



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2023

Economics

Ordinary Level

Friday 23 June Morning 9:30 - 12:00

400 marks

Examination Number

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Day and Month of Birth

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For example, 3rd February
is entered as 0302

Centre Stamp

Instructions

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

This examination carries 400 marks in total.

Section A: 100 marks
Answer **8** out of **10** questions from this section.
Questions two, three and four contain an internal choice.

Section B: 300 marks
Answer **4** 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.

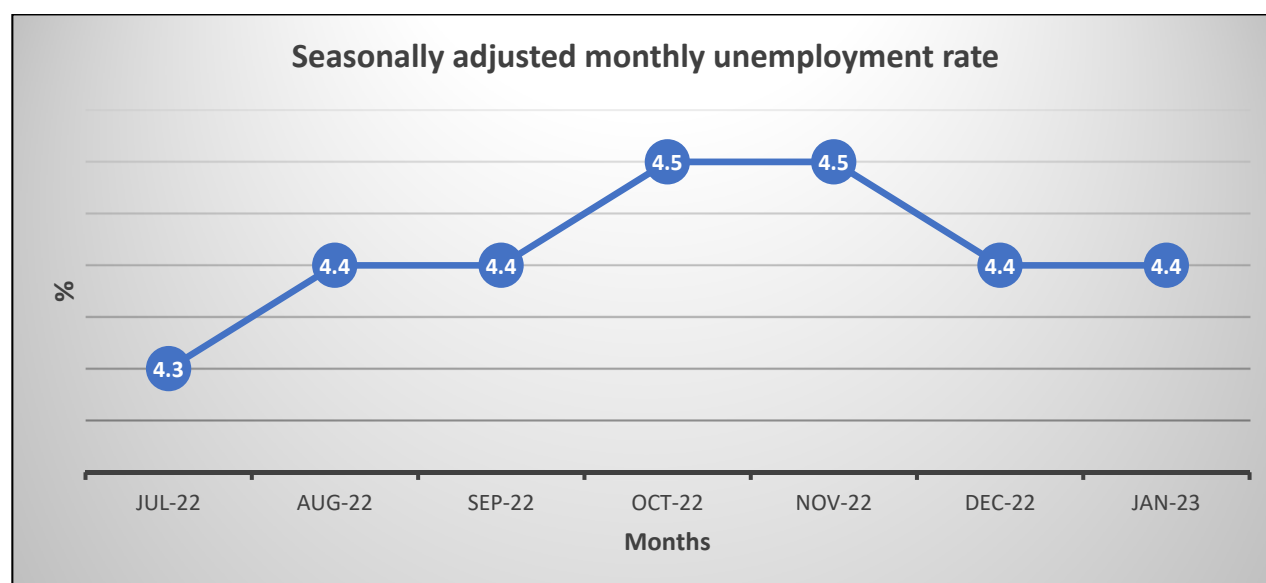
Write the make and model of your calculator here:



Answer 8 out of 10 questions

Question 1

The graph below shows the unemployment rate for Ireland from July 2022 to January 2023.



Adapted from the CSO

- (i) Identify the month when unemployment was at its **lowest**.

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- (ii) Comment on the unemployment rate between July 2022 and January 2023, using figures from the above chart.

Comment:

Question 2

Answer either (a) or (b)

In 2021, KBC Bank and Ulster Bank announced their intentions to withdraw from the Irish market.
Adapted from centralbank.ie



- (a) Outline two effects on the Irish **consumer** of KBC Bank and Ulster Bank leaving the Irish banking market.

1.
2.

OR

- (b) Outline two functions of the Central Bank of Ireland.

1.
2.

Question 3

There are loads of job vacancies in Ireland, but where are all the workers?

Adapted from the Irish Times

Answer either (a) or (b)

- (a) (i) Identify one area where the Irish economy is experiencing a skills shortage.
 (ii) Outline one economic effect of a skilled labour shortage for the Irish economy.

One area:
One economic effect:

OR

- (b) Outline two measures the Irish government could take to address this labour shortage.

1.
2.

Question 4**Answer either (a) or (b)**

- (a) (i) Identify, with a tick (✓), which one of the following firms exist in a monopoly market structure in Ireland.

