

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2024

Marking Scheme

Economics

Ordinary Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.

Marking Scheme and Support Notes

In considering the marking scheme and the support notes the following points should be noted:

- The support notes presented are neither exclusive nor complete and further relevant points of information presented by candidates are rewarded on their merits.
- They are not model answers but rather a sample of possible responses.
- The support notes in many cases may contain key phrases which must appear in the candidate's answer in order to merit the assigned marks.
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer in the examination paper. Requirements may therefore vary from year to year.
- Words, expressions or phrases must be correctly used in context and not contradicted, and where there is evidence of incorrect use or contradictions the marks may not be awarded.
- This marking scheme used descriptor marking to allocate marks for certain parts of some questions for the development of a point/points. Copies of the descriptor marking that were used are in the tables below. The descriptor mark that was used was dependent on the mark allocation for that particular part of the question. Questions with allocation of 4 marks – use the table below.














3	2	1	0
Excellent	Good	Fair	Weak
<ul style="list-style-type: none"> • In-depth knowledge • Relates to question • Concise • Logical 	<ul style="list-style-type: none"> • Some knowledge • Limited development 	<ul style="list-style-type: none"> • Vague knowledge 	<ul style="list-style-type: none"> • No knowledge • Repetition of statement

4	3	2	1	0
Excellent	Good	Fair	Poor	Weak
<ul style="list-style-type: none"> • In-depth knowledge • Relates to question • Concise • Logical 	<ul style="list-style-type: none"> • Some knowledge • Limited development 	<ul style="list-style-type: none"> • Vague knowledge 	<ul style="list-style-type: none"> • Confusing or Contradictory knowledge 	<ul style="list-style-type: none"> • No knowledge • Repetition of statement

INDEX TO QUESTIONS


No.	Topic	Page(s)
	Points to note	2 – 4
	Section A	5 – 12
	Section B	
11		13 – 17
12		18 – 21
13		22 – 26
14		27 – 32
15		33 – 35
16		36 – 42
	Student Research Project	43 – 45

The table below contains information about annotations used for marking throughout the exam paper.

Annotation	USE	Marks (if applicable)
 1	Valid information	1
 2	Valid information	2
 3	Valid information	3
 4	Valid information	4
 5	Valid information	5
 6	Valid information	6
 7	Valid information	7
 8	Valid information	8
 9	Valid information	9
 10	Valid information	10
 11	Valid information	11
	Surplus answer or part of answer	N/A
0	Incorrect answer	0
	Page seen by examiner / information not valid	N/A

SECTION A (100 marks)

Award 1 extra mark for each of the first four correctly answered question.

Q	Possible responses	Marks
1.	<p>The UN Sustainable Development Goal (SDG) 14 is displayed below. The goal is to conserve and sustainably use the oceans, seas and marine resources for sustainable development.</p>  <p style="text-align: right;">Adapted from sgdsun.org</p> <p>(i) Explain one reason why our oceans and seas are a valuable economic resource.</p> <ul style="list-style-type: none"> Fisheries and employment: Oceans and seas are a primary source of fish and seafood that are important for human consumption, and thus, provide significant economic benefits. Fishing is a major industry worldwide, providing employment and livelihoods for millions of people, and it generates billions of euros in revenue every year. Shipping and trade: They serve as an important transportation network for international trade. Shipping plays a vital role in the global economy, moving goods and products between countries and continents. It provides an efficient and cost-effective means of transportation and helps to connect remote regions and facilitate economic growth. Clean energy: They hold immense potential for renewable energy sources, such as wind, wave, and tidal power. With the increasing demand for clean energy and the growing concerns about climate change, there is an increasing interest in harnessing such resources to meet the energy needs of the world. Tourism: The scenic beauty, diverse marine life, and recreational activities offered by oceans and seas, attract millions of tourists each year, generating significant revenue for coastal communities and economies. Raw Materials: Oceans and seas are a rich source of raw materials, such as oil, gas, minerals, and metals, which are vital to modern economies. These resources can be found in offshore deposits and in the seabed, and their extraction can provide significant economic benefits for countries and companies involved in mining and exploration industries. 	<p>1st @ 8 2nd @ 4</p>

- (ii) Outline one way **individuals** can help protect this valuable resource.
- Reduce water usage.
 - Be mindful of what individuals dispose of in the water system.
 - Make safe and sustainable seafood choices: purchase fish products that have been produced sustainably.
 - Support small-scale fishing by buying local and certified fish products.
 - Sustainable tourism – so that the environment is protected.
 - Use less plastic products and if used recycle/dispose of carefully.
 - Reduce carbon emissions – these are absorbed by the oceans.
 - When using these resources to use them in a sustainable way – not dumping waste in the oceans etc.

2. Lidl now offer discount coupons (special offers) to customers who download the Lidl Plus app.



- (a) Indicate using a tick (✓) in the table below if the above measure is an example of a company using price competition or non-price competition. Explain your answer.

