



مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الثاني - الدور الأول

للعام الدراسي ١٤٤٧/١٤٤٦ هـ - ٢٠٢٤ / ٢٠٢٥ م

تنبيه:
- المادة: الإقتصاد
- الأسئلة في (١٢) صفحة.
- زمن الإجابة: ثلاث ساعات.
- الإجابة في الورقة نفسها.

تعليمات مهمة:

- يجب الحضور إلى قاعة الامتحان قبل عشر دقائق على الأقل من بدء زمن الامتحان.
- يجب إحضار أصل ما يثبت الهوية وإبرازها للعاملين بالامتحانات.
- يجب الالتزام بالزي (الدشداشة البيضاء والمصر أو الكمة للذكور) والزي المدرسي للطالبات ، ويستثنى من ذلك الدارسون من غير العمانيين بشرط الالتزام بالذوق العام، ويمنع على جميع المتقدمات ارتداء النقاب داخل المركز وقاعات الامتحان.
- يحظر على الممتحنين اصطحاب الهواتف النقالة وأجهزة النداء الآلي وآلات التصوير والحواسيب الشخصية والساعات الرقمية الذكية والآلات الحاسبة ذات الصفة التخزينية والمجلات والصحف والكتب الدراسية والدفاتر والمذكرات والحقائب اليدوية والآلات الحادة أو الأسلحة أياً كان نوعها وأي شيء له علاقة بالامتحان.
- يجب على الممتحن الامتثال لإجراءات التفتيش داخل المركز طوال أيام الامتحان.
- يجب على الممتحن التأكد من استلام دفتر امتحانه، مغلفاً بغلاف بلاستيكي شفاف وغير ممزق ، وهو مسؤول عنه حتى يسلمه لمراقبي اللجنة بعد الانتهاء من الإجابة.
- يجب الالتزام بضوابط إدارة امتحانات دبلوم التعليم العام وما في مستواه وأية مخالفة لهذه الضوابط تعرضك للتدابير والإجراءات والعقوبات المنصوص عليها بالقرار الوزاري رقم ٥٨٨ / ٢٠١٥.
- يقوم المتقدم بالإجابة عن أسئلة الامتحان المقالية بقلم الحبر (الأزرق أو الأسود).
- يقوم المتقدم بالإجابة عن أسئلة الاختيار من متعدد بتظليل الشكل (◯) وفق النموذج الآتي:

س – عاصمة سلطنة عمان هي:

◯ القاهرة ◯ الدوحة

● مسقط ◯ أبوظبي

ملاحظة: يتم تظليل الشكل (●) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ● **غير صحيح** ⊖ ◉ ◒ ⊗ ✓

مُسَوَّدَة، لا يتم تصحيحها

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Question One: (Items 1 – 8) (8 marks)

Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1) Actual economic growth occurs when:

- ⬭ output increases
- ⬭ output decreases
- ⬭ inflation increases
- ⬭ productivity decreases

2) Full employment can be described as the:

- ⬭ moderate level of employment in the economy
- ⬭ average level of employment in the economy
- ⬭ highest level of employment possible
- ⬭ lowest level of employment possible

3) You are given the following data:

- Price level (P) = 2
- The output of the economy (T) = $ 10 Billion
- The velocity (V) = 4

According to the quantity theory of money, the value of Money supply (M) equals:

- ⬭ $ 80 Billion
- ⬭ $ 20 Billion
- ⬭ $ 8 Billion
- ⬭ $ 5 Billion

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Question One: (continued)

4) What is revaluation in the context of exchange rates?

- ⬭ It refers to a decrease in the value of a country's currency relative to other currencies
- ⬭ It refers to an increase in the value of a country's currency relative to other currencies
- ⬭ It refers to maintaining the value of a country's currency at a fixed rate
- ⬭ It refers to a change in the monetary policy of a country

5) Consider that Portugal's Gross National Income (GNI) per capita is equal to 6,455 $US. This means that it is classified as:

- ⬭ A Low-income economy
- ⬭ A High-income economy
- ⬭ A Lower middle-income economy
- ⬭ An Upper middle-income economy

6) Which of the following best describes the Multidimensional Poverty Index (MPI)?

- ⬭ A composite measure that evaluates living standards across various dimensions
- ⬭ An index that assesses living standards based on income alone
- ⬭ A metric used exclusively to measure material deprivation
- ⬭ A measure of income inequality within a country

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Question One: (continued)

7) The tertiary sector is:

- ○ Industries involved in farming and extracting natural resources
- ○ Industries that produce high technological products
- ○ Industries that manufacture products
- ○ Industries that produce services

8) If Germany removes tariffs on imported goods, what is the MOST likely impact of this policy due to globalization?

- ○ Germany's economy will become less integrated with the global market
- ○ Domestic industries in Germany will face increased competition
- ○ Germany's exports will become more expensive
- ○ All of the above

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Question Two: Items (9-20) (32 marks)

Answer ALL questions in the space provided.

9) The business cycle, also known as the trade cycle, refers to variations in economic activity over time. It contains four phases. Identify the correct phase of the business cycle for each of the scenarios below: (2 marks)

a. The government experiences record-low unemployment rates, strong consumer confidence, and people are spending heavily on homes and cars. However, inflation is starting to rise quickly.

b. Factories are laying off workers, consumer spending is falling, and many small businesses are closing. The economy is clearly shrinking.

c. New businesses are opening, job opportunities are growing, and both consumers and companies are optimistic. Investment and spending are on the rise.

d. Unemployment is very high, businesses have closed, and consumer confidence is extremely low. However, economists believe the worst is over and signs of recovery are beginning to show.

