

دورة سنة ٢٠٠٨ العادية	امتحانات الشهادة الثانوية العامة فرع الاجتماع و الاقتصاد	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-Name one measure that a government could apply in order to solve each one of the problems mentioned in the table below. Then, indicate one consequence of each measure on the industrial sector, whether positive or negative.

Problem	Measure	Consequence
Decrease of investment in the industrial sector		
Strong foreign competition with local industrial products		

(1.5 points)

2- Specify the objective of direct taxes in the countries which adopt a neo liberal system in the frame of:

2.1- the financial policy

(0.5 point)

2.2- the social policy

(0.5 point)

3- An investor has the choice between the following two projects:

The First project requires an investment of 450 thousand monetary units, and it is expected to achieve annual constant cash flows of 15000 m.u. for the coming five years.

The second project requires an investment of 47 thousand m.u.; its expected duration is five years and its expected annual cash flows are as follows:

Years	1	2	3	4	5
Cash flow in m.u.	12000	15000	10000	8000	8000

If the actualization rate is 10%, determine which one of the two projects the investor should choose. Justify your answer.

(2 points)

4- The production function “Q” for a given product is $Q=15p-30$ and the price is 20 m.u.

Due to an increase of the price, at a later stage, the quantity produced doubled. Calculate:

4.1- The new quantity produced and the new price.

(0.5 point)

4.2- The price elasticity of production and analyze the result.

(0.75 point)

5- In the frame of an expansion policy and in response to the needs of the local market which are particularly strong in the North, an enterprise decides to open a new branch in the North before the end of 2007, in order to market a new merchandise that is going to be produced in the main branch.

Thus, the general manager asks each of the Financial manager, the Marketing manager and the Human Resources manager to prepare a study of the project. This study determined the following points:

- To buy a big land in the region of Kosba

- To build a warehouse and an exhibition hall

- To import ten machines which should arrive on the 10th of May 2007.

- To prepare a global promotion campaign to cover the opening and present the new merchandise

- To organize a training session for 20 employees in order to develop their skills in the use of new machines, in a period not exceeding the 10th of July 2007.

5.1. Extract from the text above the general objective of the enterprise and two objectives with operational characteristics.

(0.75 point)

5.2. Differentiate between a general objective and an operational objective, through two of their characteristics.

(0.5 point)

Part Two: choose one of the following sets

First choice set: Analyzing documents (12 points)

Document no 1:

The government is committed to implement a basket of reforms of the laws and procedures which regulate the private sector; the main objective of these legal and procedural reforms is the improvement of the components of competition and the decrease of the operational costs of the private sector’s activity in Lebanon. The reform and support programs will also focus on the projects of small and medium enterprises in order to increase their ability to create new job opportunities.

(...) The government will work on limiting the growth of salaries in the public sector on the medium term through the control of new employment and the increase of productivity; which should lead to the gradual decrease of the size of the public sector.

Source : الإعمار والاقتصاد - العدد ١٦٧ الجمعة ١٩ كانون الثاني - شباط ٢٠٠٧

Document no 2:

“The Economist” predicted that the continuing political status quo will delay the implementation of the expected economic and political reforms, expecting that the Real Gross Domestic product will attain very low rates in 2007 and reach 0.6%

before increasing to 2.4% in 2008. It also predicted high rates of financial deficit despite the enormous international aid which will result in the continuous growth of the public deficit.

These predictions were maintained especially that the inflation rate attained 5.4% in 2007 due to high liquidity levels and the growing increase of the price of oil. "The Economist" mentioned an increase of public revenues of 9% in the first trimester of the year while public expenditures increased by 23% which increased financial debt, indicating that the 2007 budget expected a financial deficit of 8% of the domestic product while the public debt continued its acute increase.

