2022.M58

2022L034G1EL

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2022

Economics

Ordinary Level

Friday 24 June Morning 9:30 - 12:00

300 marks

Examination Number

Day and Month of Birth

For example, 3rd February is entered as 0302

Centre Stamp

The 2022 examination papers were adjusted to compensate for disruptions to learning due to COVID-19. This examination paper does not necessarily reflect the same structure and format as the examination papers of past or subsequent years.

Instructions

There are **two** sections in this paper.

This examination carries 300 marks in total.

Section A: 75 marks
Answer **5** out of **10** questions from this section.

Section B: 225 marks
Answer **3** out of **6** questions.
All questions in this section carry 75 marks.

Write your answers in blue or black pen.

Write your answers in the spaces provided in this booklet. There is space for extra work at the end of the booklet. Label any such extra work clearly with the question number and part.

This examination booklet will be scanned and your work will be presented to an examiner on screen. Anything that you write outside of the answer areas may not be seen by the examiner.

The superintendent will give you a copy of the Formulae and Tables booklet, if required. You must return it at the end of the examination. You are not allowed to bring your own copy into the examination.

Calculators may be used.

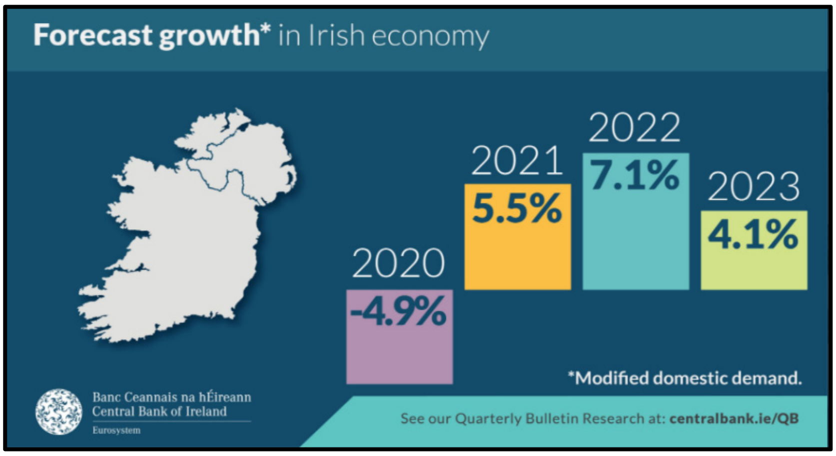
Write the make and model of your calculator here:

Section A — Short Answer Questions — 75 marks

Answer 5 out of 10 questions

Question 1

The diagram below shows the forecast growth in the Irish economy for 2020 to 2023.



www.centralbank.ie

(i) Using the information above, complete the table below.

State the year with the highest rate of economic growth:	
State the year with the lowest rate of economic growth:	

(ii) Explain the term economic growth.

Economic growth:

Question 2

In April 2022 the CSO conducted a census which is an official count of Ireland's population.

(i) What do the initials CSO stand for?

(ii) Explain **one** use the Irish Government would make of the information collected.

Question 3

During 2020 and 2021 more Irish consumers shopped online.

(i) Outline one possible reason for this development.

One reason:

(ii) Outline one possible disadvantage of this development for local retailers.

One disadvantage:

Question 4
Apple released the iPhone 13 in September 2021.
In the table below, identify by placing a tick (✓) which two items are **substitute** goods and which two items are **complementary** goods for the iPhone 13.

	Substitute Goods	Complementary Goods
Samsung S21		
iPhone 13 case		
iPhone charging plug		
Google Pixel 4A smartphone		

Question 5
Answer either (a) or (b)
The government increased the minimum wage by 30c in Budget 2022.

(a) Outline two advantages for the **Irish economy** of increasing the minimum wage.

1.
2.