10) Country Z's economy has a potential GDP of $5.5 trillion, but due to an economic downturn, the actual GDP is only $4 trillion.

a. Analyze the causes and consequences of this negative output gap. (1.5 marks)

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Question Two: (continued)

b. Discuss the strategies that country Z's government can implement to reduce this negative output gap. (1.5 marks)

11) Unemployment plays a crucial role in a country's economic stability and growth.

a. Define equilibrium unemployment. (1 mark)

b. Define disequilibrium unemployment. (1 mark)

12) To reduce cyclical unemployment, a government will use expansionary fiscal policy tools to increase aggregate demand. Provide two of these policy tools. (2 marks)

a. _____

b. _____

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Question Two: (continued)

13) Suppose the **nominal exchange rate** between the US Dollar and the Euro is

$1 = €0.92, the US price index is **103**, and the European price index is **100**.

a. Calculate the real exchange rate for the **USD/EUR** exchange rate. Show your calculations. (1.5 marks)

b. Suppose the nominal exchange rate changes from $1 = €0.92 to $1 = €0.75. State weather the Euro appreciated or depreciated relative to the US Dollar.

(0.5 mark)

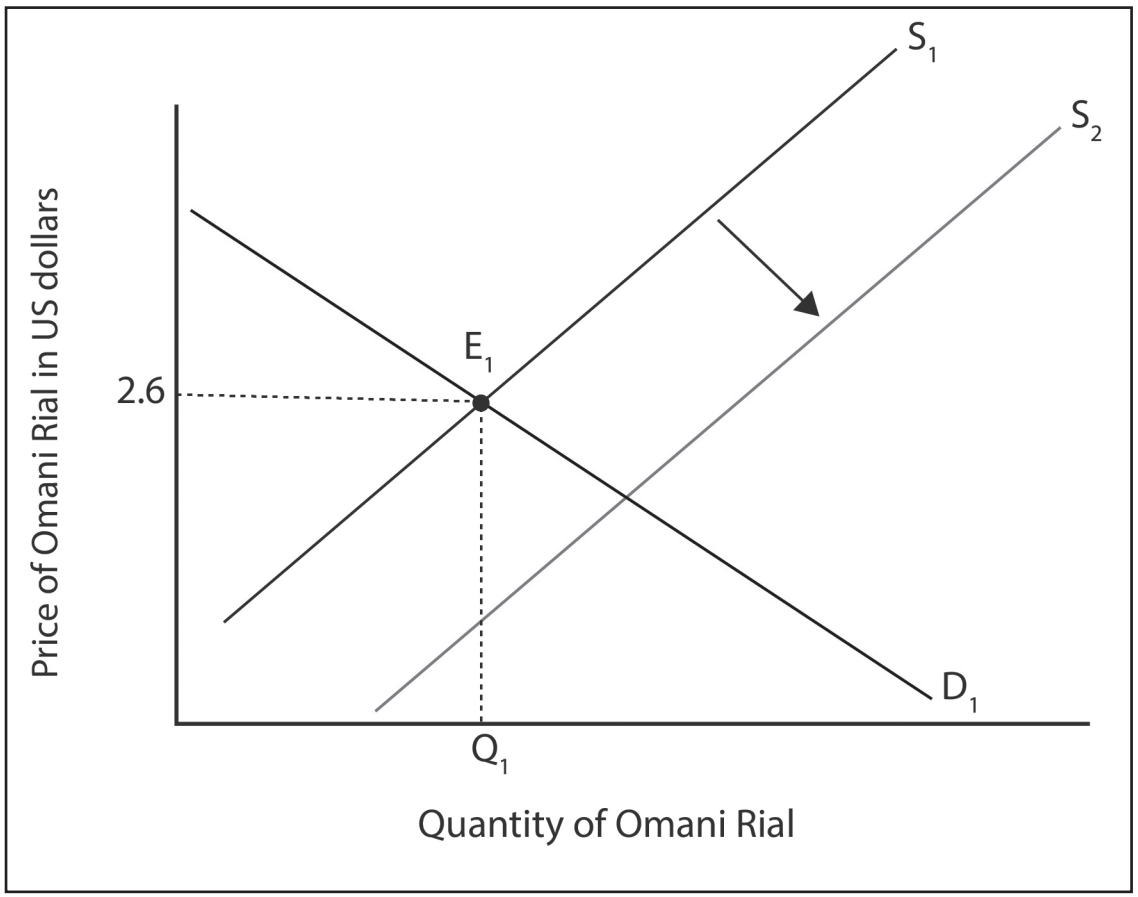
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Question Two: (continued)

14) The Omani Rial (OMR) is pegged at **1 OMR = 2.6 USD** (represented by point E_1 on the graph). The Central Bank of Oman (CBO) is responsible for maintaining this fixed exchange rate.



a. Suppose the supply of OMR increases from S_1 to S_2. **Describe** the consequence of this increase on the exchange rate, and **state** the action the CBO should take to maintain the fixed exchange rate at 2.6 USD/OMR. (1 mark)

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Question Two: (continued)

b. Using the same graph, **illustrate** the effects of these measures on the foreign exchange market. How do these actions impact the demand and/or supply of Omani Rial? (1 mark)

15) Define the following concepts:

a. Poverty cycles. (1 mark)

b. Development traps. (1 mark)

c. Measurable Economic Welfare (MEW). (1 mark)

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Question Two: (continued)

16) The table below shows the distribution of employment across different sectors and the pattern of trade in two countries, X and Y.

Country	% of labour force employed in agriculture	% of labour force employed in manufacturing	% of labour force employed in services	Main Exports	Main Imports
X	60	18	22	Agricultural products	Machinery, electronics
Y	10	35	55	Manufactured goods, technology	Raw materials, food

a. Explain how the trade patterns of Country X are influenced by its employment structure. (1 mark)

b. Explain what the employment structure and trade patterns of Country Y suggest about its level of economic development. (1 mark)

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Question Two: (continued)

17) In 2019, there were 790,000 births in Germany, a country with a population of 82.6 million. In the same year, the death rate was 11.3%.

a. Define "birth rate". (1 mark)

b. Calculate Germany's birth rate in 2019? (1 mark)

18) Country X, Country Y, and Country Z have recently formed an economic agreement. They have removed tariffs on trade between them but still maintain their own individual tariffs on imports from non-member countries. Based on this information, which type of economic integration does this agreement represent? Why? (2 marks)

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Question Two: (continued)

19) You are given the following data on bank (Y):

The increase in deposits by USD 1000 leads to an increase in the reserves by $ 100.