1st @ 8
2nd @ 4

Price competition	
Non-price competition	✓

Explanation:

Lidl is competing with other supermarkets to increase its sales / market share by means other than changing its prices for all its customers.

		<p>OR</p> <p>(b) Explain how Lidl’s customers can benefit from the discount coupons (special offers) being offered to customers who download the Lidl Plus app.</p> <ul style="list-style-type: none"> Savings on purchases: By using the discount coupons available on the Lidl Plus app, customers can save on their purchases at Lidl. This can be particularly beneficial for those customers on a tight budget or looking to stretch their money further. Exclusive deals: The app users can access deals that are not available to customers without the app, e.g. special offers on new products. Personalised offers based on consumer shopping habits: The app displays personalised offers to its users based on their shopping history and preferences. This means that customers can receive coupons and deals on products that they are more likely to purchase. By using these coupons, Lidl customers can save money on products they were planning to buy anyway. Convenient for its users: The app allows customers to access all their coupons and offers in one place, eliminating the need to carry physical coupons or search for deals online. They can browse available coupons on the app and simply scan their phone at the checkout to apply the discount. This makes the process of redeeming coupons quick and easy. The app also provides real-time updates on the latest offers and deals, ensuring that Lidl customers never miss out on a discount. Customer loyalty is rewarded: The app also offers loyalty rewards to customers who use the app regularly. The rewards can include additional discounts, exclusive offers, or even free products. By using the app regularly, customers can accumulate loyalty points and earn rewards that provide additional value and savings. Customers are better informed: The app can give Lidl customers more information about products available in stores and then they can make more informed purchasing choices. 	12
--	--	--	----

3.	(a)	<p>Coffee shops in Ireland operate in monopolistic competition. Indicate by means of a tick (✓) whether you regard each statement below to be true or false.</p> <table border="1" data-bbox="244 259 1326 526"> <thead> <tr> <th></th><th>Statement</th><th>True</th><th>False</th></tr> </thead> <tbody> <tr> <td>1.</td><td>Barriers to entry exist in the Irish coffee shop market.</td><td></td><td>✓</td></tr> <tr> <td>2.</td><td>The demand curve / average revenue curve for coffee in an Irish coffee shop is downward-sloping from left to right.</td><td>✓</td><td></td></tr> </tbody> </table> <p>OR</p> <p>(b) Competitive advertising promotes the advantages of one firm's product over that of its competitors. Outline two reasons why competitive advertising may not always benefit the consumer.</p> <ul style="list-style-type: none"> Increased prices: The firm may have to increase prices to cover the increased advertising costs. This can ultimately reduce the affordability of products for consumers. False / Misleading claims or information / Information asymmetry: Consumers may be presented with inaccurate / incomplete information leading to confusion / misinformation. This can misinform consumers and lead them to make purchasing decisions based on inaccurate information. Asymmetric information or information failure occurs when one party in an economic transaction possesses more material knowledge than the other. This leads to market failure. Impulse buying / Creates unsustainable wants: Competitive advertising can use persuasive techniques to encourage impulse buying, which can result in consumers making purchases they may not have otherwise made. It may create a desire in the minds of consumers for a lifestyle which is not attainable. This can lead to financial difficulties, regret, and waste. Harmful / demerit goods: Advertising may encourage the consumption of demerit goods, e.g. cigarettes or alcohol which can have negative health effects for consumers and create other social costs. Litter pollution: Consumers may have to pay for the removal of litter caused by advertising materials such as discarded promotional leaflets etc. 		Statement	True	False	1.	Barriers to entry exist in the Irish coffee shop market.		✓	2.	The demand curve / average revenue curve for coffee in an Irish coffee shop is downward-sloping from left to right.	✓		<p>1st @ 8 2nd @ 4</p> <p>1st @ 8 2nd @ 4</p>
	Statement	True	False												
1.	Barriers to entry exist in the Irish coffee shop market.		✓												
2.	The demand curve / average revenue curve for coffee in an Irish coffee shop is downward-sloping from left to right.	✓													

