 - Referring to the items (c-d-e) mentioned in document no. (2), show how the combined items affect on both economic problems mentioned to in document no. (1-A) and (1-B). **(2 points)**

5 – Referring to the documents above, write an economic text in which you suggest:

- An appropriate policy to address both economic problems mentioned to in document no. (1-A) and (1-B), and two measures within this policy, explaining the link between these two measures and its effect on the industrial sector.
- An appropriate policy to address the cessation of exports problem in item (e) of document no. (2), and two measures within, explaining the link between these two measures and addressing the presented problem. **(4 points)**

Second Optional Set: Writing an Economic Essay (12 points)

Document no. (1):

The agricultural sector is the third most important economic sector in Lebanon after the service and industrial sectors. However, it suffers from several problems that need to be addressed.

Antoine Hoyek, president of the Lebanese Farmers Association, explains in an interview how these problems can be summarized?

“The problem of agriculture is a big problem, in terms of imports, a random import without any control, and on the export side, there is an impossibility to unload the traditional production of agriculture output. Competition is strong and Lebanese agriculture today is at its worst for decades”.

The major claims of farmers are the creation of infrastructure for the agricultural sector, a guarantee against natural disasters, an agricultural development bank. In Lebanon, there is no competitive agricultural sector that can rely on itself or ensure its survival if these claims are not realized. "

Between competition and the inability to manage production, the agricultural sector in Lebanon, waiting for solutions that could save a sector considered to be one of the foundations of the Lebanese economy.

Source: posted date 18-01-2018 - Author: Rabab Kassem - Alnour radio - (بتصرف)


Document no.2: Real GDP (in billion Lebanese Pound)

Year	2008	2009	2010	2011
Gross Domestic Product	48,117	53,075	57,300	58,436
Total agricultural output	2007	2114	2205	2360
Percentage of agricultural output from GDP	%4.17	%3.98	%3.85	%4.04

Source: central administration of statistics - prices-chain-linked GDP by activity at constant - (بتصرف)

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

- Showing the importance of encourage farmer to stay in his land, invest and produce.
- Choosing four problems/demands from document no.1 naming an appropriate measure to overcome each of these problems.
- Compare between the evolution of agricultural output and evolution of gross domestic product between the both year 2008 and 2011.
- Specify the effect of the solutions on the commercial exchange of agricultural products and on the Lebanese society

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Answer key:

Obligatory part: Using Concepts and Techniques (8 points)

1 –

1.1 - The social democratic economic system. **(0.25 point)**

1.2 - Collective property. **(0.25 point)**

1.3 - Structural policy. **(0.25 point)**

2 –

2.1 - Public investment. **(0.25 point)**

2.2 - Self investment. **(0.25 point)**

2.3 - Private investment. **(0.25 point)**

3 –

The case	Consumer behavior	The effect of behavior on the demand
Anticipated elasticity > 1	The consumer will be willing to buy more today in order to avoid high prices in the near future (0.25 point)	Increase in the current demand on consumption. (0.25 point)
Anticipated elasticity < 1	The consumer will decrease the size of his purchase because he expected to purchase in low prices in the future. (0.25 point)	Decrease in the current demand on consumption. (0.25 point)

4 –

4.1 -

- The general objective: Continuous expansion and development in the markets where the company is located due to the growth potential available. **(0.25 point)**

- The operational objective: The entry of new markets in the first quarter of 2019 has differentiated advantages in order to achieve a 15% increase in the geographical distribution of the company's activities in the marketing of cosmetics **or** to achieve acquisitions of a group of small and medium-sized (SME's) companies in the final quarter of 2019, which, through its acquisition of an additional value of about \$ 10 million, can contribute to the enhancement of the company's position and performance. **(0.25 point)**

4.2 -

Moral motivation. **(0.25 point)**

Proof: consult and share the head of departments the following points. **(0.25 point)**

4.3 -

Strategic decision. **(0.25 point)**

Proof: Because the level of decision making related to upper management or consider a general principle (expansion and development/ entry of new markets/ achieve acquisitions of a group of small and medium-sized (SME's) companies) or because the decision making requires a collective consultation (consultation and participation of heads of department of the company) or Mr. Mark, the CEO of Health and Beauty Company **(0.25 point)**

5 –

$$\text{Unemployment rate} = \frac{\text{Number of involuntarily unemployed}}{\text{Total labor force}} \times 100 \text{ (0.25 point)}$$

Number of involuntarily unemployed = People who are jobless, willing, and able to work (16-65) = 500,000 capita **(0.25 point)**

Total labor force = Active labor force + Number of involuntarily unemployed = Full-time employees + Self-employed + Part-time workers + People who are jobless, willing, and able to work (16-65) = 1,230,000 + 800,000 + 270,000 + 500,000 = 2,800,000 capita **(0.5 point)**

$$\text{Unemployment rate} = \frac{500,000}{2,800,000} \times 100$$

Unemployment rate = 17.86% (0.5 point)

