This is a Class 1 exam

Lebanon Evangelical School
for Boys and Girls
Loueizeh - Baabda

Stage Exam 05

12MAY2023

Do NOT write in this box. Your MARK will be placed here.

Subject :	Economics	
Class :	11S	
Teacher :	Amal Bejjani	
Duration :	1 hour	
Your name :		*Time taken to complete exam*
Your Class :		
Exam Room :		
How many sheets, including cover sheet :		

- Do not open this paper until the teacher in charge instructs you to do so.
- The most important thing to remember in taking an exam is NEVER PANIC.
- If you are caught cheating in this exam, you will be awarded zero for ALL exams that are taken on this day.

1. Assume that the market for Solar panels is represented by the following information

Price (in dollars)	Q1 (units)	Q2 (units)	Surpluses/shortages
10,000	150	800	
8000	250	700	
5000	400	400	
3000	450	300	
2000	500	100	
1000	600	50	

1.1 Determine demand and supply according to the above table and justify your answer (2pts)

1.2 Determine the equilibrium price (2pts)

1.3 Explain the reason for the stability in the equilibrium price.(2pts)

1.4 Copy the above table in your answer sheet and determine the shortages and the surpluses (5 pts)

1.5 Explain how the increase in the price of generators in Lebanon affected the equilibrium price of Solar panels. Answer by explaining and drawing a graph(4pts)

2. Explain and use appropriate graphs to show how will the market Demand be affected in the following situations

   a. It is expected to have increase in number of tourists this summer in Lebanon, how will this affect demand for hotels?(4pts)

   b. The price of generation subscription increased for all households. How will this affect demand for generation subscription? (4 pts)

   c. The tuition fees increased in American University of Beirut(AUB). How will this affect demand for education in AUB and the Lebanese University(public university)? (4pts)

3. Explain and use appropriate graphs to show how will the market supply be affected in the following situations

   d. Prices of Solar panel increased, how will this affect supply for it?(4pts)

   e. The price of raw material imported from foreign countries increased due to increase in taxes, how will this affect supply for all Lebanese products? (4pts)

   f. Due to having several earthquakes, the government decided to implement a specific kind of material to be used in building houses. How will this affect supply for houses (4pts)

4. Explain abnormal demand and draw a graph for it?
   (1pts)

5. a.Compare the demand elasticity of cars in Lebanon and in Europe. (4pts)
   a.Compare the supply elasticity of cars in Lebanon and in Europe.(4pts)

6. Draw a perfectly inelastic demand and explain it (2pts)

11 S

1.1 Q_1 = Demand. As P ↓ Qd ↑ ∝ u.s

Q_2 = Supply As P ↑ Q_s ↑ ∝ u.s

1.4 +50 } surplus
+450 }
0 → e.p.
−150 }
−400 } Shortage
−550 }

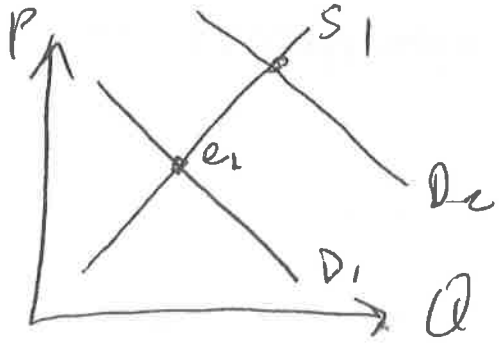
1.2. P = 5000 $

1.3 No Shortage Nor Surplus. It remains Stable because it a compromise blw Producer & consumers

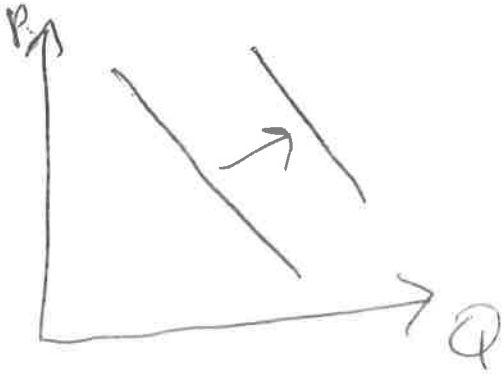
1.5) Solar Panels are substitute for Generators

D ↗ for Solar Panels ↗.