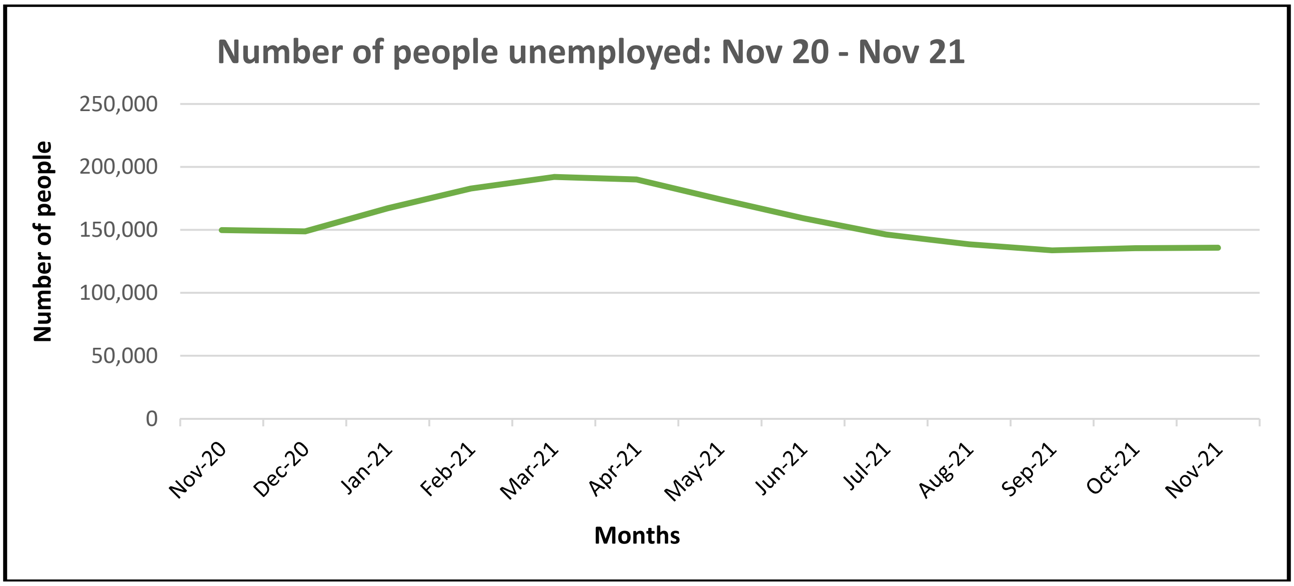
OR

(b) Outline two advantages for **employees** of this increase in the minimum wage.

1.
2.

Question 6

The graph below shows the monthly number of people unemployed (seasonally adjusted) from November 2020 to November 2021. Using the data answer the questions below.



Adapted from the cso.ie

(i) Identify the two months when the number of people unemployed was at its highest.

Month 1:
Month 2:

(ii) Outline **one** reason for the increase in unemployment between Dec 2020 and April 2021.

Question 7
Answer either (a) or (b)

(a) **(i)** Explain the term fixed costs.

(ii) Indicate by means of a tick (✓) which of the costs in the table below are fixed costs and which costs are variable costs.

	Fixed Cost	Variable Cost
Wages €1,000		
Raw materials €1,500		
Light & heat €300		
Rent of the premises €750		

OR

(b) A bakery receives €5,000 in total from its sales in a week.
The table above shows the costs of production for the bakery for the week.
Using the information provided calculate the following:

(i) The total cost of operating the bakery for the week.
(ii) The net profit the bakery earned in the week.

Show your workings.

Total Cost:	**Net Profit:**
Answer:	Answer:

Question 8

51.6% of the world population has received at least one dose of a COVID-19 vaccine. This situation has led to positive externalities.

(An externality refers to the external costs (or external benefits) that accrue to other individuals or to society as a result of production or consumption.) Adapted from ourworldindata.org

(i) State **one** example of a positive externality in relation to vaccinations.

(ii) Outline **one** opportunity cost for the Irish government of providing the COVID-19 vaccine for their citizens.

Question 9

The price of an iPad falls from **€750 to €500**. As a result, weekly sales of the iPad increase from **30,000** units to **45,000** units.

$$\frac{\Delta Q}{\Delta P} \times \frac{P1 + P2}{Q1 + Q2}$$

(i) Using the formula above, complete the workings to calculate the **Price Elasticity of Demand (PED)** for these iPads.

