

مسابقة في مادة الاقتصاد

(باللغة الإنكليزية)

المدة: ثلاث ساعات

الاسم:

الرقم:

Obligatory Set: Using Economic Concepts and Techniques (8 pts.)

1. **Copy** the following table on your answer sheet; (2 pts)
Complete it with the appropriate statements.

Problem	Appropriate policy to solve the problem	Appropriate measure within this policy
Inflation due to the increase in wages and salaries		
Increase in the concentration of income		
Decrease in the qualification of the labor force		
Increase in the illiteracy rate and decrease in public spending on health		

2. The human resource department in a certain company, decided to offer daily food meals to the workers at the maintenance department working extra time hours in this factory.
- 2.1. **Specify** the nature of this decision. (0.25 pt)
- 2.2. **Deduce** the type of motivation that was adopted by the company. (0.5 pt)
- 2.3. According to the pyramid of Maslow, for basic human needs, **choose** among the following the appropriate need satisfied in this case. (physiological– safety– love and belonging– self-esteem– self-actualization) (0.25 pt)
3. A country decided to adopt an economic system aiming to eliminate the barriers among social classes and ensure equality among people on all levels.
- 3.1. **Choose** among the following the economic system adopted in this country: (0.5 pt)
- Classical Liberal
 - Marxist Leninist
 - Neo Liberal
- 3.2. **Specify** the principle that achieves the targeted objective. (0.5 pt)

4. An investor desires to invest in producing tables. The corresponding feasibility study showed the following:

Sales value = 14,000,000 m.u

Total fixed cost: 2,400,000 m.u

Maximum production capacity = 20,000 tables

Average variable cost per table = 500 m.u

- 4.1. Calculate the price per unit. (1 pt)

Prove that the break-even point for this project is equal to 12000 tables.

- 4.2. Calculate the quantity of production in case the factory produced 40% of its maximum production capacity. (0.5 pt)

Specify if the enterprise is making loss or gain at this quantity of production.

Justify your answer.

5. The total cost of a certain factory is represented by the following function:

$$TC = 0.4 Q^2 + 250 Q + 100$$

And the market price (**P**) is represented by the following function:

$$P = 20 Q + 58.$$

- 5.1. Calculate, at the level of production of **Q = 8 units**, each of the following: (1 pt)

- The average fixed cost.
- The average variable cost.
- The marginal cost.

- 5.2. Calculate the quantity of production (Q) at which the enterprise may maximize its profit. (Maximum profit takes place when the marginal cost is equal to the market price.) (0.5 pt)

6. Starting from a closed economy and where the government does not intervene in economic issues, the **consumption of households (C)** is related to income (**R**) according to the following function: **C = 0.7 R + 25**

And **the investment of economic firms** is related to interest rate according to the following function: **I = - 25(i) + 6**

(Knowing that the value of investment and the value of income are in monetary units)

- 6.1. Calculate the value of investment at an interest rate (**i**) of **4%**. (0.5 pt)

- 6.2. Specify the value of income that realizes the equilibrium between saving and investment. (Savings = investment) (0.5 pt)

Choose one of the following sets:

First Optional Set: Analyzing Economic Documents (12 pts)

Document no 1:

The factors forming obstacles facing investment in Lebanon revolve around several axes, most important of which are:

1. Lack of political and security stability on the various levels.
2. Huge deterioration in the productivity of public institutions and administrations, especially those related to managing some economic activities despite the heavy financial burdens.
3. The treasury's ability to finance investment in infrastructure dropped; to face the weakness of infrastructure, the Lebanese are forced to ensure these needs from their private investments.
4. The drop of economic growth in Lebanon in a worrying manner in the last four years; its rate nowadays fluctuates between 1% and 2% after having reached almost 10% in the previous years.

المصدر: نهوض لبنان نحو دولة الإنماء-٢٠١٦

1. Referring to document no.1:

1.1. **Extract** the problem from which the public institutions and administrations in Lebanon suffer from. (0.5 pt)

1.2. **Specify** the type of unemployment that may lead to this problem. (0.5 pt)

2. **Specify** the stage of the economic cycle reflected in document no.1. (1 pt)

Justify your answer by a proof from the document.

Remark: (stages of economic cycle are: Eco growth, Recession, Repression, Recovery)

Document no 2:

In the frame of the partnership signed with the Lebanese government, the World Bank published lately a study prepared by the World Bank Group, discussed the status of the job market in Lebanon and its inability to absorb the increasing numbers of job applications; a fact that increases unemployment rates and doubles the number of unemployed. However, employers in Lebanon, who suffer from high production cost, this situation contributed to the increase in the unemployment rate among Lebanese and pushed many of the graduates to search for job opportunities outside Lebanon.