Using the given data, calculate the following:

a. The reserve ratio (liquidity ratio)

b. The bank credit multiplier (M)

c. The increase in bank lending if the deposits increase by $ 5000

(5 marks)

a. _____

b. _____

c. _____

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Question Two: (continued

20) Aid is a significant example of the relationship between countries. It can help the recipient country increase its income per head and development. (5 marks)

a. Analyze why it is not easy for some low-income and middle-income countries to encourage investment.

b. Analyze how aid could promote economic growth through investment **(use a figure to explain your answer)**

[End of the Examination]

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SULTANATE OF OMAN
MINISTRY OF EDUCATION

Marking Guide of General Educational Diploma for Private Schools

2024/2025

Semester Two – First Session

Subject: Economics

مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

Note: There are 12 pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

Item N.	Answer	Mark	Learning Outcome	Learning Level
1	A output increases	1	Define actual growth, potential growth, output gap, negative output gap, and positive output gap, gig economy, sustainable economic growth.	AO1
2	C highest level of employment possible.	1	Define full employment, equilibrium, and disequilibrium unemployment, natural rate of unemployment, hysteresis, long-term unemployment, and labour mobility.	AO1
3	D $ 5 Billion	1	Analyze the quantity theory of money	AO2
4	B It refers to an increase in the value of a country's currency relative to other currencies	1	Differentiate between revaluation and devaluation of a fixed exchange rate..	AO1
5	D Upper middle-income economy.	1	Classify economies according to development and national income.	AO2
6	A A composite measure that evaluates living standards across various dimensions	1	List the indicators of living standards and economic development.	AO1

7	D Industries that produce services	1	Differentiate between different sectors of production	AO1
8	B Domestic industries in Germany will face increased competition	1	Evaluate the consequences of globalization on global economics.	AO2

Second: Answers for the Extended Answer Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>9</td><td><u>Answer:</u>

a. Peak
b. Contraction / downturn
c. Expansion / upturn
d. Trough

<u>Marking Guidance and Rubric:</u>

0.5 mark for each phase of the trade cycle.

<table><tr><td>Learning Outcome</td><td>Identify the causes of the business cycle.</td></tr><tr><td>Learning Level</td><td>AO2</td></tr><tr><td>Page</td><td>454-455</td></tr></table></td><td>2</td></tr>
<tr><td>10</td><td><u>Answer:</u>

a. The cause of a negative output gap is the lack of aggregate demand (e.g., a decline in business investment (0.5 mark) because of economic uncertainty, a decline in business investment because of economic uncertainty, lower government spending…). (0.5 mark) When there is a negative output there will be unemployed resources and the economy will not be producing the full amount it is capable of producing. (0.5 mark)

b. To promote actual economic growth, and so reduce a negative output gap, a government will try to increase aggregate demand (0.5 mark). To do this a government will use either expansionary fiscal policy and/or expansionary monetary policy. (0.5 mark)
To promote potential economic growth, a government will have to encourage an increase in aggregate supply. It could use supply-side policy tools to do this. (0.5 mark)

<table><tr><td>Learning Outcome</td><td>Explain the causes and consequences of positive and negative output gaps.
Analyze the effectiveness of policies to promote the economic growth.</td></tr><tr><td>Learning Level</td><td>AO3</td></tr><tr><td>Page</td><td>454-456</td></tr></table></td><td>3</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>11</td><td><u>Answer:</u>

a. Equilibrium unemployment is unemployment which exists when the aggregate demand for labour equals the aggregate supply of labour. (1 mark)

b. Disequilibrium unemployment is unemployment that arises when the aggregate supply of labor is greater than the aggregate demand for labor at the current wage rate. (1 mark)

<table><tr><td>Learning Outcome</td><td>Define full employment, equilibrium, and disequilibrium unemployment, natural rate of unemployment, hysteresis, long-term unemployment, and labour mobility.</td></tr><tr><td>Learning Level</td><td>AO1</td></tr><tr><td>Page</td><td>466</td></tr></table></td><td>2</td></tr>
<tr><td>12</td><td><u>Answer:</u>

• A reduction in indirect or direct taxation to increase consumer expenditure.
• A cut in corporate taxes to stimulate investment.
• An increase in government spending.
• An increase in government borrowing to fund fiscal expansion

<u>Marking Guidance and Rubric:</u>
Student can provide two policy tools and get 1 mark for each.

<table><tr><td>Learning Outcome</td><td>State the policies to reduce unemployment.</td></tr><tr><td>Learning Level</td><td>AO1</td></tr><tr><td>Page</td><td>472</td></tr></table></td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>13</td><td>
<u>Answer:</u>

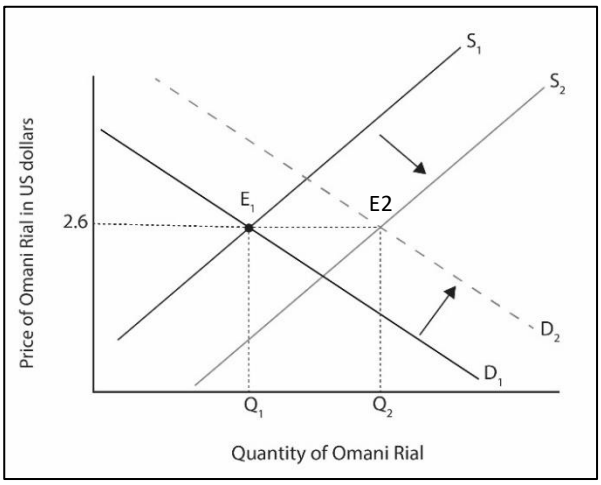
a. Real Exchange Rate = Nominal Exchange Rate × (European Price Index / US Price Index) = 0.92 * 100/103 = 0.893.

b. The nominal exchange rate movement from 1=€0.92 to 1=€0.75 reflects an increase in the value of the Euro (or a decrease in the value of the US Dollar). This means the Euro has appreciated.