Workings:

Answer:

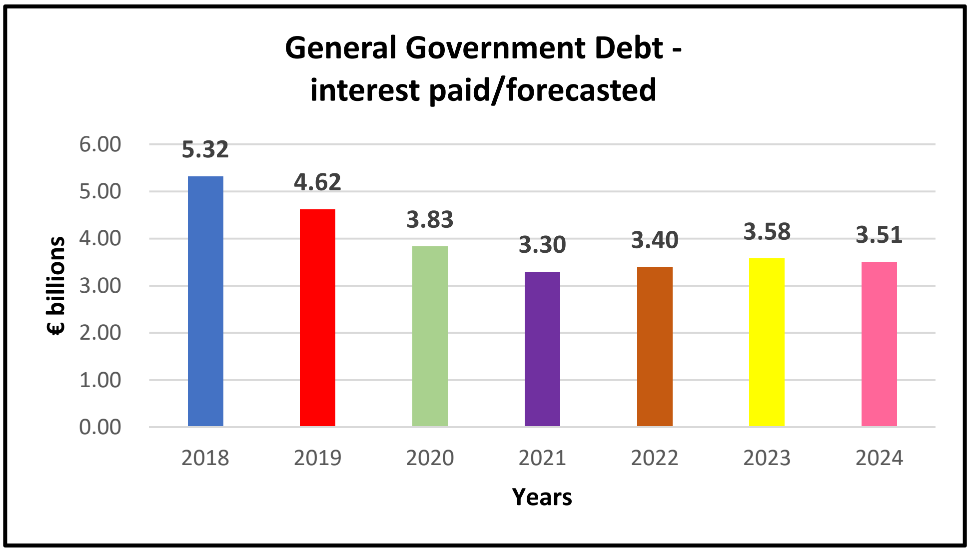
(ii) Indicate if the demand is **price elastic**, **price inelastic** or **unit elastic.**

Answer:

Question 10

Answer either (a) or (b)

The graph below shows the amount of interest paid (2018, 2019, 2020) and forecast to be paid on the general government debt from 2021 up to 2024.



Adapted from ntma.ie

(a) Compare the interest paid on the national debt in 2018 to the forecasted amount to be paid in 2024, using the data above.

Compare:

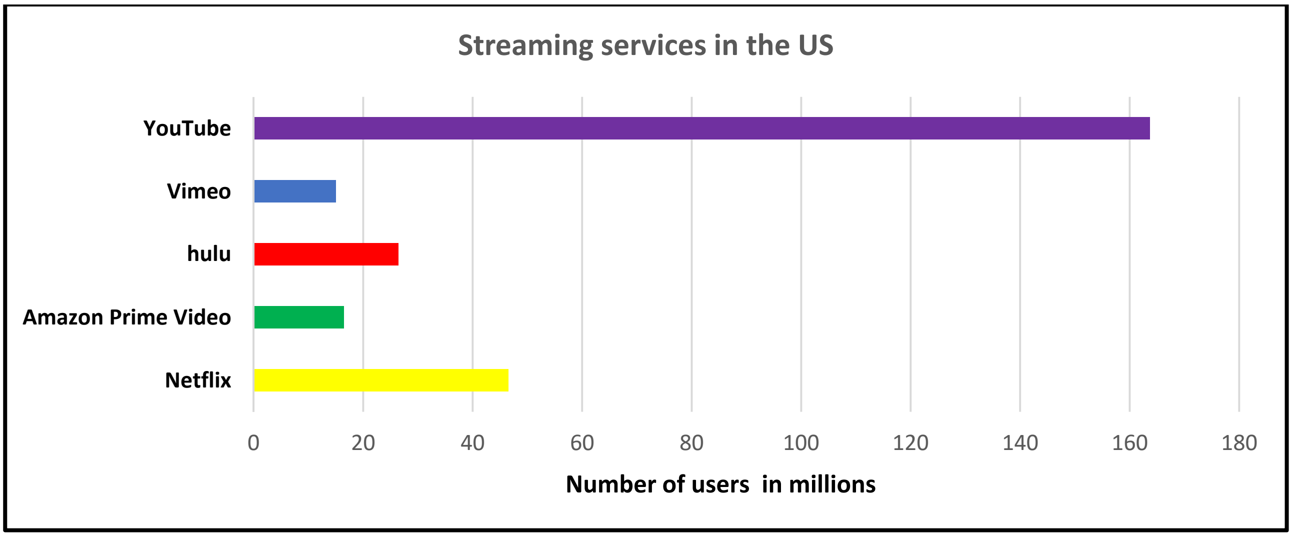
OR

(b) Explain the term National Debt.

National Debt:

Answer 3 out of 6 questions

Question 11
The graph below shows the breakdown of streaming services in the US.



Adapted from Statista.com

(a) **(i)** Using the data above complete the table below:

Which service has the highest market share?	
Which service has the lowest market share?	