6 –

Year	0	1	2	3	4	5
Investment value	5,000	3,000	000	-	-	
Expected expenses	-	7,000	7,000	8,000	9,000	12,000
Expected revenues	-	7,000	9,000	12,000	12,000	14,000
Cash flow (0.5 point)	(5,000)	(3,000)	0	4,000	3,000	2,000
Coefficient of actualization (0.5 point)	1.00	0.93	0.87	0.82	0.76	0.71
Present value of cash flow (0.5 point)	(5,000)	(2,804)	0	3,265	2,289	1,426

The present value of the accumulated cash flow = - 824 m.u **(0.5 point)**

Since the present value of the accumulated cash flow = - 824 m.u less than zero the project is loser and economically unfeasible. **(0.5 point)**

Choose one of the following sets:

First Optional Set: Analyzing Economic Documents (12 points)

1 -

1.1 - economic crisis stage - economic recession **(0.25 point)** economic growth rate decreased from 1.9% in 2014 to 1% in 2016 **(0.25 point)**

1.2 - Trade balance deficit. **(0.25 point)**

Trade balance deficit means that imports greater than exports → decrease demand on domestic production in foreign market **(0.25 point)** → decrease investment **(0.25 point)** → decrease production **(0.25 point)** → decrease economic growth rate (recession) **(0.25 point)**

2 -

2.1 - Individual initiative. **(0.25 point)**

2.2 - political instability lead to threaten of civil peace and outflow of capital which contributes to decrease investment. **(0.5 point)**

3 -

3.1 - Indirect tax **(0.25 point)**

Reasons: **(0.5 point)**

- Lack of proper administrative skills for collecting these taxes.

- Ease of collecting indirect taxes.

3.2 - social effect: increase intensity of inequality between incomes. **(0.25 point)**

The policy: income redistribution policy **(0.25 point)**

3.3 - Increase in the burden of indirect tax may lead to increase in the prices of domestic goods and services **(0.25 point)** which contribute to decrease in the competitiveness of these goods and services against foreign ones in the internal and external markets **(0.25 point)** and that may lead to decrease demand on domestic goods and services in foreign market **(0.25 point)** and this result to decrease in exports **(0.25 point)**.

3.4 - Depreciated infrastructure **(0.25 point)**. Economic indicator **(0.25 point)**

3.5 - Depreciated infrastructure → decrease investment **(0.25 point)** → decrease production **(0.25 point)** → decrease economic growth (economic recession) **(0.25 point)**.

4 - Increase cost of production → increase in the level of prices **(0.25 point)** → decrease competitiveness of domestic production **(0.25 point)** → decrease investment **(0.25 point)** → decrease production → decrease economic growth (economic recession) **(0.25 point)**.

Increase cost of production → increase in the level of prices **(0.25 point)** → decrease competitiveness of domestic production against foreign one **(0.25 point)** → decrease demand on domestic production against imported one → decrease exports and increase imports **(0.25 point)** → trade balance deficit **(0.25 point)**.

5 - The appropriate policy to address the two economic problems is reform policy supply sided **(0.5 point)** and the two suitable measures within this policy are:

- Provision of a competitive market which force economic enterprises to renew on their equipment and machines. **(0.25 point)**
- Decrease tax burden on economic enterprises (or any measure of decrease cost of production) **(0.25 point)**

Adopting these two measures contribute in the increase of productivity (improve quality) and decrease in the cost of production **(0.25 point)** and that may contribute to increase demand on domestic industrial products **(0.25 point)** and increase investment in industrial sector.

Whereas the appropriate policy to address the cessation of exports is encourage exports policy **(0.5 point)** and the suitable measures within this policy are:

- Establishing a data center or data bank for information.
- Exempting exports from indirect taxes and taxes in the profit made from exporting products. (or any other measure within this policy) **(0.25 point for each measure)**

Adopting any two measures from the measure of encouraging exports policy may contribute an increase in the competitiveness of domestic industrial goods **(0.25 point)** which may lead to increase demand on consumption on domestic industrial goods in foreign markets **(0.25 point)** and may contributes to increase investment in industrial sector **(0.25 point)** as well as may promotes exports **(0.25 point)**.

Second Optional Set: Writing an Economic Essay (12 points)

Introduction: (3 points) (one mark for methodology and 2 marks for contents)

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: Example: The agricultural sector is considered one of the important economic sector 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 does not attribute attention to this sector; a fact that makes it vulnerable to problems from unbalanced growth, to lack in food security, in addition to the role this sector plays in rebalancing the agricultural 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
random import without any controls	-imposing high customs duties on imported agricultural output over a specific period of time - Imposing strict rules and regulations on imports - Limiting the quantity of imports	1 point
Inability of the disposal of the traditional agriculture output	- 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
creation of infrastructure for the agricultural sector	- Road construction by state and that to increase the chance of mechanization, for land reclamation of unused land, and by improving irrigation system, dam construction and digging of artesian wells.	1 point
Guarantee for natural disasters	Compensating farmers for the damages in their crops caused by natural factors.	1 point
Agricultural development bank	Establishing a specialized agricultural bank to provide soft loans	1 point

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)**