<u>Marking Guidance and Rubric:</u>

1 mark for providing the real exchange rate formula
0.5 mark for the correct calculation and answer.
0.5 mark for Identifying that the Euro has appreciated (or USD has depreciated)

<table>
<tr><td>Learning Outcome</td><td>Identify the three main ways exchange rates are measured: nominal, real and trade-weighted exchange rates.</td></tr>
<tr><td>Learning Level</td><td>AO2</td></tr>
<tr><td>Pages</td><td>537</td></tr>
</table>
</td><td>2</td></tr>
</table>

Item N.	Correct Answer	Mark
14	**Answer:** a. When the supply of Omani Rial (OMR) increases from S1 to S2, there is an excess supply of the currency in the foreign exchange market. This would normally cause the exchange rate to fall (depreciate). However, since the CBO aims to maintain the fixed exchange rate at 2.6 USD/OMR, it intervenes by buying the excess OMR using its foreign currency reserves (USD). b. By purchasing OMR, the CBO increases the demand for OMR in the market. As a result, the demand curve shifts to the right from D1 to D2, offsetting the increase in supply. At point E2, D2 intersects S2 and the exchange rate is maintained at 2.6 $US.  **Marking Guidance and Rubric:** Identifies excess supply of OMR due to the shift from S_1 to S_2, leading to potential depreciation. **(0.5 mark)** Explains the CBO's intervention by purchasing the excess OMR with USD to maintain the fixed exchange rate**. (0.5 mark)** Explains how buying OMR increases demand in the Forex market, shifting the demand curve from D_1 to D_2. **(0.5 mark)** Recognizes that equilibrium is restored at E_2, maintaining the fixed exchange rate of 2.6 USD/OMR. **(0.5 marks)** | Learning Outcome | Analyze how exchange rates are determined under fixed system | | Learning Level | AO2 | | Pages | 538 |	2

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>15</td><td>

Answer:

a. Poverty cycle is the link between low income, low savings, low investment and low productivity.

Learning Outcome	Classify economies according to development and national income
Learning Level	AO1
Pages	549

b. Development traps are restrictions on the growth of developing economies that arise from the low levels of savings and investment.

Learning Outcome	Classify economies according to development and national income
Learning Level	AO1
Pages	549

c. MEW is a composite measure of living standards that adjusts GDP for factors that reduce living standards and factors that improve living standards.

Learning Outcome	List the indicators of living standards and economic development.
Learning Level	AO1
Pages	550

Marking Guidance and Rubric:

Defines the poverty cycle as the link between low income, low savings, low investment, and low productivity. **(1 mark)**

Defines development traps as barriers to growth caused by low savings and investment. **(1 mark)**

Defines MEW as a composite measure that adjusts GDP based on factors that reduce and improve living standards. **(1 mark)**

</td><td>3</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>16</td><td>

Answer:

a. The employment structure of Country X is dominated by agriculture (60%), with a smaller share in manufacturing (18%) and services (22%). This indicates that most of the workforce is engaged in farming rather than industrial production or service-based activities. The large agricultural workforce leads to exports of primary goods, while a weaker industrial and service sector results in imports of manufactured and high-tech products.

Learning Outcome	Evaluate the effect of development level on a country's production sector.
Learning Level	A01
Pages	566 - 568

b. Country Y has a large manufacturing (35%) and services sector (55%), indicating a more developed economy. Its exports of manufactured goods and technology show industrialization, while imports of raw materials and food suggest higher productivity and reliance on global trade.

Learning Outcome	Evaluate the effect of development level on a country's production sector.
Learning Level	A02
Pages	566 - 568

Marking Guidance and Rubric:

- Identifies that agriculture dominates employment (60%), with smaller shares in manufacturing (18%) and services (22%). **(0.5 mark)**
- Explains the economic implications, such as reliance on primary exports and imports of manufactured and high-tech goods due to a weaker industrial and service sector. **(0.5 mark)**
- Identifies that manufacturing (35%) and services (55%) dominate, indicating industrialization and a developed economy. **(0.5 mark)**
- Explains trade implications, such as exports of manufactured goods and technology and imports of raw materials and food, reflecting global economic integration. **(0.5 mark)**

</td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>17</td><td>
<u>Answer:</u>

a. The birth rate is the number of live births per 1,000 people in a given population during a specific time period (usually one year).
<table>
<tr><td>Learning Outcome</td><td>Define birth rate, death rate, infant motility rate, and migration.</td></tr>
<tr><td>Learning Level</td><td>A01</td></tr>
<tr><td>Pages</td><td>561</td></tr>
</table>

b.
Birth Rate = (Number of Births / Total Population) × 1000

= (790,000 / 82,600,000) x 1000 = 9.57%

<table>
<tr><td>Learning Outcome</td><td>Calculate birth rate, death rate, and net migration.</td></tr>
<tr><td>Learning Level</td><td>A02</td></tr>
<tr><td>Pages</td><td>562</td></tr>
</table>

<u>Marking Guidance and Rubric:</u>

Correctly defines birth rate as the number of live births per 1,000 people in a given population per year. (1 mark)
Uses the correct formula: Birth Rate = (Number of Births / Total Population) × 1000 (0.5 mark)
Substitutes values correctly:= (790,000 / 82,600,000) x 1000 = 9.57% (0.5 mark)
</td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>18</td><td><u>Answer:</u>

This is a Free Trade Area (FTA) (1 mark) because member countries eliminate trade barriers among themselves but maintain independent external trade policies for non-members (1 mark).