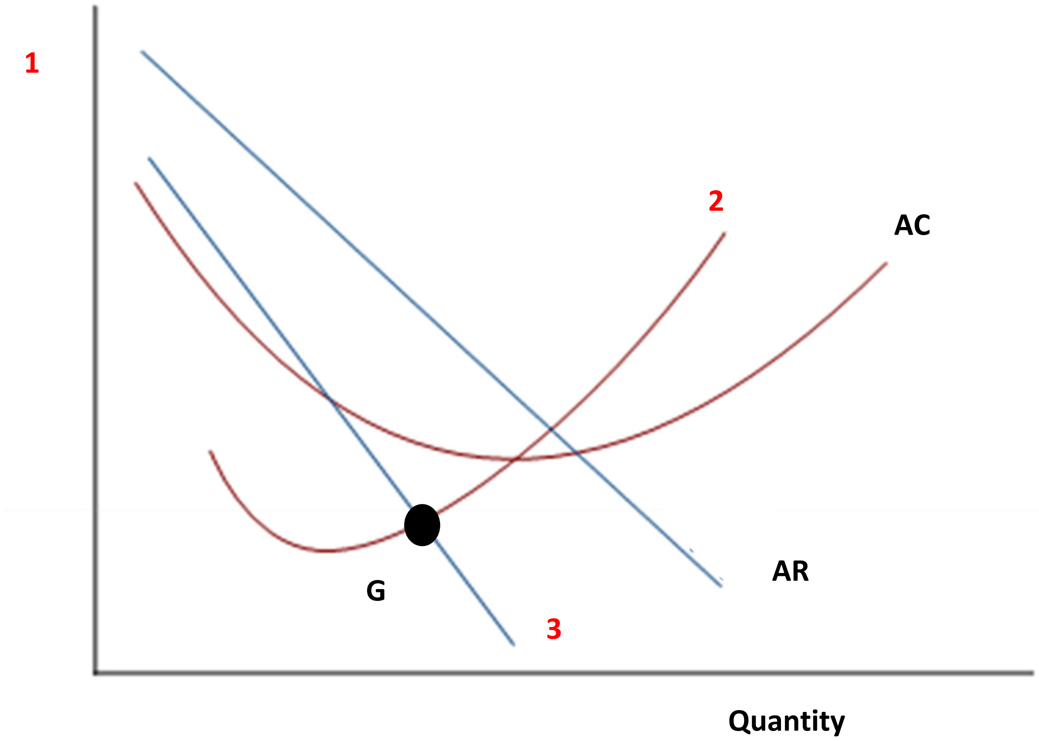
(ii) Outline two advantages for consumers of many firms providing streaming services in this market.

1.
2.

(b) If Netflix were to buy out (take over) all the other streaming services in the US it would form a monopoly market structure. The diagram below shows a firm operating under conditions of monopoly.

(i) Write out in full what each of the three numbered items (1-3) in the diagram below represent. (**Do not use the abbreviations**)

1.	
2.	
3.	



(ii) Equilibrium occurs at the **point G** on the diagram above.
Clearly show and label on the above diagram:

- The output the firm will produce in equilibrium (use label $\mathbf{Q_1}$)
- The price the firm will charge for its output (use label $\mathbf{P_1}$)
- The average cost of producing this output (use point $\mathbf{C_1}$)

(c) In some industries a firm can become a monopoly.

(i) Explain the term monopoly and give one example of a monopoly that you are familiar with in Ireland.

Explanation:
Example:

(ii) Firms who may wish to enter a monopoly industry may face barriers to entry. Outline two possible **barriers to entry**.

1.
2.

(iii) Outline **one** way, governments can intervene in the market if one firm becomes too dominant.

75 marks

Question 12

The information below represents the market demand and supply schedules for reusable coffee cups.

Price (€)	Quantity Demanded (Units)	Quantity Supplied (Units)
9	10,000	50,000
8	20,000	40,000
7	30,000	30,000
6	40,000	20,000
5	50,000	10,000