4.	(a)	<p>47% of Irish families with young children do not contribute to a rainy-day savings fund. Adapted from RTÉ</p> <p>Explain one reason why these families may not be saving.</p> <ul style="list-style-type: none"> • Level of inflation: Inflation erodes the real rate of return on savings. The current rate of inflation is relatively high, so people must spend more to buy goods and services. This means their ability to save is diminished. • Interest rates on savings The interest rates on savings currently on offer from the financial institutions is less than the rate of inflation, so the real return on savings acts as a disincentive to potential savers. • Interest rates on mortgages: Increased interest rates in recent years has led to higher mortgage repayments for families so less funds available for saving. • Increases in the cost of renting: Families who rent their accommodation have faced increases in these rents over the past number of years so less money available to save. • Increases in costs of fuel, electricity, and gas: These items have increased significantly in recent years leading to less money available for savings. <p>OR</p>	12
	(b)	<p>Outline one measure financial institutions in Ireland could take to encourage citizens in Ireland to save.</p> <ul style="list-style-type: none"> • Pass on the increase in interest rates to savers: Financial institutions could offer attractive interest rates on savings accounts to incentivise people to save. A higher interest rate would make it more financially rewarding to save money, which could encourage more people to start saving. The deposit rate facility offered by the ECB to retail banks has increased since 2022. The credit institutions could pass on more of this to savers in Ireland. • Provide financial education: Many citizens may not fully understand the benefits of saving or how to go about it. Financial institutions could offer financial education programmes to teach people about the importance of saving, how to set savings goals, and strategies for achieving them. • Simplify account opening processes: Some citizens may find the process of opening a savings account somewhat daunting or confusing. Financial institutions could simplify the account opening process and make it more accessible to encourage more people to open accounts and start saving. • Promote automatic savings: Financial institutions could promote automatic savings options to help citizens save without even thinking about it. For example, they could offer automatic savings plans where a portion of a citizen's pay cheque is automatically deposited into a savings account. This would help people save consistently and could make it easier to reach their savings goals. 	12

5.	<p>Indicate by means of a tick (✓) which of the following are either an import into or an export from the Irish economy. Explain the reason for your choice in each case.</p> <table><tr><th></th><th></th><th>Import</th><th>Export</th><th>Reason</th></tr><tr><td>1.</td><td>Farmers in Ireland selling beef to the German market.</td><td></td><td>✓</td><td>This is a visible export. The money leaves Germany and goes into the Irish economy / it is an inflow of funds to Ireland.</td></tr><tr><td>2.</td><td>Irish tourists staying in hotels in France.</td><td>✓</td><td></td><td>This is an invisible import. The sale of an intangible foreign service (hotels) to Irish citizens. The payments for the hotels go into the French economy / they are an outflow of funds from Ireland to France.</td></tr></table>			Import	Export	Reason	1.	Farmers in Ireland selling beef to the German market.		✓	This is a visible export. The money leaves Germany and goes into the Irish economy / it is an inflow of funds to Ireland.	2.	Irish tourists staying in hotels in France.	✓		This is an invisible import. The sale of an intangible foreign service (hotels) to Irish citizens. The payments for the hotels go into the French economy / they are an outflow of funds from Ireland to France.	2 @ 6
		Import	Export	Reason													
1.	Farmers in Ireland selling beef to the German market.		✓	This is a visible export. The money leaves Germany and goes into the Irish economy / it is an inflow of funds to Ireland.													
2.	Irish tourists staying in hotels in France.	✓		This is an invisible import. The sale of an intangible foreign service (hotels) to Irish citizens. The payments for the hotels go into the French economy / they are an outflow of funds from Ireland to France.													
6.	<p>The Deposit Return Scheme was introduced on the 1st February 2024.</p> <p>(Note: A consumer pays a deposit for their drink container and when the container is returned to the collection point, their deposit is returned.)</p> <p>Outline two effects this scheme will have on Irish consumers.</p> <ul style="list-style-type: none">• Encourage the consumer to return these drink containers/boost recycling: so, producers can make new bottles out of these old bottles and new cans out of the old cans.• Reduce usage of scarce resources: in the use of plastic/aluminium and in the energy used to make these products.• Reduce littering in public places: leading to improved social infrastructure/less expenditure on cleaning.• Reach our EU environmental targets: the scheme will help Irish consumers reach our EU environmental targets: less pressure/scrutiny with the EU.• Encourage the consumer to buy fewer plastic bottles, cans etc, as the price has increased this may create a disincentive for some Irish consumers to purchase the product.	1 st @ 8 2 nd @ 4															

7.

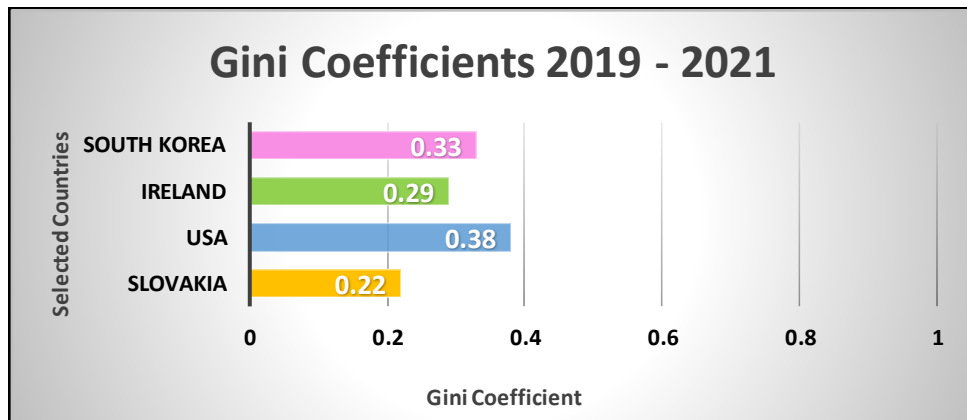
Study the statements below and indicate, by placing a tick (✓) in the correct box which is a positive statement and which is a normative statement.