<u>Marking Guidance and Rubric:</u>
<table><tr><td>Learning Outcome</td><td>Differential between the free trade area, a custom union, and monetary union.</td></tr><tr><td>Learning Level</td><td>AO2</td></tr><tr><td>Page</td><td>586-587</td></tr></table></td><td>2</td></tr>
<tr><td>19</td><td><u>Answer:</u>

a. Reserve ratio (liquidity ratio) = Reserves / Deposits X 100%
= 100 / 1000 X 100%
= 0.10 X 100%
= 10% (1 mark)

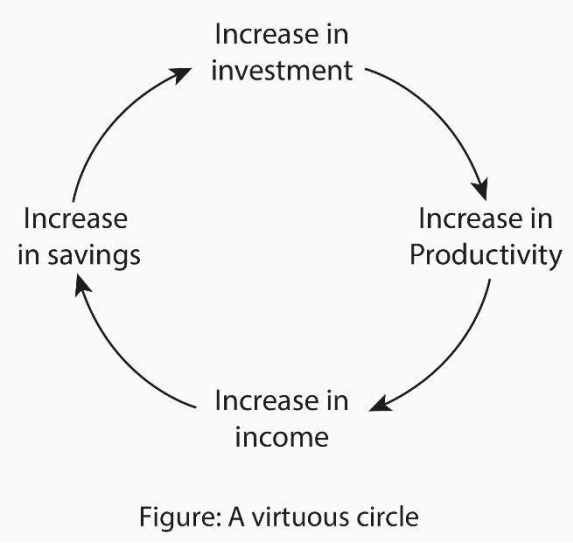
b. Bank credit multiplier = 100 / Reserve ratio
= 100 / 10
= 10 (2 marks)

c. The increase in bank lending =
The Bank credit multiplier x the increase in deposits
= 10 x USD 5000
= USD 50000 (2 marks)

<u>Marking Guidance Rubric:</u>

a. 0.5 mark for the formula and 0.5 mark for the calculation.
b. 1 mark for the formula and 1 mark for the calculation.
c. 1 mark for the formula and 1 mark for the calculation.

<table><tr><td>Learning Outcome</td><td>Calculate the bank credit multiplier</td></tr><tr><td>Learning Level</td><td>AO2</td></tr><tr><td>Page</td><td>483</td></tr></table></td><td>5</td></tr>
</table>

Item N.	Correct Answer	Mark
20	**Answer:** a. Investment may not be easy for some low-income and middle-income countries to achieve. This may be because of the lack of savings **(0.5 mark)** and the lack of financial institutions **(0.5 mark)** to channel those savings that do exist from lenders to entrepreneurs wanting to establish new firms and to expand the output of existing firms **(0.5 mark).** There may also be a shortage of entrepreneurs **(0.5 mark).** b. Aid can provide investment or finance for education, healthcare, and new industries that the recipient country may lack **(0.5 mark)**. The increase in investment leads to an increase in productivity and, consequently, an increase in income **(0.5 mark)**, which leads, in turn, to an increase in savings **(0.5 mark).** This again increases income, continuing the virtuous cycle **(0.5 mark).**  Figure: A virtuous circle One correct element or no correct element (**0 mark**) Two or three correct elements (**0.5 mark**) Four correct elements (**1 mark)** | Learning Outcome | Describe the role of aid in enhancing low and middle-income countries' economies. | | Learning Level | AO3 | | Page | 572 – 573 |	5

The End of the Marking Guide

سلطنة عمان
وزارة التربية والتعليم

مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

امتحان دبلوم التعليم العام للمدارس الخاصة (ثنائية اللغة)

الفصل الدراسي الثاني- الدور الثاني

للعام الدراسي ١٤٤٧/١٤٤٦ هـ - ٢٠٢٥/٢٠٢٤ م

تنبيه:
- المادة: الإقتصاد
- الأسئلة في (١٠) صفحات.
- زمن الإجابة: ثلاث ساعات.
- الإجابة في الورقة نفسها.

تعليمات مهمة:

- يجب الحضور إلى قاعة الامتحان قبل عشر دقائق على الأقل من بدء زمن الامتحان.
- يجب إحضار أصل ما يثبت الهوية وإبرازها للعاملين بالامتحانات.
- يجب الالتزام بالزي (الدشداشة البيضاء والمصر أو الكمة للذكور) والزي المدرسي للطالبات ، ويستثنى من ذلك الدارسون من غير العمانيين بشرط الالتزام بالذوق العام، ويمنع على جميع المتقدمات ارتداء النقاب داخل المركز وقاعات الامتحان.
- يحظر على الممتحنين اصطحاب الهواتف النقالة وأجهزة النداء الآلي وآلات التصوير والحواسيب الشخصية والساعات الرقمية الذكية والآلات الحاسبة ذات الصفة التخزينية والمجلات والصحف والكتب الدراسية والدفاتر والمذكرات والحقائب اليدوية والآلات الحادة أو الأسلحة أياً كان نوعها وأي شيء له علاقة بالامتحان.
- يجب على الممتحن الامتثال لإجراءات التفتيش داخل المركز طوال أيام الامتحان.
- يجب على الممتحن التأكد من استلام دفتر امتحانه، مغلفاً بغلاف بلاستيكي شفاف وغير ممزق ، وهو مسؤول عنه حتى يسلمه لمراقبي اللجنة بعد الانتهاء من الإجابة.
- يجب الالتزام بضوابط إدارة امتحانات دبلوم التعليم العام وما في مستواه وأية مخالفة لهذه الضوابط تعرضك للتدابير والإجراءات والعقوبات المنصوص عليها بالقرار الوزاري رقم ٥٨٨ / ٢٠١٥.
- يقوم المتقدم بالإجابة عن أسئلة الامتحان المقالية بقلم الحبر (الأزرق أو الأسود).
- يقوم المتقدم بالإجابة عن أسئلة الاختيار من متعدد بتظليل الشكل (○) وفق النموذج الآتي:

س - عاصمة سلطنة عمان هي:

○ القاهرة ○ الدوحة
● مسقط ○ أبوظبي

ملاحظة: يتم تظليل الشكل (●) باستخدام القلم الرصاص وعند الخطأ، امسح بعناية لإجراء التغيير.