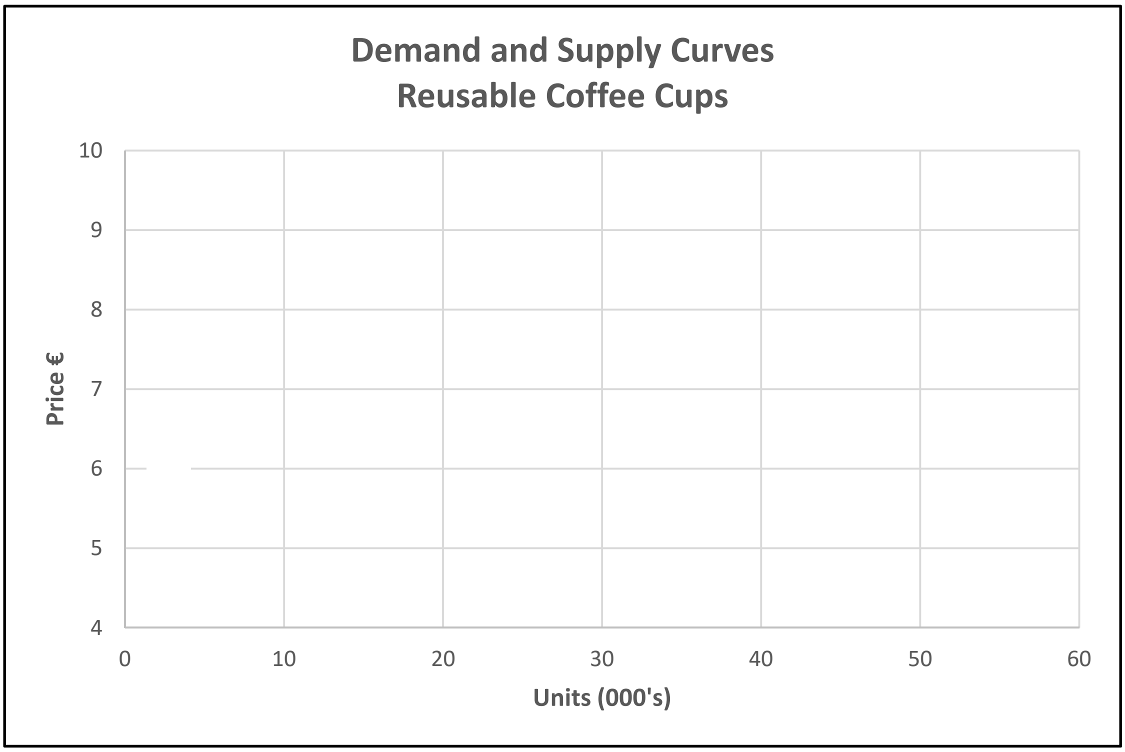
Using the above information and on **one diagram** on the graph below (the horizontal and vertical axes have been completed for your benefit):

(a) **(i)** Draw **and** label the market demand curve for reusable coffee cups.

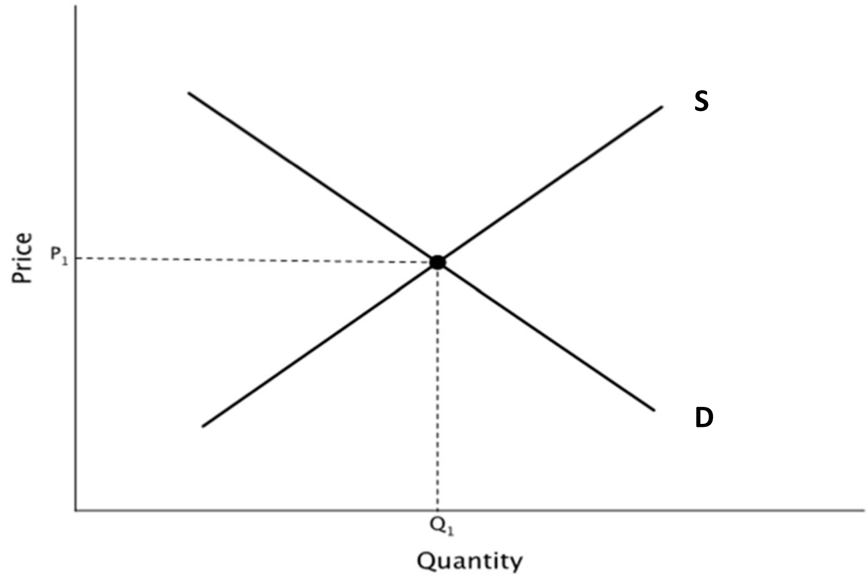
(ii) Draw **and** label the market supply curve for reusable coffee cups.

(iii) Show on your diagram:

- The market equilibrium price for reusable coffee cups (use $\mathbf{P_1}$)
- The market equilibrium quantity for reusable coffee cups (use $\mathbf{Q_1}$).