(...) and this shows that the reasons behind the job market crisis described by the decrease in job opportunities embedded in the crisis from which the productive sectors suffer. These reasons, according to economists, are due to the following factors:

First factor: absence of a governmental policy that supports domestic output aiming at ensuring protection from foreign competition.

Second factor: the adoption of the consecutive Lebanese governments of capitalist profit (yield) based policies without supporting the real productive economic sectors. This is done by providing the appropriate conditions for the Lebanese and non-Lebanese capitalists to invest in the profit based yet unproductive economic sectors.

Third factor: the increase in the costs of public services due to the continuous interruption of electric current and water supply for long periods.

المصدر: لبنان وخطر استفحال البطالة ١٧ ايلول ٢٠١٦

3. Referring to document no.2:

3.1. Extract the economic problem that the employers in Lebanon are (0.5 pt) suffering from.

3.2. Deduce the type of unemployment reflected in this document. Justify (1 pt) your answer.

3.3. Link between the extracted problem and the type of unemployment. (1pt)

4. Deduce a demographic effect for unemployment. (1pt)

Mention one negative economic result for this effect.

5. Specify one measure that the government may adopt to protect its domestic (1pt) output from foreign competition.

Show the effect of this measure on the exchange with the international market.

Document no 3:

The government budget suffers from a deep and chronic deficit that threatens the financial, economic and social stability, especially it aggravated the last years to reach 5.9% of GDP in 2013 due to chaotic spending and decelerating incomes, then, the deficit reached 6.2% in 2014 and almost 8.56% in 2015.

(...) The fiscal policy is efficiently weak and its goal was limited to searching for sources to increase its revenues without considering the economic and social consequences of its implementation.

المصدر: نهوض لبنان نحو دولة الإنماء-٢٠١٦

6. It's stated in document no.1: "The treasury's ability to finance investment in infrastructure dropped".

6.1. **Extract** from document no.3 two reasons that led to this fact. (0.5 pt)

6.2. **Link** between the decrease in the investment in infrastructure and the stage of the economic cycle reflected by the document no.1. (1 pt)

7. Referring to the above documents, **write** a text in which you **suggest**: (4 pts)

- An appropriate policy to solve the economic problem and the social problem combined

- Two measures within this policy and **linking** between both measures and the solution of the two problems.

- An appropriate structural policy to solve the problem of public administrations and the deficit in public budget together

- Two measures within this policy while **linking** between the two measures and the solution of the two problems.

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

Document no.1:

A responsible figure in the ministry of agriculture, declared that the agricultural cost of production in Lebanon is extremely high, especially when compared with the cost of production in Syria and Egypt. The energy prices are not backed up, “as opposed to neighboring countries”, the rate of mechanization is very low, and the status of infrastructure is deteriorated, “and there are no long term investment in the irrigation systems, agricultural roads and dams and there are no real wholesale markets”, while monopolies increases the cost of production inputs.

Also, there is a problem in marketing the agricultural output as most profits go to traders and the farmer gets the smaller portion from the final price of the agricultural outputs, his share reaches almost 20% and the remaining goes to “brokers”.

And this responsible figure confirms that “investors do not trust the agricultural sector and they seek high and quick profits”, indicating that “the share of the agricultural sector from banking loans is almost 0.6%, and its share from foreign direct investment is almost 0.48%.”

المصدر: مجتمع واقتصاد العدد ٢٢٢٤ الاثنتين ١٦ شباط ٢٠١٤

Document no 2:

The industry suffers from several problems, some of which are:

High cost of production: the prices of properties on which factories are built are high, and the energy prices used in production (diesel, gas and fuel) are also high, and the cost of employment is high. There is as well the cost of bureaucracy and the prices of raw materials that are mostly imported from outside.

External trade pacts: over the years, Lebanon signed trade agreements with Arab countries and the European Union... Lebanon “only got from these agreements a shortage in exports and an increase in imports.”

المصدر: مجتمع واقتصاد العدد ٢٦٠٥ الاربعاء ٣ حزيران ٢٠١٥

Referring to the information presented in the above documents and to your acquired information, **write** an essay in which you **discuss**:

- Five problems that the agricultural sector suffers from, **specifying** an economic result for each problem and an appropriate measure to solve each one.
- Two problems for the industrial sector in Lebanon while **specifying** an economic result for each problem and an appropriate measure to solve each one.
- **Explaining** the results of applying the measures combined together on both the agricultural and the industrial sector.