صحيح ● **غير صحيح** ▭ ◉ ◒ ☒ ☑

مُسَوَّدَة، لا يتم تصحيحها

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Question One: (Items 1 – 8) (8 marks)

Shade in the bubble (⬭) next to the **correct** answer for each of the following items.

1) Potential economic growth is an increase in the:

- ⬭ real GDP
- ⬭ money supply
- ⬭ short-run economic growth
- ⬭ productive capacity of the economy

2) Natural rate of unemployment exists when the:

- ⬭ aggregate demand for labour equals the aggregate supply of labour at the current wage rate and price level.
- ⬭ aggregate supply of labour is greater than the aggregate demand for labour at the current wage level.
- ⬭ aggregate demand for labour is greater than the aggregate supply of labour at the current wage level.
- ⬭ aggregate demand for labour is less than the aggregate supply of labour at the current wage level.

3) The quantity theory of money suggests that a 3% rise in the money supply will result in a 3% increase in:

- ⬭ real GDP
- ⬭ the price level
- ⬭ the velocity of circulation
- ⬭ the level of employment

4) The real exchange rate is the:

- ⬭ exchange rate set by the government.
- ⬭ price of one currency in terms of another currency.
- ⬭ price of one currency against a basket of currencies.
- ⬭ currency's value in terms of its real purchasing power.

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Question One: (continued)

5) Economies with high economic development usually have:

- ☐ high living standards, mature markets, and high levels of productivity.
- ☐ lower living standards and emerging markets.
- ☐ a large primary sector and lower productivity.
- ☐ a high poverty rate.

6) Based on the data provided in the below table:

Country	GDP per Capita (USD)	Life Expectancy (Years)	Literacy Rate (%)	Economic Notes
United Kingdom	$46,000	81	99%	Advanced economy, strong financial & health sectors
Kenya	$2,200	67	82%	Agriculture-based economy, growing tourism & tech
Indonesia	$4,800	72	96%	Rapid industrial growth, large manufacturing sector

The three countries can be classified as:

- ☐ United Kingdom, Kenya, and Indonesia are developed.
- ☐ United Kingdom and Indonesia are developed while Kenya is the least developed.
- ☐ United Kingdom is developed while Indonesia and Kenya are developing countries.
- ☐ United Kingdom and Kenya are developed while Indonesia is a developing country.

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Question One: (continued)

7) The number of live births per thousand of the population in one year is known as the:

- ☐ natural increase in population
- ☐ infant mortality rate
- ☐ death rate
- ☐ birth rate

8) Assume that countries A and B are members of a trade block and C is not a member of this block. When there is a free trade between A and B, and both of them follow a common external tariff on imports from C, this means A and B are members in:

- ☐ a free trade area
- ☐ a customs union
- ☐ a monetary union
- ☐ a full economic union

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Question Two: (Items 9 – 20) (32 marks)

Write your answer for each of the following questions in the space provided.

9) Draw a diagram that shows the case of a positive output gap. The diagram is required to show the following curves: Aggregate Demand (AD), Short Run Aggregate Supply (SRAS), Long Run Aggregate Supply (LRAS), the output (Y), and full employment output (Yfe). (2 marks)

10) What is the effect of cutting the standard rate of income tax? Justify your answer. (3 marks)

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Question Two: (continued)

11) Answer the following questions:

a. What is meant by **labour mobility**? (1 mark)

b. State **TWO** factors that affect occupational mobility. (1 mark)

1. _____

2. _____

12) State **TWO** fiscal policy tools and **TWO** monetary policy tools that could be used to reduce cyclical unemployment. (2 marks)

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Question Two: (continued)

13) The UK operates under a fixed exchange rate system where £1 is fixed at $1.25. Recently, due to high foreign demand for British goods, the demand for the British Pound increased.

a. In this case, did the British Pound experience appreciation or depreciation? (1 mark)

b. What should the Bank of England do to maintain the fixed exchange rate? (0.5 mark)

c. If the central bank sells £200 million at the fixed rate of $1.25,how many US dollars will it receive? (0.5 mark)

14) Oman operates under a fixed exchange rate system, where its central bank maintains the value of its currency at OMR 1 = 2.6 US dollars.

a. If Oman's central bank (CBO) increases the value of the Omani rial from 2.6 USD to 2.8 USD, what is this adjustment called? (1 mark)

b. Provide **TWO** possible effects of this change on the prices of exports and imports? (1 mark)

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Question Two: (continued)

15) State **THREE** composite indicators of living standards. (3 marks)

1. _____

2. _____

3. _____

16) Identify **FOUR** key measures used by the government statisticians and demographers to predict future populations and their structures. (2 marks)

1. _____

2. _____

3. _____

4. _____

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Question Two: (continued)

17) A developing country with a population of 5,000,000 has reported the following figures over the past year:

Births	180,000
Deaths	70,000
Immigrants (people moving into the country)	50,000
Emigrants (people leaving the country)	20,000

a. Calculate the net migration outcome. (1 mark)

b. Interpret the value of net migration outcome calculated in part (a). (1 mark)

18) Assume that there are three countries (A), (B), and (C). If you know that:

- No customs are imposed on the trade between countries (A) and (B).
- Country (A) imposes customs of 5% on the imports from country (C).
- Country (B) imposes customs of 8% on the imports from country (C).

a. Referring to the case above, identify the trade block between countries (A) and (B). (1 mark)

b. In case of counties (A) and (B) agree to impose the same customs percentage on the imports from (C), identify the trade block between them. (1 mark)

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Question Two: (continued)

19) A bank keeps a reserve ratio of 10%. It receives an additional cash deposit of $ 500 million. Calculate the following:

a. The credit multiplier.

b. The potential increase in total liabilities (deposits)

c. The potential increase in bank lending. (5 marks)

a. _____

_____

_____

_____

_____

b. _____

_____

_____

_____

_____

_____

c. _____

_____

_____

_____

_____

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Question Two: (continued)

20) Multinational Companies (MNCs) play a significant role in the economic development of host countries, particularly through Foreign Direct Investment (FDI). However, their presence has both positive and negative effects. While MNCs can increase economic growth and living standards, especially in low and middle-income countries, their impact may vary, and their activities may not always be welcomed by the host country. (5 marks)

a. Discuss the reasons why some countries are more successful than others in attracting FDI.

b. Evaluate **ONE** positive impact and **ONE** negative impact of multinational companies (MNC'S) on the economy of the host country.