(b) The diagram below shows the demand and supply curves for Gym + Coffee clothing.



(i) If a celebrity was featured on a social media platform (TikTok) wearing Gym + Coffee clothing how might this effect the demand for Gym + Coffee clothing?

(ii) Show, on the above diagram how the change in **(i)** above might affect the demand curve.

(iii) Show, on the above diagram, the new equilibrium price (**P_2**) and the new equilibrium quantity (**Q_2**) as a result of **(ii)** above.

(c) Nineteen30 café in Limerick was founded in 2021. It offers its customers a fresh and sustainable approach to convenience coffee.

Adapted from 1930.ie

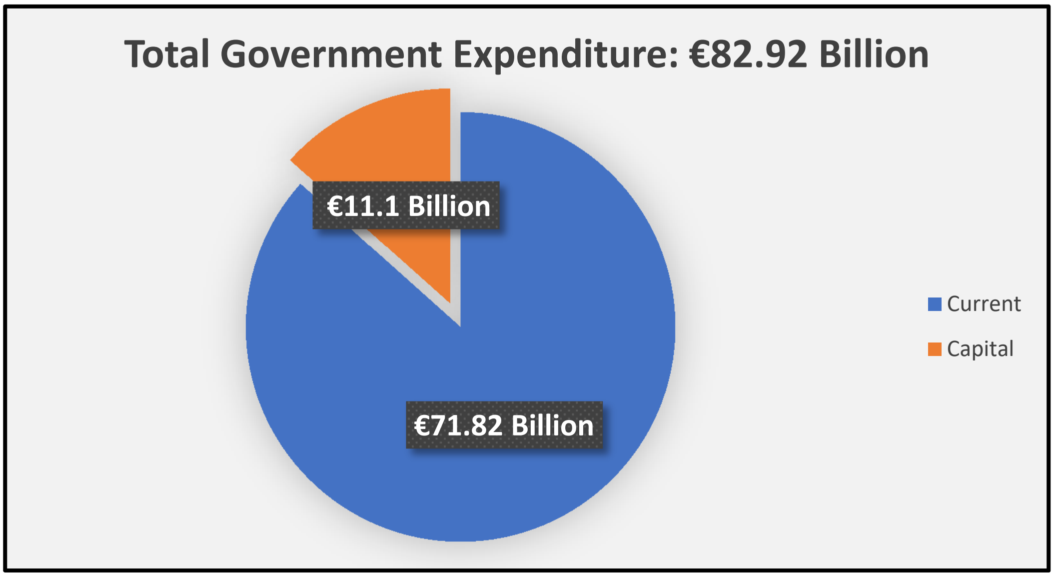
(i) Explain the term sustainability.

(ii) Suggest two ways that a business could be more sustainable.

1.
2.

75 marks

Question 13
The pie chart below gives the forecasted government current and capital expenditure for 2022.



Adapted from gov.ie

(a) **(i)** Calculate **current expenditure** as a percentage of total government expenditure. Show your workings.

Workings:
Answer:

(ii) Explain current **or** capital government expenditure, using a relevant example to support your answer. Tick (✓) which one you are answering.

Current expenditure: ☐ Capital expenditure: ☐

Explanation:
Example:

(b) National Income is calculated using the following formula:
National Income = Consumption + I + Government Spending + X – M

(i) State what each of the letters **I, X** and **M** stand for.

I:
X:
M:

(ii) The multiplier formula for an open economy is:

$$\frac{\mathbf{1}}{\mathbf{MPS + MPM}}$$

Assume that MPS is 0.1 and MPM is 0.4. Calculate, using the above formula, the size of the multiplier.

Workings:
Answer:

(iii) Explain the economic meaning of the figure you have calculated for the multiplier in **(ii)** above.

Explanation:

(c) Domestic demand is forecast to grow by 7.1% in 2023.

Adapted from the Central Bank

(i) Outline one possible reason for the expected increase in **consumer spending** in Ireland in 2023.

(ii) It is assumed that consumers taking part in economic activity behave rationally.

Explain the concept of **consumers behaving rationally**, using an example to support your answer.

Explanation:

75 marks

Question 14

For three decades the Cleary family have been producing Glenisk Organic Yogurt in Co. Offaly.

Adapted from glenisk.com

(a) **(i)** Complete the table below to show your understanding of the factors of production used in the production of yogurt.
Some of the information has been completed for you.

