

## مسابقة في مادة الاقتصاد

(باللغة الإنكليزية)

المدّة: ثلاث ساعات

الاسم: .....

الرقم: .....

**First Obligatory Set:**

**Using Economic Concepts and Techniques (8 pts.)**

1. **Copy** the following table on your answer sheet; then, **complete** it with the appropriate answers. (1.5 pts)

<b>Problem</b>	<b>Appropriate Policy</b>	<b>One measure within the policy</b>
		Imposing a quota on imports
	Income redistribution policy	
Monopoly resulting from free pricing		

2. The public administrations suffer from the intervention of politicians in their matters and especially in the issue of inefficient recruitment and the excess in the number of employees.
- 2.1. **Deduce** the type of unemployment. (0.5 pt)
- 2.2. - **Specify** a direct negative economic result (1pt)  
- **Specify** direct financial result for this type of unemployment.
3. Mazen, the purchasing manager, decided to delegate Rami, one his subordinates, to replace him in a business trip to China in order to supervise the purchasing and shipping of raw materials. Upon the receipt of the merchandise, it appeared that it does not meet the required criteria.
- 3.1. **Deduce** the type of motivation adopted by the purchasing manager. (0.5 pt)
- 3.2. **Specify** the type of decision made by the purchasing manager. (0.25 pt)
- 3.3. **Name** the person who should bear the responsibility of the merchandise not matching the required criteria. (0.25 pt)

4. Copy the following table on your answer sheet; then, complete it with the appropriate answers. (1pt)

Quantity of production	$\Delta$	Fixed cost	Total cost	$\Delta$	Marginal cost (cost of the last unit produced)
0	-		200	-	-
70			450		
150					7

5. Mr. Nassif deposited two financial capitals in a commercial bank at the same date;

- The first amounted to 70,000 mu with a yearly simple interest rate of 8%
- The second with a yearly compound interest rate of 8%.
- After ten years, he earned the same amount of interest from both financial capitals.

5.1. Calculate the value of the second financial capital. (1pt)

5.2. Specify the reason that made Mr. Nassif earn the same amount of interest despite the difference in the values of both capitals. (0.5 pt)

6. An investor decided to establish a factory to produce clothes. The feasibility study showed that the project requires the following:

- Buying a land = 20,000 mu
- Equipment = 5,000 mu
- Cost of building the factory = 35,000 mu
- Feasibility study fees = 10,000 mu

The investor expected the revenues and expenses of the project during the investment period to be as follows:

Years	1	2	3	4
Revenues	120,000	160,000	200,000	220,000
Expenses	70,000	100,000	125,000	140,000

Knowing that the interest rate is 9% (1.5 pts)

- Specify if the project is feasible.
- Justify your answer.

**Choose one of the following sets:**

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

**Document no.1: Main Economic Indicators**

Years	2013	2014	2015
<b>Indicators</b>			
Economic growth rate in Lebanon (%)	3	2	1
Inflation rate in Lebanon (%)	5.3	2.8	1.4
Inflation rate in Egypt (%)	9.8	8.2	11.4

Source: Egyptian Central Bank – Annual report 2014-2015 and the Lebanese central bank annual report 2015

**Document no 2:**

The balance of payments recorded a deficit that almost reaches 2.2 billion dollars implying an increase that amounts to almost 150% compared to 2014. This deficit increased as a result of the balance of trade deficit as exports decreased by almost 11% compared to 2014 and their value reached 3.3 billion when imports decreased by almost 16% and reached 19.7 billion dollars. Also, the capital inflow to Lebanon decreased by almost 30% compared to the previous year and reached almost 13.3 billion dollars.

Source: Maurice – Matta – Al Nahhar 31-January 2015

**Document no 3:**

Dr. Ghazi Wazni considers that the economic and financial situation in Lebanon remains vague and unclear. The economic and financial indicators in 2016 appear as follows:

- The economic growth is weak as a result of the lack of certainty environments discouraging the foreign investor and making the local one attentive as well as the lack of political stability and internal security conditions and the weak local consumption.
- The increase of the public budget deficit to 8.5% of GDP as a result of the pressures on public expenditures that affect salaries and wages and the service of the public debt and as a result of the government not introducing new tax measures that would increase general revenues in order to cover the additional expenditure.