Name of Organisation	Tick (✓) which is a monopoly structure
Aer Lingus	
Iarnród Éireann (Irish Rail)	
VHI	

- (ii) Explain the term **monopoly in economics**.

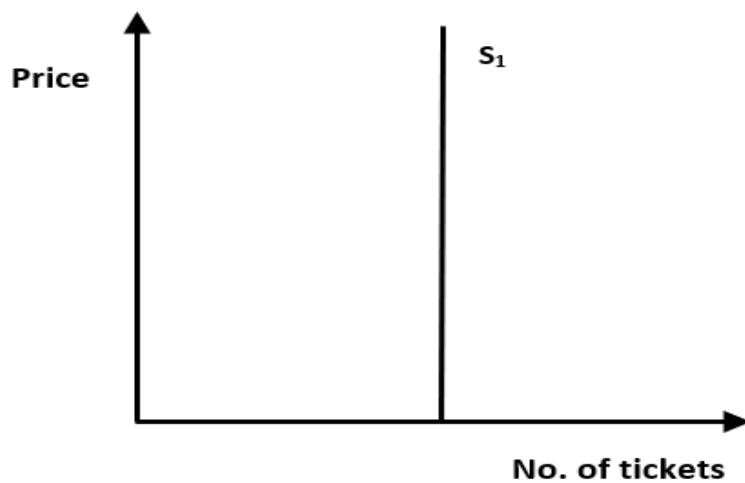
OR

- (b) Outline two characteristics of a monopoly market.

1.
2.

Question 5

The diagram below represents the supply of tickets for the Rugby World Cup in France in September 2023. Explain the relationship between the price of tickets and the supply of tickets.



Explanation:

Question 6

Ireland's GDP is predicted to increase by 2.7% in 2023.

Adapted from www.oecd.org

- (i) What do the initials GDP stand for?
G is completed for your benefit.

Gross	D	P
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- (ii) Outline one advantage of an **increasing GDP** for the Irish economy.

Question 7

Corporation tax receipts in Ireland rose by 52.9% to €8.8 billion from June 2021 to June 2022, making up almost a quarter of all tax collected.

Adapted from Reuters

Explain two **reasons** why the government in Ireland collects tax.

1.
2.

Question 8

Ireland ranks **eighth highest** in the world on the Human Development Index (HDI).

- (i) Name two of the three areas (elements) that the Human Development Index (HDI) measures. One has been completed for your benefit.

1. Gross National Income
2.
3.

- (ii) In your opinion, what area of government expenditure has helped Ireland to achieve its position as eighth in the world on the HDI? Explain your answer.

Area of expenditure:
Explanation:

Question 9

(i) Explain the term opportunity cost.

Explanation:

(ii) Capital funding of €2.3bn has been allocated for social and affordable housing in Budget 2023.

Outline **one opportunity cost** involved in the government expenditure on social and affordable housing.

Outline:

Question 10

The government is currently looking to reduce the vaping problem among young Irish teenagers. State **one** private benefit and **one** social benefit if this government intervention is successful.

Private benefit:
Social benefit:

Answer 4 out of 6 questions

Question 11

The hair and beauty industries in Ireland are an example of a monopolistic competition market structure.



Adapted from Jim Power for
HABIC, 2020

- (a) (i) Outline two reasons why, in your opinion the hair and beauty industries are an example of **monopolistic competition**.

1.
2.

