This is a Class 1 exam

Lebanon Evangelical School for Boys and Girls

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 :	12SE
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. A certain country suffering from an economic crisis decided to set a ceiling on the amount of capital allowed to be transferred outside the country.

1.1 Name the economic system adopted in this country.(1pt)

1.2 Specify the economic principle that prompted the government to take this decision, mentioning a negative result for this principal.(1.5pts)

2. Deduce the problems presented in the three parts below, classifying each according to the indicator of development. (3 pts)

2.1



2.2



2.3



3. Copy the following table on the answer sheet and fill it with the appropriate data.(3.5pts)

Quantity of production (units)	Fixed cost (mu)	Variable cost(mu)	Total cost(mu)	Marginal cost (mu)	Market price (mu)	Fill in the empty box of this column with the appropriate statement : -loss - profit less than the maximum - maximum profit
0	250			-	72.5	-
10	250	725		72.5		
40	250			74	72.5	

4. Mr. Imad deposited an amount in a bank at an annual simple interest rate of 2% during the period extending from March 5 to June 27 of the same year. At maturity date, he received an amount of interest of 1520 mu

4.1 Calculate the initial amount deposited (1pts)

4.2 Calculate the total value(acquired value) that Mr. Imad will receive at the maturity date on June 27. (1pt)

5. Copy the following table on the answer sheet and complete the blank cells: (2.5pts)

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
Monopoly		

6. Justify the following statements:(1 pt)

6.1 Applying the privatization policy leads to a decrease in public budget deficit.

6.2 Immigration of productive human resources could lead to Economic growth in Lebanon

7. Specify if the following sentences are true or false and justify your answer(2pts)

7.1 7.1 Decreasing the value of the local currency (exchange rate) contributes in the increase of the economic growth rate

7.2 The intervention of politicians in the recruitment process that is ineffective and excessive in public institutions contributes to the occurrence of budget deficit.

8. Copy the following table on the answer sheet and complete the blank cells:(1.5pts)

Situation	Type of unemployment	Adequate policy to fight this type of unemployment	Adequate tool
7.1 In a situation of a huge financial deficit in a given country due to an economic crisis, ahigh rate of manpower layoffs is observed			
7.2 In a given country, the labor market suffers from the effect of an inequality between the university and technical curriculum and the needs of this market			

9.1 The function of investment in a given country is I = - 30i + 48 and the interest rate (i) on investment loans is 14%. Calculate the volume of investment (in million of m.u.)(1pt)

9.2 In case the interest rate decreases to 5%. Show how the volume of investment will be affected and justify your answer with the necessary calculation.(1pt)

1.1 Neo Liberal system

1.2 Principle : free movement of capital

Negative result : capital flight in case of economic crisis

2.1 Trade balance deficit(economic indicator

2.2 increase inflation(economic indicator)

2.3 unemployment (social indicator)

3.1

Quantity of production (units)	Fixed cost (mu)	Variable cost(mu)	Total cost(mu)	Marginal cost (mu)	Market price (mu)	Fill in the empty box of this column with the appropriate statement : -loss - profit less than the maximum - maximum profit
0	250	0	250	-	72.5	-
10	250	725	975	72.5	72.	Maximum profit
40	250	2945	3195	74	72.5	loss

4. Mar 5 to June 27 = 114

1520 = Co x0.02 x 114 / 360 so C0 = 240000

1.1 1520 + 240000= 241520 mu

5. Copy the following table on the answer sheet and complete the blank cells: (1.5pts)

Cause of inflation	Adequate policy	A measure within this policy
Decreasing interest rate on consumption loans by the central bank	Monetary policy	Increasing interest rates on loans issued for consumption by the central bank
High increase in salaries and wages	Income policy	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
Monopoly	Fixing prices or price control policy	Specifying the price of basic necessities or imposing a criteria on the margin of profit

6.1 privatization leads to increase in revenues and decrease in expenditure and this leads to decrease in public deficit

6.2 Immigration leads to increase in money transferred to our country from foreigners which increases purchasing power and increase demand and increases investment and this leads to increase production that leads to increase in economic growth

7.1 T -decreasing the value of local currency leads to increase of prices of imported foreign products with respect to local local products which decreases competitiveness of imported products and increases competitiveness of the local products which leads to increase demand of local production and this leads to increase of investment and increase in production and increase EG

7.2 The intervention of politicians increases unnecessary expenditures relative to the revenues increases budget deficit

8. Copy the following table on the answer sheet and complete the blank cells:

Situation	Type of unemployment	Adequate policy to fight this type of unemployment	Adequate tool
7.1 In a situation of a huge financial deficit in a given country due to an economic crisis, ahigh rate of manpower layoffs is observed	Cyclical unemployment	Classical policy or economic reform (supply sided)	Employment agency or any tool of the policy
7.2 In a given country, the labor market suffers from the effect of an inequality between the university and technical curriculum and the needs of this market	Structural	Active policy of labor	Training of unemployed on required skills

9.1 I = -30(0.14) + 48 = 43.8 million mu

9.2 I = -30(0.05) + 48 = 46.5 million mu

When interest rate decreased from 14% to 5%, the volume of investment increased from 43.8 million mu to 46.5 million mu , the relation between investment and interest is inversely proportional