This is a Class 1 exam

Lebanon Evangelical School for Boys and Girls

Lighting the fires that burn for eternity

Loueizeh - Baabda

Lebanon Evangelical School

for Boys and Girls — Loueizeh - Baabda

Stage Exam 02

19DEC2022

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

Subject :	Economics	
Class :	11SE	
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 in Lebanon is represented by the following information

Price (in dollars)	Q1 (units)	Q2 (units)	Surpluses/shortages
600	100	0	
500	80	20	
300	50	50	
200	40	60	
100	30	80	

1.1 Determine demand and supply according to the above table and justify your answer (3pts)

1.2 Determine if demand or supply is more important in the market and explain your answer.(3pts)

1.3 Determine the equilibrium price (2pts)

1.4 When the price reaches the equilibrium price, it remains stable for a period of time. Explain why?(3pts)

1.5 Determine the agent that will benefit from the surplus and the agent that benefits from the shortage. Explain your answer(3pts)

1.6 Copy the above table in your answer sheet and determine the shortages and the surpluses (3 pts)

1.7 As a result of the cut off in electricity in Lebanon, people not able to have any source of electricity from the public electricity nor with the private generators, explain how will this affect the equilibrium price for solar panels in Lebanon. (assuming that both demand and supply are unit elastic). Explain and draw a graph in your explanation(4pts)

1.8 Assuming that both demand and supply and inelastic how will the same situation as above lead to a change in the equilibrium price. Explain and draw a graph in your explanation. (4pts)

1.9 By referring to 1.7 and 1.8, determine the difference and explain the reason for it.(3pts)

1.10 As a result of the current situation in Lebanon for electricity, more individuals have started the business for solar panels. How should this affect the equilibrium price of solar panels. Explain and use a graph.(4 pts)

2. Explain the supply elasticity for the following and justify your answer(6 pts)
   a. Education in LES
   b. Generators for electricity

3. Explain and use appropriate graphs to show how will the following situations affect the market Supply (3 pts each)

   3.1 Custom duties (taxes) increased on foreign products in Lebanon. How will this affect supply for cars.

   3.2 The price of wood increased, how will this affect supply for houses?

   3.3 Price of small houses increased , how will this affect supply for small houses?

   3.4 Producers expect an increase in the price of small houses, how will this affect supply for them?

   3.5 The Government implements a policy where a specific cement is to be used for houses. How will this affect supply for houses?

   3.6 If the income of individuals decreases, how will this affect supply for all products?

4. 4.1 Determine what is more beneficial for the producer and for the consumer, elastic or inelastic supply? Explain why ? (4pts)

11 SE Bareme

1.1) Q_2 = Demand As P↗ Qd↘ & As P↘ Qd↗ (Law of Demand) (1.5pt)
Q_1 = Supply As P↗ Q_s↗ & As P↘ Q_s↘ (Law of Supply) (1.5 pts)

1.2) they are equally important because the intersection of D & S determine the equilibrium price (3pts)

1.3) ₦300 (2pts)

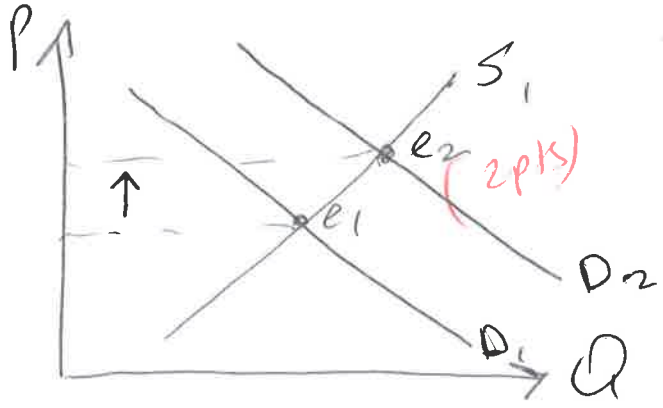
1.4) Because it is a compromise between Consumers & Producers & there is no Surplus nor a shortage (3pts)

1.5) the consumer benefit from a Surplus because it leads to ↘ in P.
The Producer benefits from a shortage because it ↗ P (3pts)

1.6)

P ₦	
600	+100 Surplus ½ pt
500	+60 Surplus ½ pt
300	0 e.p. 1pt
200	−20 Shortage ½ pt
100	−50 Shortage ½ pt