1st @ 82nd @ 4

Statement	Positive	Normative
The introduction of the plastic bag levy has led to a decrease in the number of plastic bags being bought by consumers when shopping.	✓	
The government should increase the amount of the old age pension to reduce poverty levels.		✓

8.

The Gini Coefficient measures inequality of the income distribution within a country. The Organisation for Economic Co-operation and Development (OECD) data below shows the Gini coefficients for a selected number of countries from 2019 to 2021.



From the data given, state in the boxes below, which country has the lowest level of inequality and which country has the highest level of inequality.

1st @ 82nd @ 4

(i)	Country with the lowest level of inequality.	Slovakia
(ii)	Country with the highest level of inequality.	USA

9.

The following data shows two different estimates of Ireland's economic growth for 2023 from the Department of Finance.

1st @ 42nd @ 43rd @ 24th @ 2

Real GDP	4.7%
Real GNI	0.4%

Adapted from Economic & Fiscal Outlook

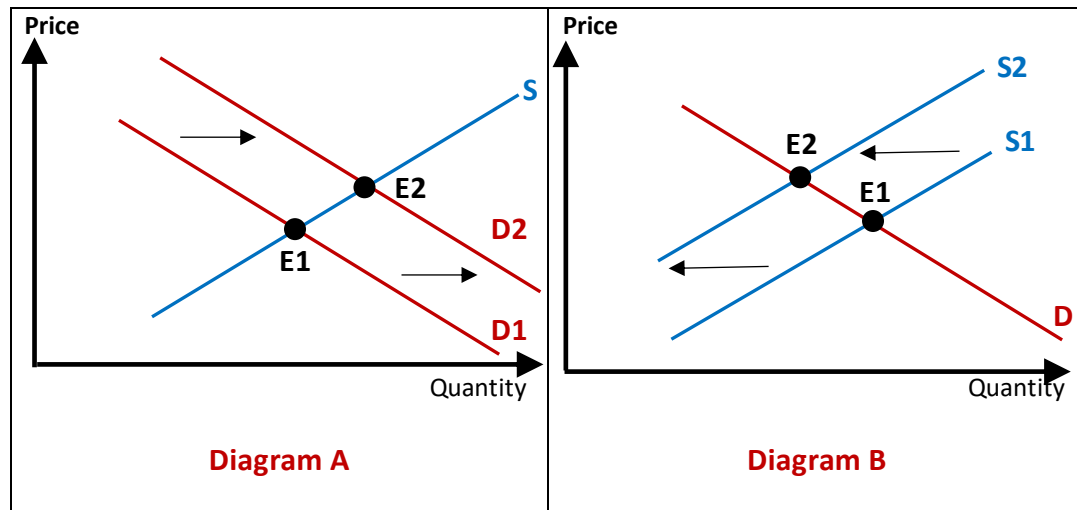
Complete the following table to show what each of the abbreviations stand for.

Gross	Domestic	Product
Gross	National	Income

10.

Matcha tea can help improve memory and reduce stress and anxiety.

Adapted from The New York Times



Assume the market for matcha tea is in equilibrium (E1).

Indicate, by means of a tick (✓), whether Diagram A **or** Diagram B shows its new market equilibrium position following media coverage of its **positive health effects**.

Diagram A	✓
Diagram B	

Explain your answer including the effects on equilibrium price **and** equilibrium quantity.

Explanation:

- The demand curve shifts to the right (D2).
- The demand for matcha tea will increase due to its health benefits being reported in the media, which increase consumers' taste/preference for the drink.
- The increase in demand will result in an excess demand or a shortage, which will drive up the new equilibrium price.
- There will be a new higher equilibrium price.
- There will be a new higher equilibrium quantity.

