

الاسم: مسابقة في مادة الاقتصاد  
الرقم: المدة: ساعتان ونصف

**Obligatory Set: Using Economic Concepts and Techniques: (8 points)**

- 1- A certain country adopting the absolute economic freedom took the following two steps:  
- Determining prices based on the market mechanism.  
- Allowing individuals to use their wealth and capital freely.
- 1.1- Name the economic system adopted in this country. (0.5 pt)  
1.2- Deduce the principle referred to in each of the previous mentioned steps within this economic system. (0.5 pt)  
1.3- Mention a positive result and another negative result for each principle. (1 pt)
- 2- Copy the following table on the answer sheet and fill it with the appropriate data: (1 pt)

Cause of inflation	Adequate policy	A measure within this policy
Decreasing interest rate on consumption loans by the central bank.		
		Imposing a ceiling on the rate of the increase in wages and salaries proportionally to the rate of the increase in the productivity on the national level.

- 3- A certain State adopted the following measures in order to reactivate its economy:  
- Increasing social benefits.  
- Increasing public expenditures.
- 3.1- Name the economic policy that includes these measures. (0.25 pt)  
3.2- Explain in a sequence the relation between implementing these two measures and achieving the intended objective. (0.75 pt)
- 4- Copy the following table on the answer sheet and fill it with the appropriate data: (2.5 pts)

Quantity of Production (units)	Fixed cost (m.u)	Variable cost (m.u)	Total cost (m.u)	Average cost (m.u)	Marginal cost (m.u)	Market price (m.u)	Fill in the empty box of this column with the appropriate statement: -maximum profit -profit less than maximum -loss
0				-	-	60	-
10	300		600			60	Profit less than max
30					60	60	

- 5- The production function for a certain product is  $Q= 10p-20$ . Knowing that the price is (P) and (Q) is the quantity of production.  
Assuming that the price of this product increased from 10 m.u to 15 m.u. Calculate the price elasticity of production (PES). And analyze the result. (1.5 pt)

**Choose One of The Following Sets: (12 pts)**

**First Optional Set: Analyzing Economic Documents.**

**Document No. 1:**

Lebanon suffers from an increase in unemployment rates, a significant rise in emigration and poverty levels, and the monetary authority's deprivation of the rights of depositors and citizens, which is part of contractual compensation and savings that citizens deposited in banks for use during crises. The United Nations Development Program had estimated the extent of corruption in Lebanon at about 9% of the gross domestic product, and in a recent report by the Lebanese Ministry of Labor and the International Labor Organization, the unemployment rate is expected to reach about 41.4%. The report confirmed that the working class who receives the salaries in Lebanese pounds is the most affected by the severe decline in their purchasing power due to the deterioration of the national currency, and the percentage of families facing difficulties in obtaining health care increased from 25% to 36%. What increases the difficulties of the country's economy is that it is a service economy, as the percentage of the services sector of the GDP is 77.6% in 2020, while the industry constitutes only 13.5% and agriculture's percentage is 5%, due to rising prices, it is expected that the domestic demand for consumption will continue to decline to levels that are the lowest due to the high rates of poverty and unemployment, noting that the total public debt increased approximately to 85.4 billion dollars.

## Document No : 2

The economic and financial crisis that strikes Lebanon today is probably among the three most severe crises globally since the mid-nineteenth century (...). In fact, the GDP in Lebanon declined from about 55 billion USD in 2018 to about 33 billion USD in 2020 with a decline of the GDP per capita by 40% in US dollars. The World Bank has classified Lebanon as a state of fragility and a state of conflict and violence, accordingly, the deteriorating economic, social, and political conditions may result in a national collapse given the magnitude of the depression that the country is witnessing (...). It is also likely that more than half of the population is below the national poverty line. Lebanon faces real dangers that threaten its already fragile social peace.