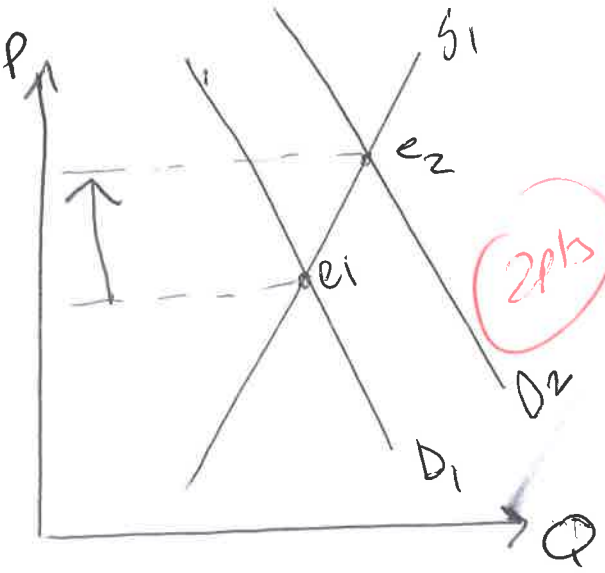
1.7)



(2pts)

↗ D because of Consumers' Taste leading to an ↗ in equilibrium Price

1.8)



2pts

D ↗ → consumers Taste

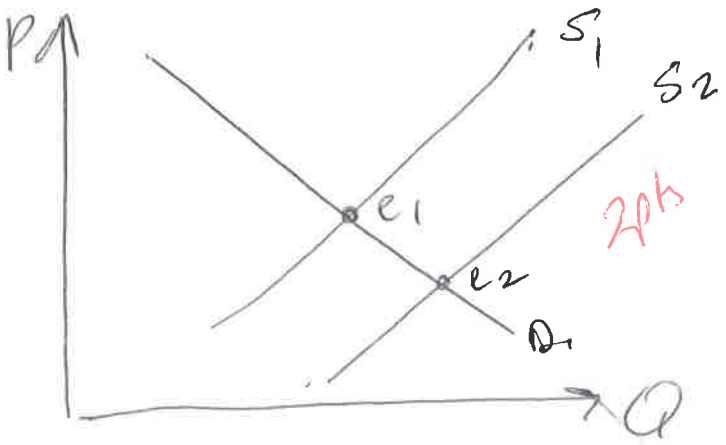
↗ E.P. from e_1 to e_2

2pts

1.9) In graph 1.8 we see a greater increase in the equilibrium price since D & S are both inelastic meaning that consumers do not have substitute & can't delay buying the product & it is not easy for Producer to Produce this Product. 3pts

1.10) ↗ # of Sellers ⇒ S ↗ ⇒ e.p ↓ from e_1 to e_2

2pts



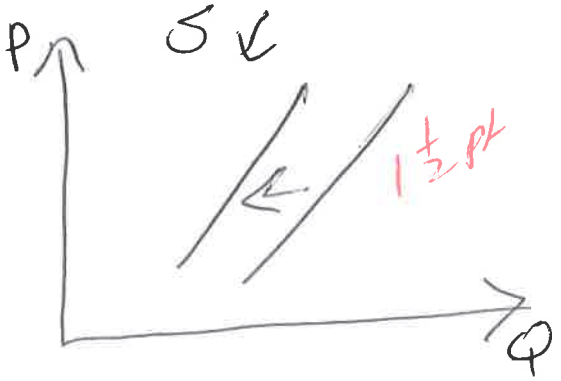
2pts

2) a) Both are inelastic Supply because (3pts)
b) they need sophisticated machines + (3pts)
Specialized Labor

3.1) ↗ Taxes S↙ 1½ pt



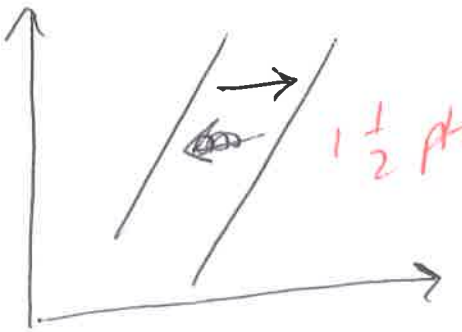
3.2) ↗ Cost of Product 1½ pt



3.3) P↗ Q_S↗ 1½ pt



3.4) S ~~↙~~ ↗ producers Expect ↑ 1½ pt



3.5) S↙ # of Producers 1½ pt



3.5) S↙ # of Reg



4) the Producers Prefer elastic Supply since it means that the Product is easy to produce when the Price ↑. While the consumer also Prefer elastic Supply, since they can have an ↑ in Satisfaction as Producers can adapt rapidly to the change in ~~Price~~ Demand (4pts)