SECTION B (300 Marks)

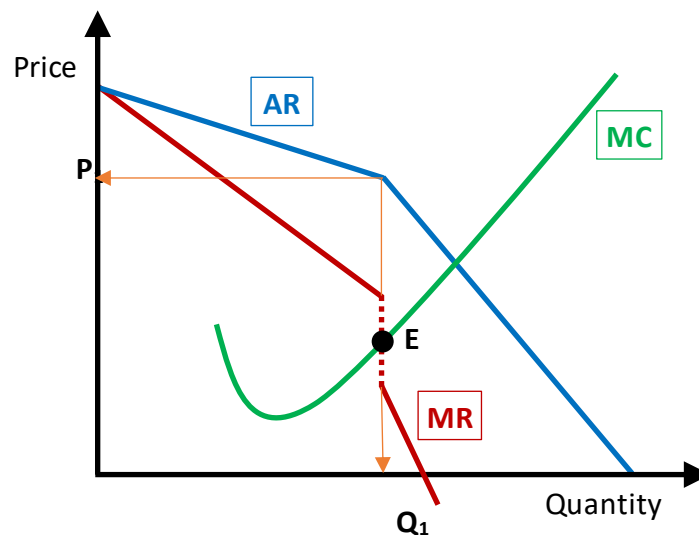
		Possible responses	Max Marks										
Question 11													
(a)		The chart shows increases in electricity prices from some providers from 2020 to 2022. Adapted from SEAI											
22		<div><p>Electricity Price Increases in Ireland From 2020 to 2022</p><table><thead><tr><th>Provider</th><th>% Increase</th></tr></thead><tbody><tr><td>Electric Ireland</td><td>~45%</td></tr><tr><td>Energia</td><td>~75%</td></tr><tr><td>Flogas</td><td>~115%</td></tr><tr><td>SSE Airtricity</td><td>~65%</td></tr></tbody></table></div>	Provider	% Increase	Electric Ireland	~45%	Energia	~75%	Flogas	~115%	SSE Airtricity	~65%	
Provider	% Increase												
Electric Ireland	~45%												
Energia	~75%												
Flogas	~115%												
SSE Airtricity	~65%												
	(i)	<table><tr><td>Which company had the highest price increase?</td><td>Flogas</td></tr><tr><td>Which company had the lowest price increase?</td><td>Electric Ireland</td></tr></table>	Which company had the highest price increase?	Flogas	Which company had the lowest price increase?	Electric Ireland	1 st @ 8 2 nd @ 4						
Which company had the highest price increase?	Flogas												
Which company had the lowest price increase?	Electric Ireland												
	(ii)	<p>Outline one possible economic effect of these price increases on businesses in Ireland.</p> <ul style="list-style-type: none">• Increased costs for business due to higher prices: The higher expenditure on electricity will increase the costs of running a business.• Increased prices for consumers: If the business passes the increased costs on to the consumer this means higher prices for consumers which could lead to a fall in demand for goods and services.• Fall in profits: If consumers face higher prices and demand less of the good or service this would lead to a fall in profit for the business. If the business decides to absorb the increased costs themselves this will lead to a fall in their profit.• Electricity conservation: Higher electricity prices may encourage some businesses to be more conscious of their energy usage and invest in energy-saving appliances or practices to reduce their electricity consumption.• Switching to alternative sources of energy or switching provider: Some businesses might switch to alternative sources of energy, such as natural gas, oil, or renewable energy sources, to mitigate the impact of higher electricity prices.• Reduced competitiveness: Higher electricity prices can make businesses less competitive, as they face higher operating costs. This may lead to reduced production, job losses, or business closures.	5										

	<p>(iii) During winter 2023 – 2024, the Irish government granted all households a credit of €450 towards their electricity bills.</p> <p>Why, in your opinion, did the government do this?</p> <ul style="list-style-type: none">• To alleviate the financial burden/economic welfare of Irish households Higher electricity bills have put a significant financial strain on households. By providing the €450 credit, the government aimed to alleviate some of this burden and help households manage their expenses.• To support low-income families: Higher electricity bills disproportionately affected low-income families, leading to energy poverty. The credit helped ensure these households could maintain basic energy services, such as heating and lighting.• To stimulate the economy: By reducing the financial burden of higher electricity bills, households may have had more disposable income to spend on other goods and services, potentially maintaining Ireland's economic growth.• To increase consumer confidence: The €450 government credit helped improve consumer confidence, as it showed the government's commitment to addressing higher electricity prices and supporting households.• To maintain social stability: Ever increasing electricity prices could have led to public dissatisfaction and unrest. By providing the credit, the government was able to demonstrate its responsiveness to the public's concerns and maintain social stability.• Buy time for policy adjustments: The government is working on long-term solutions to address higher electricity prices, for example the 2023 Climate Action Plan commits that up to 80% of Ireland's electricity will be sourced from renewables by 2030. The €450 credit provided short-term relief to households while such longer-term solutions are implemented.	5
--	---	---

(b)

31

The diagram below represents the long-run equilibrium of a firm in **Oligopoly**.



- (i) Write out in full what each of the three labels represent.

3 x 8

D/AR: Demand/Average Revenue
MC: Marginal Cost
MR: Marginal Revenue

- (ii) Equilibrium occurs at **point E** on the diagram above.

3

Clearly show and label on the above diagram:

- The output the firm will produce in equilibrium (use label Q_1)
- The price the firm will charge for its output (use label P_1)

- (iii) The electricity market is an example of an oligopoly market in Ireland.