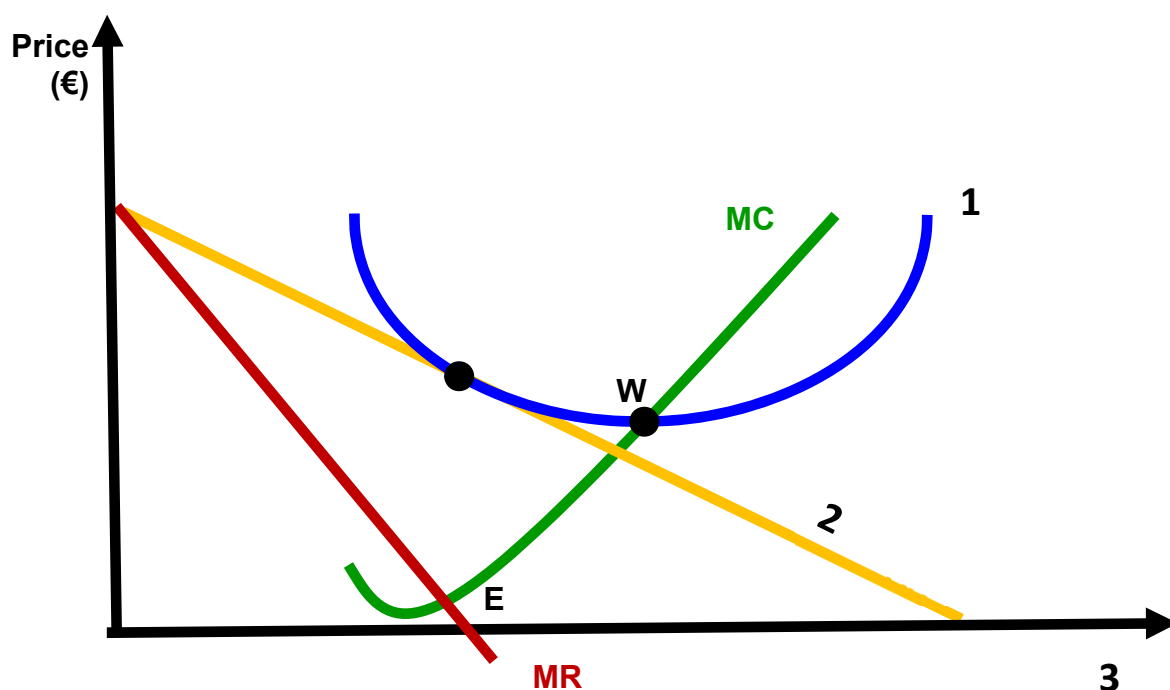
- (ii) Outline two advantages for **consumers** of monopolistic competition.

1.
2.

(b) The diagram below represents the long run equilibrium of a firm in the hair and beauty industry.

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

1.	
2.	
3.	



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

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

(iii) Is the above firm producing efficiently? Yes: ☐ No: ☐
Give a reason for your answer.

Reason:

- (c) The hidden economy in the hair & beauty market is estimated to be worth €400m.
Adapted from Jim Power for HABIC, 2020

The Irish government is concerned about the size of this hidden economy.

- (i) Explain the term **hidden economy**. Give one other example of an activity in the Irish hidden economy.

Explanation:
One other example:

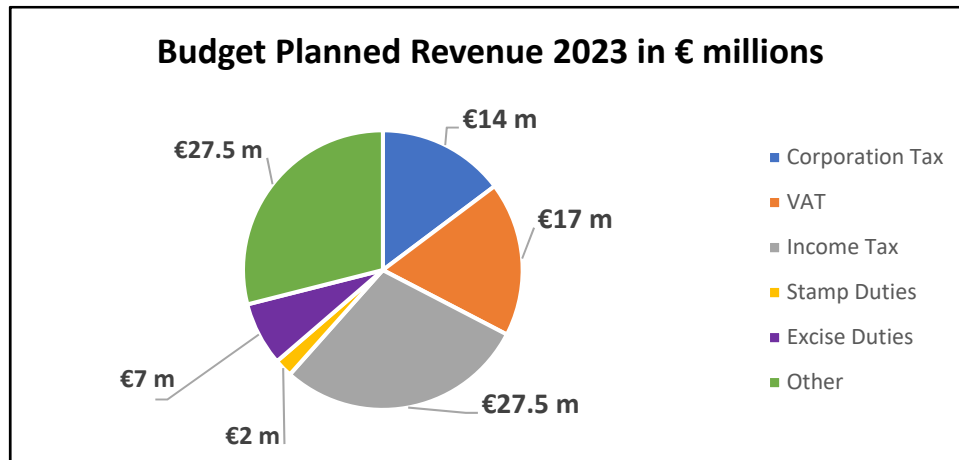
- (ii) Outline **one** effect the hidden economy in the hair and beauty industry has on businesses in this industry **and** on the Irish government.