Source: An Nahar Newspaper – August 8th, 2007

Document no.3: The essential economic indicators (in million US\$)

Indicators \ Years	2002	2003	2004	2005	2006
Real domestic product growth rate	2.6%	4.1%	7.4%	1%	0%
Imports	6442	7168	9397	9339	9399
Exports	1045	1524	1748	1881	2281
Public expenditures	6725	7026	6992	6802	7872
Public revenues	3867	4414	4985	4936	4876

Source : Bank Audi – Lebanon Economic Report – 2005, 2007 – Ministry of finances – Lebanese Central Bank

Referring to the above documents, answer the following questions:

- 1- It is mentioned in document no.1 that the government is committed to implement reforms in order to achieve one main objective. Extract this objective then explain its impact on the economic situation. **(1.5 points)**
- 2- Two of the causes of inflation are indicated in document no.2. Extract them and then explain the relation between each of these two causes and inflation. **(2 points)**
- 3- Referring to document no 3, indicate the phase of the economic cycle through which Lebanon went between the years 2002 and 2003 and the one between the years 2005 and 2006. Justify your answer. **(1.5 points)**
- 4- 4.1. The growing increase of the public deficit is mentioned in document no.2. Suggest one measure that the government could implement in order to reduce this deficit in the frame of the reform basket mentioned in document no. 1. **(0.5 point)**
- 4.2- Relate between this measure and the adequate component of the reform program mentioned in document no. 1. **(0.5 point)**
- 5- Referring to document no.3, compare between the results of the public balance in 2002 and 2004 and between the results of the trade balance in the same years. **(1.5 points)**
- 6- Referring to the documents, discuss in a text: the adequate economic policy that the government should adopt in order to achieve the main objective of the legal and procedural reforms and overcome the economic problems presented, indicating three of the measures of this policy and relating between the implementation of the measures, the solution of the problems and the achievement of the objective. **(4.5 points)**

2^{ème} option : Dissertation (12 points)

Document no.1 :

Most of the Lebanese families live in fear that one of their members, especially the one who supports them financially, loses his job during the large operations of staff reduction undertaken by the large and small enterprises (...) According to an expert economist, one of the reasons of this fear is due to the economic policy that supports the service sector and neglects the agricultural and industrial sectors. (...) Furthermore, maintaining the exchange rate of the Lebanese Lira is one the principal objectives which is attained by increasing the interest rates on Treasury Bonds in Lebanese Liras, issued by the government to finance the debt, at the expense of the financing of productive enterprises. This causes the closing of a good number of these enterprises and causes the increase of unemployment.

Source : Website of Al Jazeera TV – 10/01/2001

Document no.2 :

One of the essential problems, which started to appear gradually, is the reduction of the role of the government as a provider of job opportunities ; this is reflected on the private sector which is becoming the main refuge of young university graduates looking for a job. Their number is estimated around 40 thousand per year. On the other hand, the government does not force enterprises to employ Lebanese personnel and the law does not define a minimum of Lebanese employees per enterprise. This drives employers to prefer foreign workers in most cases in order to avoid charges (...) the most important problem remains the absence of proper technical and professional training of workers that would allow them to use modern technologies in production, agriculture and tourism.

Source : Al Bayan – October 6TH 2002 – No 205

Referring to the documents and to your acquired information, discuss the situation of unemployment in Lebanon through :

- Three of the problems of the labor market in Lebanon and the relation between the causes and the problems
- The two types of unemployment resulting from these problems
- One adequate policy to overcome each one of these types of unemployment and one measure within each policy

Remark: Neat presentation (½ pt), Handwriting (¼ pt), Style (¼ pt).