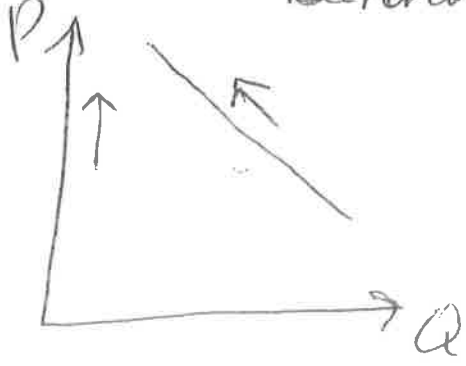
e.p. ↗



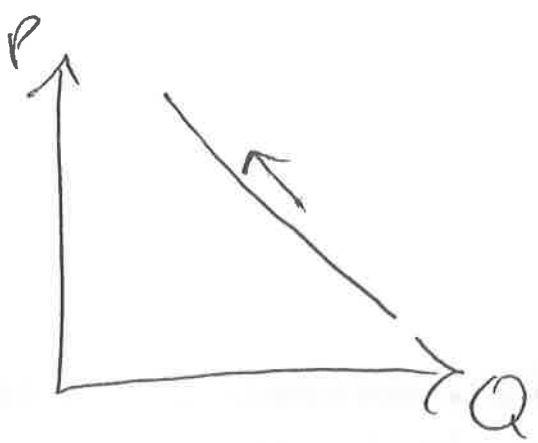
2.4) a) D ↗ (expectations)



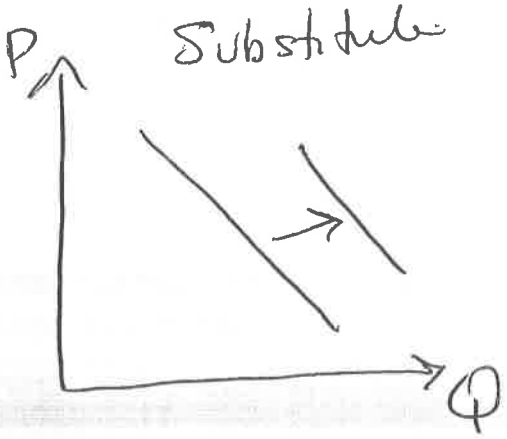
b) Qd ↙ Law of Demand



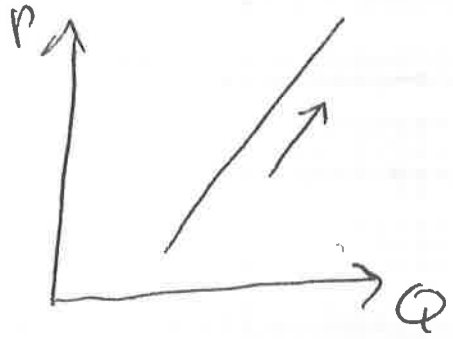
c) P_d AVB ↓ (Law of Demand)



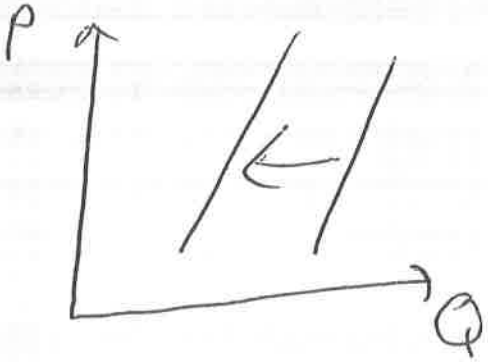
D Public uni ↑ Substitute



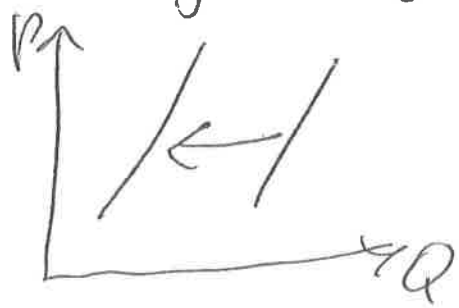
3) d. Q_s ↑ (Law of supply)



e. S↓ (cost)



f. S↓ (gov Reg)



4) As P↑ Q_d↑ d.v.s due to Snobbism effect upward sloping.



5) a) In Lebanon:

Cars have inelastic demand since they do not have substitute due to Poor Public Transportation & Can't be delayed

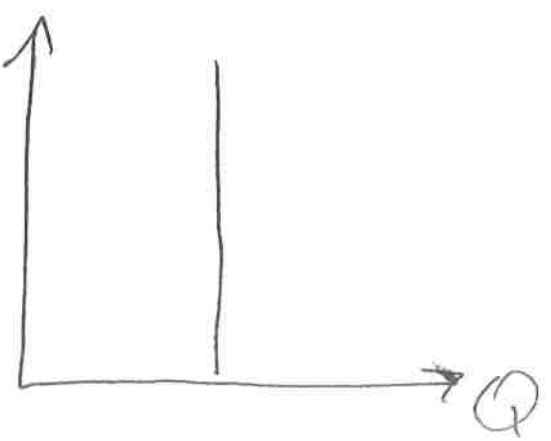
Cars ~~are~~ have inelastic Supply since they require sophisticated Capital & Specialized Labor

In Europe

Cars have Elastic demand since they have Substitutes

But have inelastic Supply

6)



NO matter how much prices ↗ or ↘, Qd remains constant.