[End of the Examination]

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SULTANATE OF OMAN
MINISTRY OF EDUCATION

Marking Guide of General Educational Diploma for Private Schools

2024/2025

Semester Two – Second Session

Subject: Economics

مركز القياس والتقويم التربوي
The Center for Educational Assessment and Measurement (CEAM)

Note: There are 10 pages in this guide

First: Answers for the Multiple-Choice Items (8 Marks):

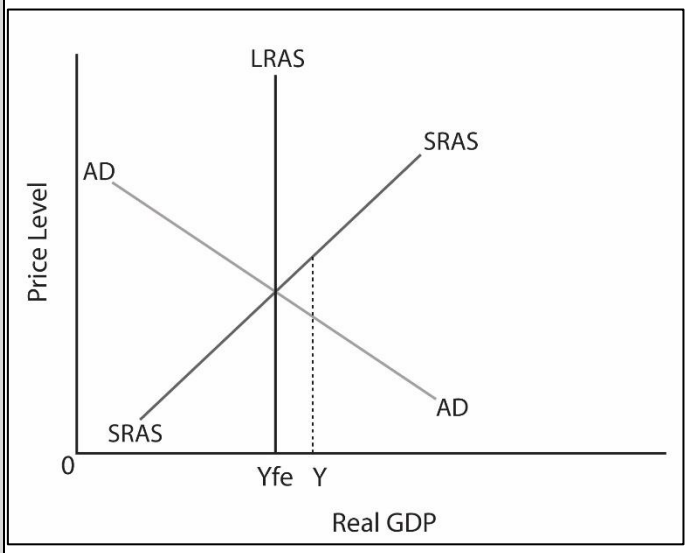
Item N.	Answer	Mark	Learning Outcome	Learning Level
1	D productive capacity of the economy	1	Define actual growth, potential growth, output gap, negative output gap, and positive output gap, gig economy, and sustainable economic growth.	AO1
2	A aggregate demand for labour equals the aggregate supply of labour at the current wage rate and price level	1	Define full employment, equilibrium, and disequilibrium unemployment, natural rate of unemployment, hysteresis, long-term unemployment, and labour mobility.	AO1
3	B the price level	1	Analyze the quantity theory of money	AO2
4	D currency's value in terms of its real purchasing power	1	Define real exchange rate and nominal exchange rate.	AO1
5	A high living standards, mature markets, and high levels of productivity	1	Classify economies according to development and national income.	AO1
6	C United Kingdom is developed while Indonesia and Kenya are developing countries	1	Classify economies according to development and national income.	AO1

7	D birth rate	1	Define birth rate, death rate, infant motility rate, and migration.	AO1
8	B a customs union	1	Differentiate between the free trade area, a customs union, and monetary union.	AO2

Second: Answers for the Extended Answer Items (32 Marks):

General Notes

- There may be different ways of answering questions, but a basic requirement for all answers is that they are RELEVANT.
- If the answer is clearly not relevant, and the student has clearly made no attempt to answer the question that was set, NO marks should be awarded. However, if the student has genuinely attempted the answer, but his answer is only partly relevant, then a reduced mark (not zero) should be awarded.

Item N.	Correct Answer	Mark
9	**Answer:**  **Marking Guidance and Rubric:** - RGDP on the X-axis and Price level on Y-axis **(0.5 mark)** - AD and SRAS curves **(0.5 mark)** - LRAS (Yfe) and Y curves **(0.5 mark)** - Keeping Y at the right of LRAS **(0.5 mark)** Learning Outcome: Draw actual growth and potential growth in national output diagrams. Learning Level: AO2 Page: 454	2
10	**Answer:** Cutting the standard rate of income tax will increase (promote) economic growth **(1 mark)**, as people will have more disposable income. Individuals are then likely to spend more **(1 mark).** The rise in consumption, in turn, is likely to encourage firms to expand their output **(0.5 mark)**. They will be able to do this if initially there is spare capacity in the economy **(0.5 mark)**. Learning Outcome: Analyze the effectiveness of policies to promote economic growth. Learning Level: AO3 Page: 457	3

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>11</td><td>

Answer:

a. Labour mobility is the ability of workers to move from one occupation to another occupation or from one location to another location **(0.5 mark)**. Its two forms are occupational mobility and geographical mobility **(0.5 mark)**

b. Any **two** of the following: **(0.5 mark for each correct answer)**
1. Quality of education and training.
2. Information available.
3. Barriers to entry and exit.
4. Time.

<table>
<tr><td>Learning Outcome</td><td>- Identify the forms of labour mobility.
- Analyze the factors affecting labour mobility.</td></tr>
<tr><td>Learning Level</td><td>A01</td></tr>
<tr><td>Page</td><td>471</td></tr>
</table>

</td><td>2</td></tr>
<tr><td>12</td><td>

Answer:

Fiscal policy tools:

Any **two** of the following **(0.5 mark for each correct answer)**

1. a reduction in indirect or direct taxation.
2. a cut in corporate taxes.
3. an increase in government spending.