المصدر : مرصد الاقتصاد اللبناني، ربيع ٢٠٢١ - البنك الدولي - ٣١ / ٥ / ٢٠٢١

## Document No. 3: The Development of External Trade in 2020

Year	Value of Exports (Millions \$)	Value of Imports (Millions \$)
2019	3731	19239
2020	3544	11310

المصدر: غرفة التجارة والصناعة والزراعة- تقرير التجارة الخارجية لعام ٢٠٢٠

Referring to the documents above, answer the following questions:

- 1- Extract from document No. (1): a social problem and a financial one. (0.5 pt)
- 2- Referring to document No. (2), extract an economic problem that Lebanon suffers from, and show its effect on the social problem extracted in question No.(1). (1 pt)
- 3- It is mentioned in document No. (1):(...) “ the monetary authority’s deprivation of the rights of depositors and citizens(...)”, explain the relation between this reality and the economic problem referred to in document No. 2. (1 pt)
- 4- **Referring to Document No. (1),**
  - 4.1- Deduce the type of growth prevailing in Lebanon and justify the answer by a proof from the document. (1 pt)
  - 4.2- Explain the effect of this type of growth on the deteriorating economic situation referred to in document No. (2). (1 pt)
- 5- **Referring to the two documents No.(1) and No.(2),**
  - 5.1- Deduce the development problem that Lebanon is suffering from, and justify the answer with a proof from each document. (1 pt)
  - 5.2- Suggest two measures to overcome this problem. (1 pt)
- 6- **Referring to document No. (3),**
  - 6.1- Compare between the results of the trade balance in 2019 and 2020, and analyze the answer. (1 pt)
  - 6.2- Extract from document No. (1) the monetary reason that contributed to the change that occurred in the result of the trade balance between these two years. (0.5 pt)
- 7- **Referring to the documents above, write a text suggesting:** (4 pts)
  - An appropriate policy to solve the deteriorating economic situation, mentioning two measures within this policy, linking the application of the two measures with the improvement of this situation.
  - A structural policy to solve the financial problem and two measures within it, linking the application of the two measures and the intended objective.

## The Second Optional Set: Writing an Economic Essay (12 pts)

### Document: The Upcoming Threat of Unemployment in Lebanon

Unemployment phenomenon in economic crises is undoubtedly the most dangerous and severe type of economic phenomena, as it quickly extends from an economic crisis to a very dangerous livelihood and security crisis. The simple definition of unemployment is calculating the ratio of unemployed people to the total of labor force. Consequently, these percentages differ according to several reasons listed as follows:

**First:** The rapid increase of population accompanied by the State’s inability to create suitable job opportunities or its inability to increase the incomes to match the increase in the population.

**Second:** The slowing economic growth, thus, reducing the possible increase or decrease of job opportunities.

**Third:** The lack of education orientation towards the needs of the labor market; thus, the increase of the number of jobseekers in certain fields and the decrease of their number in others.

**Fourth:** The economic crises in general whether they are financial, monetary or at the banking level.

**Fifth:** The Lebanese economic situation is, without any doubt, the main reason of the Lebanese unemployment problem. The latter is unfortunately heading towards more deterioration especially that the growth rate is approximately zero in addition to the worsening of the banking crisis, the lack of liquidity and the huge discrepancy in the trade balance.

المصدر: النهار، خلدون عبد الصمد، ٢٠١٩\١٢\٢٧

Referring to the above document and to your acquired information, write an essay in which you discuss the following points:

- The social and economic situation in Lebanon.
- The two types of unemployment which are referred to in the document.
- The causes of unemployment and their impact on the economic, social, demographic, and financial levels.
- An appropriate policy to solve each of these two type of unemployment, mentioning one measure within each policy, linking between each measure and overcoming each type of unemployment.

**Obligatory Set: Using Economic Concepts and Techniques: (8 points)**

1.

1.1 Classical Liberal System (0.5 pt)

1.2 Principle: freedom of prices- Individual initiative (0.25 pt for each answer)

1.3

Principle	Positive Result	Negative Result
Freedom of Prices	Promoting competition (0.25 pt)	Monopoly /Dumping (0.25 pt)
Individual Initiative	Creativity and innovation (0.25 pt)	Financial and real estate speculation (0.25 pt)

2.