Businesses in this industry:
The Irish government:

75 marks

Question 12

- (a) The government planned revenue for 2023 is outlined in the pie chart below (figures have been adapted).



Adapted from gov.ie

- (i) Using the figures in the pie chart above, calculate how much the government is expecting to receive in **total revenue in € millions**. Show your workings.

Workings:

Answer:

- (ii) Using your answer from (i) above calculate what percentage of government revenue will be received in **income tax**. Show your workings.

Workings:

Answer:

- (b) (i) Equity is one of the principles of a good tax system. Explain the term **equity**.

Explanation:

- (ii) Explain two other principles of a good tax system that you would consider important in the current economic climate.

1.
2.

- (c) As part of Budget 2023 the government have announced an electricity credit of €600 which will be applied to every household's electricity bills.

Adapted from [electricireland.ie](https://www.electricireland.ie)

- (i) Outline **one** benefit of this electricity credit to the Irish household.

Benefit:

- (ii) Describe two actions an Irish household could take to reduce their electricity bills and make them more sustainable.

1.	
2.	

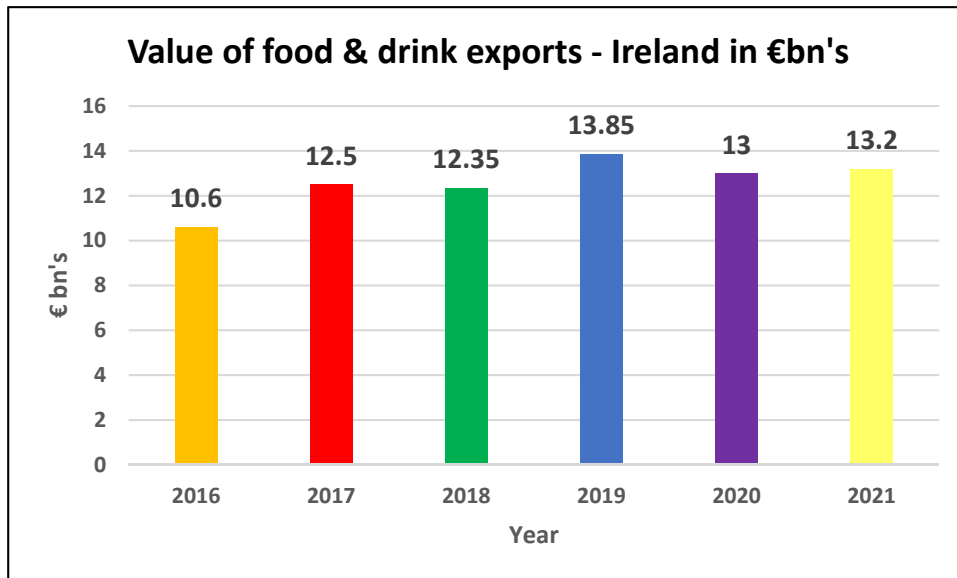
- (iii) Name the three pillars of sustainability.

1.	
2.	
3.	

75 marks

Question 13

The bar chart below shows the expected value of food and drink exports for Ireland from 2016 to 2021.



Adapted from bordbia.ie

(a) (i) Using the bar chart above, answer the following questions.

State the year with the highest value in food and drink exports from Ireland.	
State the year with the lowest value in food and drink exports from Ireland.	

(ii) Describe two advantages of **exports** for the Irish economy.

1.
2.

(b) National Income is calculated using the following formula:

$$\text{National Income (Y)} = C + \text{Investment} + G + \text{Exports} - \text{Imports}$$

(i) State what each of the letters **C** and **G** represent.

C	
G	

(ii) Using the formula in (i) above and the figures **below** calculate:

- The level of National Income in 2023 and
- The Balance of Trade

Show your workings

Year	Income	C	Investment	G	Exports	Imports
	€ m	€ m	€ m	€ m	€ m	€ m
2023		700	200	400	300	200

National Income 2023

Workings:

Answer:

Balance of Trade 2023

Workings:

Answer:

- (c) When the European Central Bank (ECB) implemented a 0.5% interest rate increase, Bank of Ireland announced a number of interest rate changes.