Factor of Production	Explanation	Example
1. Land		
2.		**Workers**
3. Capital		
4.	**Takes a risk with an idea in setting up a business in return for profit.**	

(ii) Glenisk extracts water from local ponds, and filters it for use in its production as they acknowledge that water is a scarce resource. Adapted from glenisk.com

Explain what a scarce resource is.

Scarce resource:

(iii) Comment on Glenisk's approach to water usage as a scarce resource.

(b) The Organisation for Economic Co-operation and Development (OECD) in a recent report indicated that the Irish government should look to reintroduce water charges.
Adapted from The Irish Times

(i) Outline one economic argument **in favour of** the reintroduction of water charges.

(ii) Explain why some citizens in Ireland would be unhappy if water charges were reintroduced.

Explanation:

(c) Glenisk partnered with the international development charity Self Help Africa to plant 1,000,000 trees in some of the less developed nations in Africa.

Adapted from glenisk.com

(i) Outline two features/characteristics of a less developed nation.

1.
2.

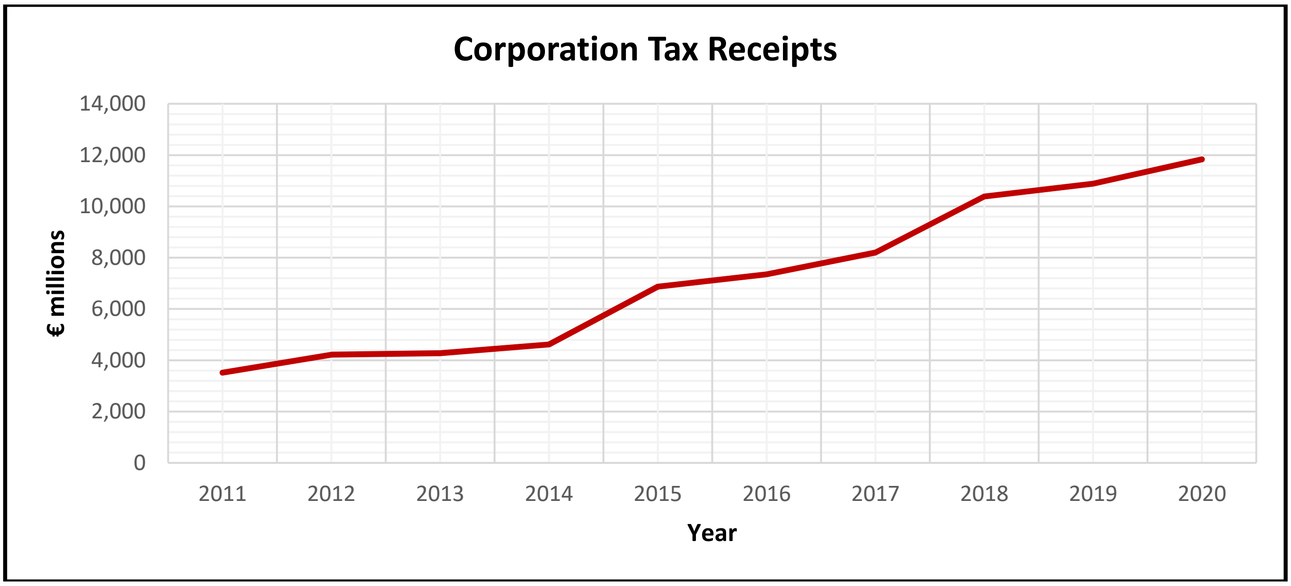
(ii) Outline two reasons why the Irish government gives aid (allocates funds) to overseas development.

1.
2.

75 marks

Question 15

The graph below shows the corporation tax received by the Irish government from 2011 to 2020.



Adapted from revenue.ie

(a) **(i)** Explain the trend in corporation tax received by the Irish government during the period 2011 to 2020, using the figures in the graph above.

Explanation:

(ii) Explain the benefits of the government collecting corporation tax.

(b) TikTok shortlists five Dublin sites for new headquarters.

Adapted from independent.ie

(i) Name two other Multi-National Corporations operating in Ireland.

1.
2.