Cause of inflation	Adequate policy	A measure within this policy
Decreasing interest rate on consumption loans by the central bank.	<i>Monetary Policy (0.25pt)</i>	<i>Increasing interest rates on loans issued for consumption by the central bank.(0.25pt)</i>
<i>High increase in salaries and wages (0.25pt)</i>	<i>Income Policy (0.25pt)</i>	Imposing a ceiling on the rate of the increase in wages and salaries proportionally to the rate of the increase in the productivity on the national level.

3.

3.1 Economic recovery policy by enhancing demand on consumption (demand side policy) (0.25 point)

3.2 Increasing social benefits and increasing public expenditures lead to increase in liquidity, increase in the purchasing power which will increase the demand on consumption (0.25 pt) which will increase investment and increase in production (0.25 pt) which will increase the economic growth rate.(0.25 pt)

4.

Quantity of Production (units)	Fixed cost (m.u) (0.25pt)	Variable cost (m.u) (0.75pt)	Total cost (m.u) (0.5pt)	Average cost (m.u) (0.5pt)	Marginal cost (m.u) (0.25pt)	Market price (m.u)	Fill in the empty box of this column with the appropriate statement: -maximum profit -profit less than maximum -loss (0.25pt)
0	300	0	300	-	-	60	-
10	300	300	600	60	30	60	Profit less than max
30	300	1500	1800	60	60	60	maximum profit

5.

$$Q_1 = 10p - 20 = 10(10) - 20 = 80 \text{ units (0.25 pt)}$$

$$Q_2 = 10p - 20 = 10(15) - 20 = 130 \text{ units (0.25 pt)}$$

$$PES = \frac{\Delta QS}{QS} \div \frac{\Delta QP}{QP} \quad (0.25 \text{ pt})$$

$$PES = \frac{130 - 80}{80} \div \frac{15 - 10}{10} \quad (0.25 \text{ pt}) = 1.25 > 1 \quad (0.25 \text{ pt}) \rightarrow \text{elastic production (0.25 pt)}$$

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

1 - A social problem: increase in unemployment rates/ a significant rise in poverty level. (0.25 pt)

A financial problem: the total public debt increased approximately to 85.4 billion dollars.(0.25pt)

2 - Economic crisis/decline in GDP/depression (0.5 pt)

In case of economic crisis → GDP → decrease investment (0.25 pt) → decrease job opportunities → increase unemployment (unemployment leads to poverty). (0.25 pt)

3 - The monetary authority's deprivation of the rights of depositors and citizens...lead to a decrease in liquidity → decrease in the purchasing power (0.25 pt) → decrease in demand on consumption (0.25pt) → decrease investment (0.25pt) → decrease production → decrease in the economic growth rate.(0.25pt)

4

4.1 - Unbalance Economic Growth (0.5pt )

- the percentage of the services sector of the GDP is 77.6% in 2020, while the industry constitutes only 13.5% and agriculture's percentage is 5% (0.5 pt)

4.2 - dominance of the service sector on the industrial and agricultural sector→decrease in investment in productive sectors (0.5 pt) →decrease production in the agricultural and industrial sectors (0.25 pt) →decrease in the economic growth rate. (0.25 pt)

5 -

5.1 - weak or poor human development.(0.5 pt)

**Proof from document No.,1:** the percentage of families facing difficulties in obtaining health care increased from 25% to 36%. (0.25 pt)

**Proof from document No.,1:** a decline of the GDP per capita by 40% in US dollars. (0.25 pt)

5.2 - Two Measures:

- Increase government expenditures on health care (or any other option which lead to increase the health situation) (0.5 pt)

- Increase Social services (or any other option which lead to increase investment and increase the GDP per capita) (0.5 pt)

6 -

6.1 - The results of the trade balance in 2019 = 3731-19239=-15508 million dollars deficit (0.25 pt)

The results of the trade balance in 2020 = 3544-11310=-7766 million dollars deficit (0.25 pt)

Analysis: Decrease in the deficit in the trade balance from 15508 to 7766 million dollars (0.5 pt)

6.2 - The monetary reason: the deterioration of the national currency (0.5 pt)

7 - Text:

Problem	Adequate Policy to Solve	Measures within the policy	Link
Economic Crisis/Depression	Economic Recovery Policy by Enhancing the Competitiveness of Supply or the Supply Side Policy (0.5 pt)	- Ensuring a competitive market by obliging economic enterprises to renew their machines.(0.5pt) - Any measure to reduce the cost of production (0.5 pt)	These two measures combined together lead to an increase in productivity and decrease cost of production which will increase the competitiveness (0.25pt) → Increase demand on consumption (0.25pt)→ Increase investment (0.25pt) → Increase production → Increase economic growth rate (0.25pt)
Increase in the public debt	Privatization policy (0.5pt)	BOO (0.25 pt) BOT (0.25pt)	Leads to the increase in government revenues with respect to its expenditures (0.25 pt) which leads to a decrease in the public debt or budget deficit. (0.25pt)

**The Second Optional Set: Writing an Economic Essay (12 pts)**

**Introduction (3 points: 2 points for the content and 1 point for the methodology)**

**Methodology:**

Students receive the full mark on the methodology if they mention an adequate and coherent issue (problematic) and announce the main points to be discussed in the body.

**Content:**

- The current situation for the unemployment problem in Lebanon – increase in the unemployment rates in Lebanon.
- The deterioration in the economic situation.

**Problematic:**

How can the government, interfere to solve the economic situation and the unemployment problem?

**Body (7 points: 6 points for the content and 1 point for the methodology)**

**Methodology:**

Students receive the full mark on the methodology when:

- Presenting each main point at the beginning of a paragraph and supporting it with valid arguments, evidence and statements.
- Connecting the paragraphs with appropriate transition sentences in a coherent and sequential manner as proposed in the introduction.

**Content: (6 points)**

**Types of unemployment:** circumstantial or cyclical unemployment (0.5 pt)/structural unemployment (0.5 pt)

**Causes of Unemployment:**

**First:** The rapid increase of population accompanied by the State's inability to create suitable job opportunities or its inability to increase the incomes to match the increase in the population.

**Second:** The slowing economic growth, thus, reducing the possible increase or decrease of job opportunities.

**Third:** The lack of education orientation towards the needs of the labor market; thus, the increase of the number of jobseekers in certain fields and the decrease of their number in others.

**Fourth:** The economic crises in general whether they are financial, monetary or at the banking level.

**Fifth:** The Lebanese economic situation is, without any doubt, the main reason of the Lebanese unemployment problem. The latter is unfortunately heading towards more deterioration especially that the growth rate is approximately zero in addition to the worsening of the banking crisis, the lack of liquidity and the huge discrepancy in the trade balance.

### **Impact (costs) of Unemployment:**

**On demographic level:** emigration and immigration, decrease birth rate, decrease marriage rate (0.5pt)

**On social level:** poverty, deterioration in the standards of living (0.5pt)

**On economic level:** waste of valuable human capital, decrease investment (0.5pt)

**On financial level:** costly to the treasury (for the countries that provide unemployment compensations) which might lead to budget deficit (0.5pt)

- The adequate policy to solve the circumstantial or cyclical unemployment is the supply side policy (0.5 pt) and the measures within this policy: Ensuring a competitive market by obliging economic enterprises to renew their machines.(0.5pt) **or** any measure to reduce cost of production (0.5pt)

- These two measures lead to an increase in productivity and reduce the cost of production (0.25pt) that lead to increase in competitiveness increase in the demand on consumption which will lead to the increase in investment (0.25pt) which increase in job opportunities and decrease in cyclical or circumstantial unemployment.

- An adequate policy to solve the structural unemployment is the active policy of labor (0.5pt) and the measure within this policy: the government conduct rehabilitating programs to the unemployed workers as to help them acquire new skills needed in the labor market (0.5pt). Applying this measure lead to the availability of skilled ,qualified and specialized labor force which is demanded in the labor market which lead to an increase in the job opportunities thus reducing the structural unemployment.(0.5pt)

**Conclusion:** (2 points): (Methodology 0.5 point) (Content: 1.5 point)

**Methodology:** Answering the problematic and synthesizing ideas.

**Content:** Summarize all the ideas that were put forth in the introduction and body and answering the problematic.