Adapted from Bank of Ireland

- (i) Explain how this increase in interest rates would affect **consumers** with Bank of Ireland mortgages.

Explanation:

- (ii) Outline how the increase in interest rates could affect **savings** in the Irish economy.

Outline:

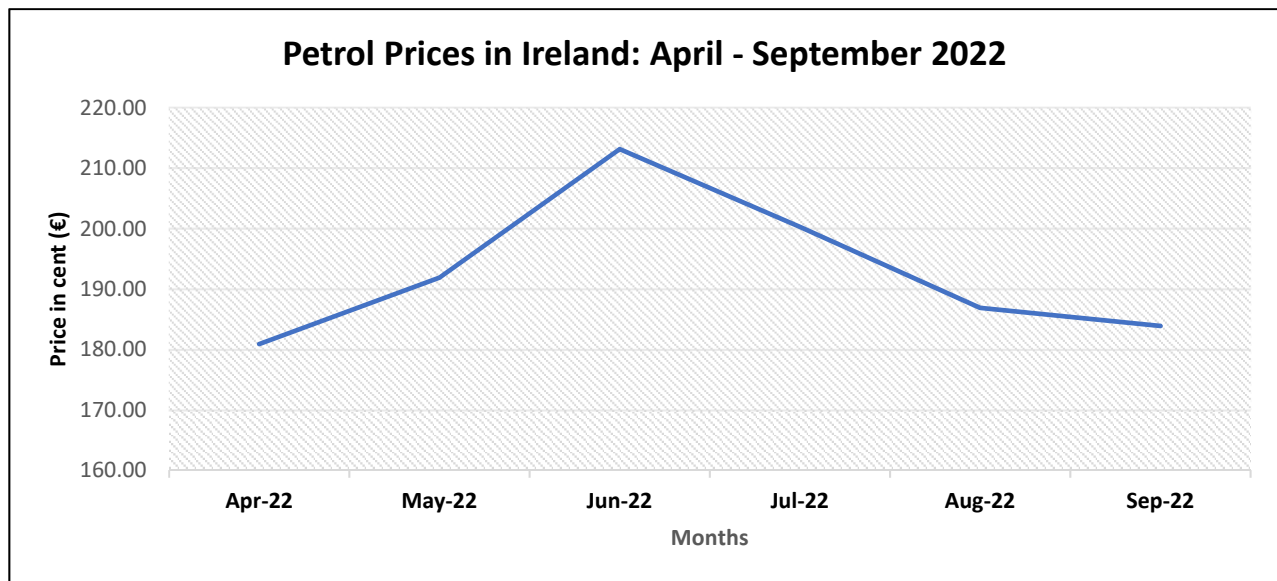
- (iii) Outline one reason why consumers are **switching** to the online banking app called Revolut.

Outline:

75 marks

Question 14

The line graph below shows changes in the price of petrol in Ireland from April to September 2022.



Adapted from theaa.ie

- (a) (i) Comment on one key trend in the price of petrol in the line graph above, using information from the line graph.

Comment:

- (ii) Outline one reason why the price of petrol changed from April to June in the line graph above **and** explain one effect this had on Irish consumers.

One reason:
One effect:

- (b) The table below shows the output, total cost, total revenue and **profit/loss** earned for portable chargers for electronic devices.

The selling price is €15 per item sold.

Output (Units)	0	200	400
Total Cost	€500	€2,500	€4,500
Total Revenue	€0	€3,000	
Total Profit or Loss	-€500	€500	

- (i) Calculate the total revenue if the firm sells **400 units**.
Show your workings.

Workings:

Answer:

- (ii) Calculate the **profit earned** when the firm sells 400 units. Show your workings.

Workings:

Answer:

- (iii) A shortage of parts for making electronic devices has developed world wide.
Explain one possible reason for this shortage of parts.

Explanation:

- (c) (i) Explain the terms fixed costs and variable costs and state one example of each.