4

Give one example of an oligopoly market in Ireland **and** explain a reason for your choice.

Mobile phones / Broadband / Insurance / Banking / TV services / Supermarkets

- **Only a few providers dominate the market:**
The market is becoming increasingly concentrated, with the largest providers dominating, e.g. the three largest companies control over 80% of the market.
- **Barriers to entry exist in the market:**
The barriers enable such firms to maintain their share of the market, e.g. high start-up costs associated with establishing and maintaining plants /relevant infrastructure / meeting regulatory requirements.
- **Non-price competition exists in the market:**
Oligopolistic firms often engage in non-price competition, such as marketing, customer service, and product differentiation. In these markets, firms may compete on factors like green energy offerings, smart metering technology etc.
- **Interdependence exists between firms:**
The actions of one firm in these markets can significantly impact the other providers, as there are so few major players. This interdependence can lead to strategic decision-making and potential collusion among the firms, e.g. whenever one provider announced a price increase recently it tended to be followed swiftly by similar increases from competing firms.

(c) 22	Panda Power left the Irish energy market. It became the fourth energy company to leave the Irish market.	
	<p>(i) In your opinion, is the Irish energy market more competitive or less competitive as a result of this development? Indicate your opinion with a tick (✓) below and explain your choice.</p> <div data-bbox="488 432 1287 504"> <div>More Competitive</div> <div></div> <div>Less Competitive</div> <div>✓</div> </div> <p style="text-align: center;"><u>Explanation:</u></p> <ul style="list-style-type: none"> Reduced number of firms: With fewer electricity providers in the market, the remaining firms now have a greater market share, leading to a higher concentration of power among the remaining providers. This has resulted in less competition, as the remaining firms have more control over the market. Less choice for consumers: With fewer electricity providers available, consumers have fewer choices when selecting their electricity supplier. This reduced choice limits the competitive pressure on the remaining providers to offer better prices, services, or products. Barriers to entry may exist: If the providers who exited, faced challenges such as high barriers to entry, it might discourage new firms from entering the market, further limiting competition. Risk of collusion exists: With a smaller number of electricity providers in the market, the possibility of collusion or tacit co-operation between the remaining firms has increased. This could potentially lead to anti-competitive practices, such as price fixing or limiting supply, which would harm consumers. 	6

	(ii)	<p>Outline two ways citizens in Ireland can behave more sustainably in their use of energy.</p> <ul style="list-style-type: none"> Use energy-efficient appliances: Purchase and use energy-efficient appliances and electronics that have a higher energy rating, as they consume less energy and help reduce electricity bills. Better insulate the home: Improve home insulation by sealing gaps, adding insulation materials to walls, and installing double-glazed windows to reduce heat loss and improve energy efficiency. Use smart thermostats: Use smart thermostats to regulate home heating and cooling more efficiently by adjusting temperatures according to occupancy and time of day, reducing energy consumption. Use LED lighting: Replace traditional incandescent bulbs with energy-efficient LED lighting, which uses less energy and lasts longer. Use renewable energy: Invest in small-scale renewable energy sources like solar panels or wind turbines for home use. Reduce, reuse, recycle: Practise the three Rs to minimize waste and save energy associated with the production and disposal of goods. Conserve energy: Turn off lights and electronics when not in use / unplug chargers and devices / use power strips with an on/off switch to conserve energy. Use sustainable modes of transportation: Use public transportation, walk, cycle, or carpool, when possible, to reduce carbon emissions and energy consumption. Conserve water: Install low-flow taps and showerheads, fix leaks, and use water-saving appliances to reduce water waste and the energy used to heat water. Plant trees and maintain green spaces: Plant trees and maintain green spaces to absorb carbon dioxide, provide shade, and help reduce energy consumption. Educate and share information: Educate oneself and others about sustainable energy practices and share tips with friends, family, and neighbours to encourage a broader adoption of sustainable energy use. 	2 @ 8
--	------	---	-------

		Possible responses	Marks
Question 12			
(a)		In 2022, the number of people employed in Ireland exceeded 2.5 million for the first time ever.	
	25	<p>(i) From the data given on the left-hand side of the infographic (provided), calculate the percentage increase in the number of people in employment from Q4 2021 to Q4 2022. Show all your workings.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p>Workings:</p> $2,574,500 - 2,506,000 = 68,500$ $\frac{68,500}{2,506,000} \times 100 = 2.73\%$ <p>Percentage increase: 2.73% (- 1 for omission of %)</p> </div> <p>(ii) Outline one possible economic benefit of increased employment for the Irish economy.</p> <ul style="list-style-type: none"> • Increased standard of living for citizens: Higher incomes will enable citizens to purchase more goods and services. • Fall in social welfare bill / Increase in tax revenues: As more citizens are employed, the government will pay out less in social protection payments. With higher employment the government will collect more revenue from direct and indirect taxation. • Increased aggregate demand / Greater economic growth: Increased employment will increase aggregate demand in the economy, and this will increase economic growth and GNI / GDP / GNP. • Increased investment: A higher level of employment encourages further investment as demand rises and expectations are more positive about the future. • Increased confidence in the economy: Higher employment will lead to both businesses and consumers having more confidence in the economy which should encourage even higher economic growth being generated. • Reduced inequality and possible poverty reduction: When more citizens are employed, their incomes rise and the level of poverty in Ireland may fall, helping to reduce inequality in the country. 	<p>18 6 @ 3</p> <p>7</p>