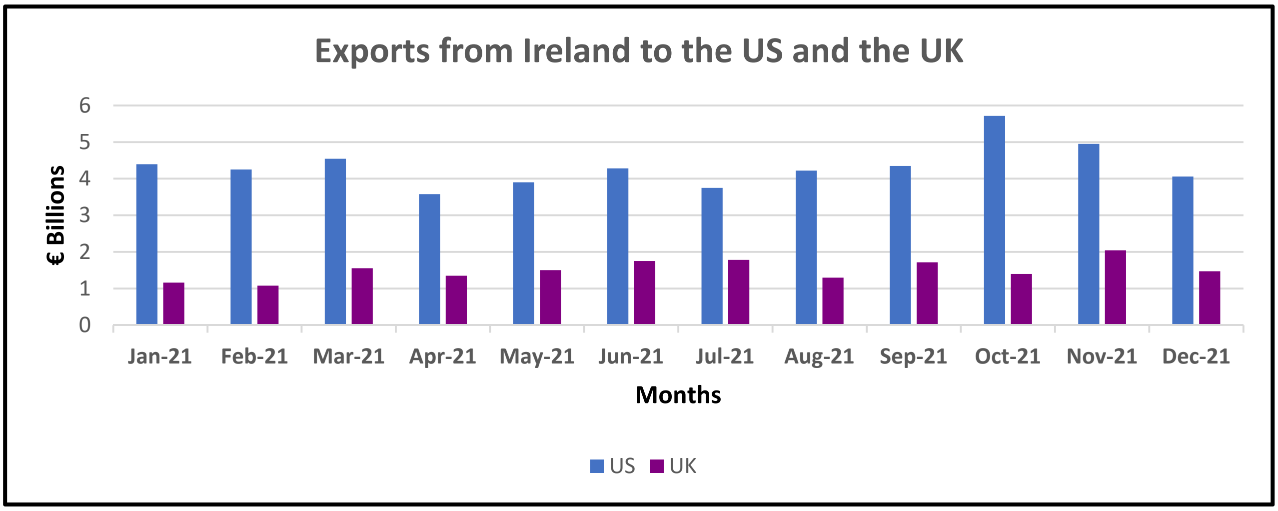
(ii) Outline two reasons why TikTok would locate in Ireland.

1.
2.

(iii) Describe two possible economic benefits to **the local community** of a Multi-National Corporation locating in your local area.

1.
2.

(c) The graph below shows exports out of Ireland to the US (United States) and exports out of Ireland to the UK (United Kingdom) between January 2021 and December 2021.



Adapted from the cso.ie

(i) Comment on the trends in Irelands exports to the US and the UK using the figures in the above graph.

Exports to the US:
Exports to the UK:

(ii) Outline two benefits to the Irish economy of **exporting** to other countries.

1.
2.

75 marks

Question 16

The table below shows the effect on alcohol prices following the introduction of the Minimum Unit Price (MUP) for some alcohol products as of January 2022.

Minimum Unit Price for Alcohol Products			
Beverage	Volume (mls)	Alcohol by Volume % (ABV)	Minimum Unit Price € (MUP)
Whiskey	700	40%	€22.09
Gin	700	40%	€22.09
Cider (Can)	500	4.3%	€1.70
Stout (Can)	500	4.2%	€1.66

(a) **(i)** Outline two reasons **why** the government introduced minimum pricing on alcohol from January 2022.

1.

2.

(ii) The government increased the price of a packet of cigarettes by 50c in Budget 2022. Suggest one **other measure** the government could take to help reduce the consumption of cigarettes.

(iii) Outline one social benefit and one private benefit of the government increasing the tax on cigarettes.

Social benefit:
Private benefit:

(b) The annual rate of price inflation in Ireland rose by 5.5% in December 2021.

Adapted from RTE news.ie

(i) Explain the term price inflation.

(ii) Discuss two economic effects which this rate of price inflation may have on Irish citizens.

1.
2.

(c) Excise duties rose by €100 million to almost €1.7bn last year.

Adapted from The Irish Examiner

(i) Excise duties are an example of an indirect tax. Explain the term indirect tax giving an example **other than excise duties**.

Explanation:
Example:

(ii) The smuggling of cigarettes into Ireland is an example of an activity in the hidden economy.
Explain the term **hidden economy**, giving one other example of such an activity.

Explanation:
Example:

(iii) Outline one economic effect for the Irish economy of activities taking place in the hidden economy.

One economic effect:

75 marks

Optional additional page.
Indicate clearly the number and part of the question(s) you are answering.

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Economics

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Morning 9:30 - 12:00