Monetary policy tools:

Any **two** of the following **(0.5 mark for each correct answer)**

1. Reduce the rate of interest.
2. Increase the money supply again to increase consumer expenditure and investment.
3. Lower the exchange rate, either through a formal devaluation or through intervention in the foreign exchange market in the case of a managed float, to increase net exports.

<table>
<tr><td>Learning Outcome</td><td>Evaluate the effectiveness of the policies to reduce unemployment</td></tr>
<tr><td>Learning Level</td><td>AO1</td></tr>
<tr><td>Page</td><td>472</td></tr>
</table>

</td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>13</td><td><u>Answer:</u>

a. Appreciation (the pound rose from $1.25 to $1.40). (1 mark)
b. Sell pounds (to increase supply of pounds, reducing its value).(0.5 mark)
c. £200,000,000*1.25 =$250,000,000 (0.5 mark)

<table><tr><td>Learning Outcome</td><td>Analyze how exchange rates are determined under fixed system.</td></tr><tr><td>Learning Level</td><td>AO2</td></tr><tr><td>Page</td><td>539</td></tr></table></td><td>2</td></tr>
<tr><td>14</td><td><u>Answer:</u>

a. Given the currency’s fixed exchange rate is increased by the government, this is called revaluation. (1 mark)
b. Exports become more expensive. (0.5 mark)
Imports become cheaper. (0.5 mark)

<table><tr><td>Learning Outcome</td><td>Differentiate between revaluation and devaluation of a fixed excha rate.</td></tr><tr><td>Learning Level</td><td>AO2</td></tr><tr><td>Pages</td><td>540</td></tr></table></td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>15</td><td>

Answer:

The composite indicators are

a. Human development index (HDI)
b. Measurable economic welfare (MEW)
c. Multidimensional poverty index (MPI).

(1 mark for each)

<table>
<tr><td>Learning Outcome</td><td>List the indicators of living standards and economic development.</td></tr>
<tr><td>Learning Level</td><td>AO1</td></tr>
<tr><td>Page</td><td>549-550-551</td></tr>
</table>

</td><td>3</td></tr>
<tr><td>16</td><td>

Answer:

The key measures consist of the:

a. **birth rate.**
b. **death rate.**
c. **infant mortality rate.**
d. **net migration**.

Marking Guidance and Rubric:

Student should provide 4 measures and get **0.5 mark** for each.

<table>
<tr><td>Learning Outcome</td><td>Define birth rate, death rate, infant motility rate, and migration.</td></tr>
<tr><td>Learning Level</td><td>AO1</td></tr>
<tr><td>Page</td><td>561</td></tr>
</table>

</td><td>2</td></tr>
</table>

<table>
<tr><th>Item N.</th><th>Correct Answer</th><th>Mark</th></tr>
<tr><td>17</td><td>

Answer:

a. $Net\ migration = Immigrants - Emigrants = 50{,}000 - 20{,}000 = 30{,}000$

b. A net immigration of 30,000 people suggests that more people are entering the country than leaving.

Marking Guidance and Rubric:

1 mark for each question

<table>
<tr><td>Learning Outcome</td><td>Calculate birth rate, death rate, and net migration.</td></tr>
<tr><td>Learning Level</td><td>AO2</td></tr>
<tr><td>Page</td><td>561</td></tr>
</table>

</td><td>2</td></tr>
<tr><td>18</td><td>

Answer:

a. Free Trade Area
b. Customs Union

Marking Guidance and Rubric:

1 mark for each question

<table>
<tr><td>Learning Outcome</td><td>Differentiate between the free trade area, a customs union, and monetary union</td></tr>
<tr><td>Learning Level</td><td>AO2</td></tr>
<tr><td>Pages</td><td>586</td></tr>
</table>

</td><td>2</td></tr>
</table>

Item N.	Correct Answer	Mark
19	**Answer:** a. Credit multiplier credit multiplier =1 / reserve ratio. The reserve ratio is 10%, therefore, credit multiplier = 1/0.1=10 b. Potential Increase in Deposits: Potential Increase in Deposits = Initial Deposit x credit multiplier Potential Increase in Deposits = $500 million x 10= $5,000 million. c. Potential increase in bank lending Potential Increase in Bank Lending=Potential Increase in Deposits−Increase in Liquidity Assets Potential Increase in Bank Lending=$ 5000 million−$ 500 million = $4500 million **Marking Guidance and Rubric:** States the correct formula of Credit Multiplier **(0.5 mark)** Finds the correct value of the Credit Multiplier **(0.5 mark)** States the correct formula of Potential Increase in Deposits **(1 mark)** Finds the correct value of Potential Increase in Deposits **(1 mark)** States the correct formula of Potential Increase in Bank Lending**(1 mark)** Finds the correct value of Potential Increase in Bank Lending**(1 mark)** | Learning Outcome | Calculate the bank credit multiplier. | | Learning Level | AO2 | | Pages | 483 |	5

Item N.	Correct Answer	Mark
20	**Answer:** a. More attractive countries have the following advantages: • High growth potential and Larger Market size **(1 mark)** • Abundant supply of raw materials. **(1 mark)** • Lower production costs. **(1 mark)** **Marking Guidance and Rubric:** **1 mark** per advantage listed b. The impact of MNCs on host countries is controversial because their presence does not always result in economic growth or job creation • **Positive Economic Impact**: MNCs can lead to economic growth by bringing in new technology and new ideas, adding to exports and GDP and creating jobs. (1 mark) • **Negative Social and Environmental Impact**: MNCs may deplete non-renewable resources, harm the environment, and displace local businesses causing lower incomes and higher unemployment. (1 mark) **Marking Guidance and Rubric:** **1 mark** if the student identifies the positive impacts of MNCs. **1 mark** if the student identifies the negative impacts of MNCs. Learning Outcome: Evaluate the activities and consequences of multinational companies. Explain the role of trade and investment among countries. Learning Level: AO3 Pages: 576-577	5

The End of the Marking Guide