Source: Al Diyar – 4 August 2016

**Document no 4:**

In 17<sup>th</sup> of July of the current year, the monetary policy committee at that the central bank in Egypt announced the increase in the interest rate by 1% on banking deposits and loans; this happened after decreasing the interest rate three times during the previous year. After the

decision of the monetary policy committee, the interest rate on deposits in Egyptian banks became 9.25% and the one on loans 10.25%. In a statement published on the bank's website, the committee justified its decision to the high inflation rates while indicating that the purpose behind increasing the interest rate is to face the threats of inflation.

Source: Al Jazira – Abed Al Hafez Al Ahad, 9-11-2014

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

1. - **Specify** the stage of the economic cycle through which Lebanon is passing in document no.1. (1pt)  
- **Justify** your answer.
2. By referring to document no.2:
  - 2.1. **Explain** the effect of the decrease in exports by almost 11% on the stage of the economic cycle referred to in document no.1 (0.75 pt)
  - 2.2. **Explain** the effect of the decrease in the capital inflow to Lebanon on the weak local consumption mentioned in document no.3. (0.75 pt)
3. By referring to document no.3:
  - 3.1. **Extract** three reasons for the weak economic growth. (0.75 pt)
  - 3.2. **Link** between the political reason and the weak economic growth. (0.75 pt)
4. **It is mentioned in document no.3:** “as a result of the pressures on public expenditures ... to cover the additional expenditure.”
  - 4.1. **Specify** the type of public expenditures (0.5 pt)
  - 4.2. **Show** the effect of these pressures on the weak economic growth. (1pt)
5.
  - 5.1. **Extract** from document no.4 the measure and the objective of the decision of the monetary policy committee (1pt)
  - 5.2. **Link** the relation between the measure and the objective (1pt)
  - 5.3. **Evaluate** the application of this measure in case the Lebanese State decides to adopt it while relying on the given in document no.1 (0.5 pt)
6. Referring to documents 1, 2 and 3, **write a text** in which you suggest:
  - an appropriate policy to address the economic problems while maintaining the situation of inflation, two appropriate measures within this policy while linking between the application of these measures and the intended economic objective
  - an appropriate policy to address the financial situation, mentioning two measures within this policy and linking between the application of both measures and the intended objective (4pts)

## **Second Optional Set: Studying an Economic Subject (12 pts)**

**Document** :The Lebanese economy is known for the dominance of its services sector over the agricultural and industrial ones. The services sector is considered the strongest in Lebanon as it contributes to almost 75% of the domestic product.

Also the industry in Lebanon is a victim of the neglect of its governors and of the lack of their awareness of its vital importance in our economic and social lives.

The Lebanese industry faces exhausting costs:

- The average cost of one Kilo Watt of electricity in Lebanon is three times its average price in the Arab countries
- The customs duties adopted in Lebanon are 5%, the lowest in the Arab world; a fact that resulted in shutting down several industrial enterprises as they were exposed to dumping (buying with less prices than cost) and unfair competition. This is in addition to the problems and obstacles that make this sector the weakest in international competition some of which are:
  - o Most industrial enterprises are of medium and small scale size
  - o The lack of technical skilled labor force

Not to forget the deteriorating situation of the agricultural sector in Lebanon for many reasons:

- The continuous increase in the agricultural imports
- The absence of soft loans
- The spread of small agricultural holdings

Source : المركز اللبناني للدراسات

**By referring to the document above and your acquired knowledge, write an essay in which you discuss:**

- The importance of the agricultural and industrial sectors
- The problems from which the Lebanese economy suffers, mentioning one appropriate measure to solve each problem and specifying one result for each measure
- The effect of the results of these measures combined on addressing the problem of the Lebanese economy