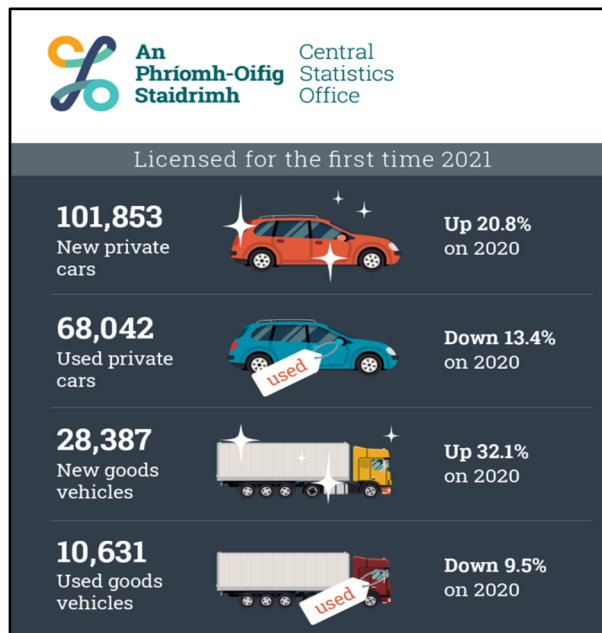
Fixed Costs:
Example:
Variable Costs:
Example:

- (ii) Outline one reason why it is important for a business to **continue to earn profit** (in the long run).

75 marks

Question 15

The infographic below details the number of vehicles licensed for the first time in Ireland in 2021.



TOTAL Number of vehicles = 208,913

Adapted from the CSO

- (a) (i) Using the information in the table above, calculate the percentage (%) of private cars (**new and used**), as a percentage of the total vehicles licensed for the first time in 2021. Show your workings.

Workings:

Answer:

- (ii) The Irish government are currently subsidizing the users of public transport. Explain the term subsidy in the context of public transport.

Subsidy:

- (b) (i) Draw and label (include the axes) the market demand curve for electric cars.



- (ii) If consumers income increases, show how this would affect the market demand curve in (i) above. Explain your answer.

Explanation:

- (iii) Explain **one** factor, other than an increase in income, that would affect the demand for electric cars in a market.

Explanation:

- (c) Meeting the government target to have almost a million electric vehicles (EVs) on the road by 2030 will be a 'huge challenge' unless the government incentivises and supports dealing with the issues of the oldest polluting cars.

Adapted from the Irish Times

- (i) Outline two ways the Irish government may influence consumers to switch to electric cars.

1.
2.

- (ii) Describe one **social benefit** for Ireland if more consumers switch to hybrid and electric cars.

75 marks

Question 16

Established in 2011 by Tom Keogh, Keogh's Crisps are already sold in 16 countries worldwide. It is one of the fastest growing food manufacturers in Ireland.

Adapted from Irish exporters.ie

- (a) (i) Complete the table below to show your understanding of the factors of production used in the production of Keogh's Crisps. Some of the information has been completed for you.

Factor of Production	Explanation	Example
1. LAND	Anything supplied by nature which helps in production.	
2.		Workers
3. CAPITAL		Machinery
4.	Takes a risk with an idea in setting up a business in return for profit.	

- (ii) In your opinion are entrepreneurs important to the development of the Irish economy? Explain your answer. Yes: No:

Explanation:

- (b) Keogh's Crisps are economic goods which means that they are

- scarce
- transferable
- and provide utility.

- (i) Explain any two of the above terms.

1.
2.

- (ii) Keogh's Crisps are due to **increase production** capacity by 50%.

Adapted from rte.ie

This **expansion** will allow Keogh's Crisps to benefit from economies of scale.
Explain the term economies of scale with reference to Keogh's crisps.

Economies of scale:

(c) In Ireland, we generate nearly 800,000 tons of food waste every year.

Adapted from epa.ie

(i) Outline **one** cost to society of wasting food.

Cost to society:

(ii) Describe **one** action consumers could take to reduce food waste.

Consumers:

(iii) Describe **one** action producers could take to reduce food waste.

Producers:

75 marks

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

[illegible]

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

[illegible]

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

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

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Leaving Certificate – Ordinary Level

Economics

Friday 23 June

Morning 9:30 - 12:00