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Part of the Q	Answer			Mark																																			
Obligatory Part :																																							
1	Problem	Measure 0.5 point for each measure	Consequence 0.25 point for each	1.5																																			
	Decrease of investment in the industrial sector	Facilitate loans (reduce interest rates on loans intended for investments in the industrial sector Or partial or total exemption from taxes for new industries.	Increase of investment in the sector Or Increase growth in the industrial sector																																				
	Strong foreign competition with local industrial products	Increase of custom taxes on imports Or Strict norms for imported products Or Quotas	Increase of investment in the industrial sector Or Increase competitiveness of the national industrial products Or Increase growth in the industrial sector Or Same measures to be taken in return by other countries																																				
2.1	Financial policy: Increase of government revenues or financing government expenses or decrease public deficit or absorb excess liquidity which causes inflation			0.5																																			
2.2	Social Policy: reduction of social inequality or maintaining middle class			0.5																																			
3	<p>First project :</p> $V_0 = [15000 \times [1 - (1 + 0.1)^{-5}] / 0.1] - 45000$ $V_0 = [15000 \times (1 - 0.62) / 0.1] - 45000 \text{ (0.25 pts)}$ $V_0 = 12000 \text{ (0.25 pts) or } 11861.8$ <p>Second project:</p> <table border="1"> <thead> <tr> <th>Years</th> <th>0</th> <th>1</th> <th>2</th> <th>3</th> <th>4</th> <th>5</th> </tr> </thead> <tbody> <tr> <td>Investment</td> <td>47000</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cash flow</td> <td>-</td> <td>12000</td> <td>15000</td> <td>10000</td> <td>8000</td> <td>8000</td> </tr> <tr> <td>Present value coefficient (0.5 pt)</td> <td>$\frac{1}{(1 + 0.1)^0} = 1$</td> <td>$\frac{1}{(1 + 0.1)^1} = 0.909$</td> <td>$\frac{1}{(1 + 0.1)^2} = 0.826$</td> <td>$\frac{1}{(1 + 0.1)^3} = 0.751$</td> <td>$\frac{1}{(1 + 0.1)^4} = 0.683$</td> <td>$\frac{1}{(1 + 0.1)^5} = 0.62$</td> </tr> <tr> <td>Present value of cash flows (0.5 pt)</td> <td>(47000)</td> <td>10909</td> <td>12396</td> <td>7613</td> <td>4564</td> <td>4967</td> </tr> </tbody> </table> <p>Present value of cash flows : $10909 + 12396 + 7613 + 4564 + 4967 - 47000 = -5751$ (0.25 points) or -5768 The investor should choose the first project (0.25 pt) because the Present value of cash flows is</p>			Years	0	1	2	3	4	5	Investment	47000						Cash flow	-	12000	15000	10000	8000	8000	Present value coefficient (0.5 pt)	$\frac{1}{(1 + 0.1)^0} = 1$	$\frac{1}{(1 + 0.1)^1} = 0.909$	$\frac{1}{(1 + 0.1)^2} = 0.826$	$\frac{1}{(1 + 0.1)^3} = 0.751$	$\frac{1}{(1 + 0.1)^4} = 0.683$	$\frac{1}{(1 + 0.1)^5} = 0.62$	Present value of cash flows (0.5 pt)	(47000)	10909	12396	7613	4564	4967	2
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	positive whereas negative for the second (0.25 pt)	
4.1	$Q1 = 15 \times 20 - 30 = 300 - 30 = 270$ units (0.25 point) $Q2 = 2 \times 270 = 540$ units $Q2 = 15p - 30$ $P = 570 : 15 = 38$ (0.25 point)	0.5
4.2	$E_{Q/p} = \Delta Q/Q : \Delta p/p = (540 - 270/270) : (38 - 20/20)$ (0.25 point) $1/0.09 = 1.11$ (0.25 point) Elasticity being greater than 1, the production is elastic (0.25 point)	0.75
5.1	General objective of the enterprise : to open a new branch in the North before the end of 2007. (0.25 point) Operational objectives : - To import ten machines which should arrive on the 10 th of May 2007 - To organize a training session for 20 employees in order to develop their skills in the use of new machines, in a period not exceeding the 10 th of July 2007. (0.25 pt for each)	0.75
5.2	General objective: defined for the whole enterprise, in general terms. Operational objectives: defined for specific departments, specific, measurable, agreed upon, realistic and timed. (0.5 point for the differentiation)	0.5
	2nd part: First choice set	
1	Objective: Improving competition and reducing the operational costs of the private sector in Lebanon. (0.5 pt) This will result in a decrease in prices or increase competitiveness (0.25 pt), an increase of the demand on products (0.25 pt), an increase of investments (0.25 pt) thus and increase of production and of growth (0.25 pt)	1.5
2	Causes : high liquidity levels and the growing increase of the price of oil (0.5 pt) high liquidity levels → Increase of D with respect to S → Increase of p → Inflation (0.75 pt) growing increase of the price of oil → Increase of production costs → increase of p → Inflation (0.75 pt)	2
3	Between 2002 et 2003 : Growth, Gross domestic product increases from 2.6% to 4.1% Between 2005 et 2006 : Recession, Gross domestic product decreases from 1 to 0.	1.5
4.1	Reduction of government expenses or reducing public expenditures or control employment or implement measures of privatization (BOO or BOT0)	0.5
4.2	Reduction of government expenses or reducing public expenditures or control employment → limiting the growth of salaries in the public sector Or Implement measures of privatization → decrease of the size of the public sector or ↑ productivity	0.5
5	Public finances balance = Revenues - Expenditures 2002 : $3867 - 6725 = -2858$ (0.25 pt) 2004 : $4958 - 6992 = -2034$ (0.25 pt) The deficit in the public finances in 2004 is lower than in 2002. (0.25 pt) Trade balance : Export-Import 2002 : $1045 - 6445 = -5400$ (0.25 pt) 2004 : $1748 - 9397 = -7649$ (0.25 pt) The deficit of the trade balance in 2004 is greater than in 2002. (0.25 pt)	1.5
6	Economic reform policy – supply sided (1 pt) Problems : decrease of economic growth or Recession - Inflation – Deficit in trade balance – Objective : the improvement of the components of competition and the decrease of the operational costs of the private sector's activity Any measure form the economic reform policy which aims at reducing costs is considered correct; providing a competitive environment in order to increase productivity is a necessary	4.5