(b) 24	(i)	<p>Currently there is a shortage of skilled employees in different sectors of the Irish economy. Explain the economic term scarcity in relation to labour (employees).</p>	4
		<p style="text-align: center;"><u>Explanation:</u></p> <p>When applied to labour, scarcity refers to the situation where the number of qualified and available employees is insufficient to meet the demand of employers in a particular market, industry, or geographic area. (Supply less than demand).</p> <p>When applied to labour, scarcity refers to the situation where there are firms looking to hire more employees than there are available employees in the country.</p> <p>(ii) The pharmaceutical industry has experienced a shortage of skilled labour in recent years. Explain one effect a shortage of labour could have on this industry.</p> <ul style="list-style-type: none"> • Increased wages / Increase cost of labour: To attract and retain qualified employees, pharmaceutical companies may need to offer higher wages, better benefits, or other incentives. This can drive up labour costs, potentially affecting profitability and the industry's competitiveness. • Reduced productivity and output / Reduced competitiveness: A lack of skilled workers may result in companies operating below their full capacity, leading to lower productivity and a reduced output of pharmaceutical products. This can impact the industry's ability to meet the domestic and international demand for pharmaceuticals, and potentially lead to a loss of market share. • Decline in innovation and new product development: A skilled labour shortage may slow down research and development progress, potentially delaying the discovery and commercialisation of new drugs, therapies, and medical devices. This could impact the industry's long-term growth prospects and global competitiveness. • Increased reliance on outsourcing or offshoring: To address the shortage, pharmaceutical companies in Ireland may choose to outsource or offshore certain functions, such as research, development, or manufacturing, to countries with a more abundant supply of skilled labour. While this may help alleviate the labour shortage, it can also have implications for domestic employment and the Irish economy generally. • Difficulty in maintaining quality standards: A shortage of skilled workers may make it more challenging for companies in Ireland to maintain the very high quality and safety standards required in the pharmaceutical industry. This could lead to increased risks of product recalls or regulatory issues, potentially damaging the reputation and financial performance of the affected companies. 	10

	<p>(iii) Outline one economic measure the Irish government could take to help increase the supply of more skilled labour in the economy.</p> <ul style="list-style-type: none"> Increase funding for education and training: Further government investment in education and vocational training programmes that target in-demand skills and industries can help to equip the workforce with the necessary qualifications. This might involve increased funding for universities and colleges, the development of specialised training centres, or the promotion of apprenticeships and internships. Collaborate with industry: Government partnerships with businesses and industry organisations can help to ensure that education and training programmes are aligned with the needs of employers. This could involve creating public-private partnerships, fostering industry-academia collaborations, or offering financial incentives for businesses to participate in training and upskilling initiatives. Increase labour mobility: Encouraging greater occupational and/or geographical mobility of labour can help to ensure that skilled workers are able to move to industries or regions where their skills are in demand. This might involve investments in transport infrastructure, the development of regional economic hubs, or providing financial support to workers relocating for work. Implement immigration policies: Attracting skilled workers from other countries can help to address labour shortages in the short to medium term. The government could consider implementing visa programmes targeted at skilled professionals, offering incentives for foreign workers to relocate to Ireland, or streamlining the process of recognizing foreign qualifications. Incentivise lifelong learning: Encouraging workers to continuously update their skills can help to ensure that the workforce remains adaptable to the changing needs of industry. The government could offer financial incentives for individuals to participate in further education or training, such as tax credits, subsidies, or low-interest loans. Promote STEM education: Encouraging students to pursue careers in science, technology, engineering, and mathematics (STEM) can help to address skill shortages in industries such as pharmaceuticals. This might involve increased funding for STEM programmes in schools, the development of targeted scholarships or grants, or public awareness campaigns to promote the benefits of STEM careers. Implement more gender equality initiatives: Ensuring that women have perfectly equal access to education and career opportunities can help to expand the pool of skilled labour. The government could promote gender equality through policies and programmes that support equal pay, parental leave, and access to childcare, as well as initiatives aimed at encouraging more women to enter traditionally male-dominated fields of employment such as transportation, construction, and its related trades. 	<p>10</p>
--	---	-----------