	<p>measure (0.5 pt for each measure)</p> <p>Relation: Decrease costs + increase productivity \Rightarrow Increase competitiveness \Rightarrow \uparrow Demand \Rightarrow \uparrow Production \Rightarrow \uparrow Growth (1 point) Decrease costs + increase productivity \Rightarrow Increase competitiveness of national production \Rightarrow \uparrow Demand on national production in foreign and local markets \Rightarrow \uparrow Exports and \downarrow Imports \Rightarrow \downarrow in trade balance (1 point)</p>	
	2nd part: 2nd choice set	
1	<p>Introduction : <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 Problématique: How can the government interfere to solve the problems and create job opportunities?</p>	3
2	<p>Body – Methodology :</p> <ul style="list-style-type: none"> - Dividing the body in paragraph containing each one main idea supported by arguments. - Connecting between paragraphs with a sentence. - Respecting a logical sequence of ideas. 	1
3	<p>Body – Content: Problems (0.5 point each, 3 are required)</p> <ul style="list-style-type: none"> - the economic policy that supports the service sector and neglects the agricultural and industrial sectors (Agriculture : 7.5% ; Industry : 15%) : Loss of job opportunities in these two sectors - maintaining the exchange rate of the Lebanese Lira at the expense of the financing of productive enterprises: Decrease of investment causes the decrease of job opportunities as well as increase of unemployment. - Reduction of the role of the government as a provider of job opportunities - The government does not force enterprises to employ Lebanese personnel - The absence of proper technical and professional training of workers : Decrease of productivity and competitiveness which leads to a decrease in demand and thus production and as a result a decrease of job opportunities and an increase of unemployment. 	1.5
4	<p>Body – Content: Types of unemployment (0.5 point for each) :</p> <ul style="list-style-type: none"> - circumstantial due to the reduction of staff in enterprises (0.75 points) - structural due to lack of training (0.75 points) - by sector 	1.5
5	<p>Body – Content: 1 point for each policy and 0.5 point for each measure</p> <p>Policies</p> <ul style="list-style-type: none"> - Circumstantial unemployment: classical policy <p>Measure: Create a National Institution for employment Or Liberal policy (economic reform – supply sided) Measure: Any measure of the policy</p> <ul style="list-style-type: none"> - Structural unemployment: <p>Active employment policy Measure: Training of labor force</p>	3
6	<p>Conclusion : <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
	Clean and neat presentation (0.5 pt), Readable handwriting (0.25 pt), Style (0.25 pt)	1