(c)	The chart below shows the monthly seasonally adjusted unemployment rates in Ireland.																	
26	Adapted from the CSO																	
	<div>Seasonally Adjusted Monthly Unemployment Rate</div> <table><thead><tr><th>Months</th><th>Unemployment Rate (%)</th></tr></thead><tbody><tr><td>JUL-22</td><td>4.3</td></tr><tr><td>AUG-22</td><td>4.4</td></tr><tr><td>SEP-22</td><td>4.4</td></tr><tr><td>OCT-22</td><td>4.5</td></tr><tr><td>NOV-22</td><td>4.5</td></tr><tr><td>DEC-22</td><td>4.4</td></tr><tr><td>JAN-23</td><td>4.4</td></tr></tbody></table>	Months	Unemployment Rate (%)	JUL-22	4.3	AUG-22	4.4	SEP-22	4.4	OCT-22	4.5	NOV-22	4.5	DEC-22	4.4	JAN-23	4.4	
Months	Unemployment Rate (%)																	
JUL-22	4.3																	
AUG-22	4.4																	
SEP-22	4.4																	
OCT-22	4.5																	
NOV-22	4.5																	
DEC-22	4.4																	
JAN-23	4.4																	
(i)	<p>Identify the overall trend in Irish unemployment using figures from the graph above.</p> <p>Based on the above data, the rate of unemployment in Ireland remained broadly stable <i>or</i> slightly increased in 2022. The highest recorded rate peaked at just 4.5% and the lowest rate at 4.3%. Unemployment increased by 0.1%.</p>	6																
(ii)	<p>With labour costs increasing some Irish businesses are finding it difficult to continue to operate.</p> <p>Outline how this development may effect unemployment in Ireland.</p> <ul style="list-style-type: none">• Could lead to increased unemployment if businesses decide not to recruit new workers or reduce their workforce.• They may also decide to use more technology which would lead to less workers needed and an increase in unemployment figures.	10																
(iii)	<p>Outline one reason why some people remain unemployed while job vacancies exist in the Irish economy.</p> <ul style="list-style-type: none">• Mismatch between the skills and qualifications of those people seeking employment and the skills and qualifications required in the vacancies that arise.• Visa requirements to take up some jobs in the Irish economy in the case of non-EU citizens.• English language – people may have the necessary skills but are not proficient in the English language making it a barrier to employment.• Lack of infrastructure – difficult to access the place of work due to lack of transport.• Lack of affordable housing where the jobs are making it prohibitive to take up the post.• Fear of losing any additional benefits for some receiving social welfare.	10																

Question 13

(a) (i) You have been given the data below for a firm.

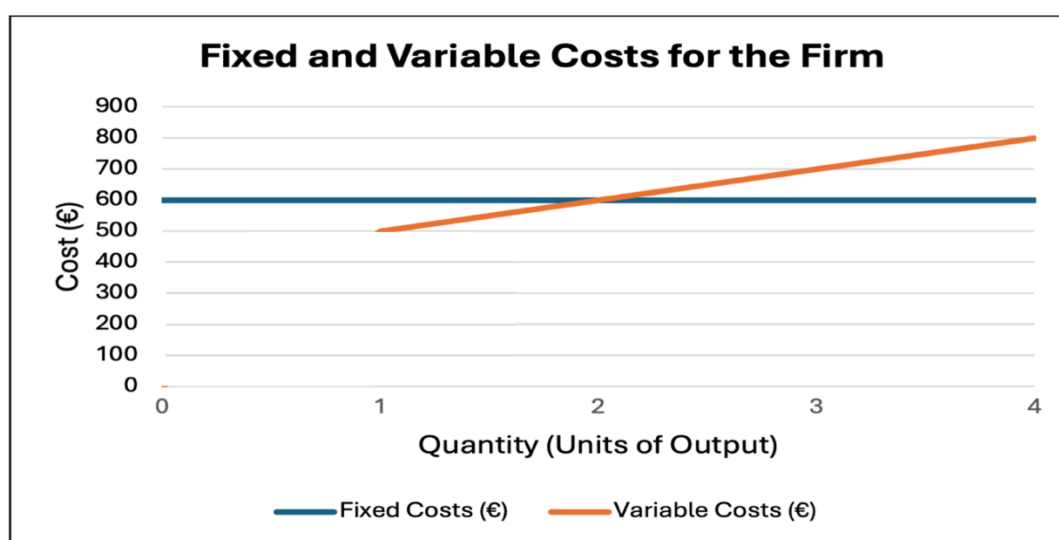
28

On the graph paper provided, draw and label:

- the fixed costs for this firm and
- the variable costs for this firm.

Note: you must complete/fill in the quantity axis and the costs axis.

Quantity (units of output)	1	2	3	4
Fixed Costs in €	600	600	600	600
Variable Costs in €	500	600	700	800



12
Axes:
2 @ 2
FC @ 3
VC @ 5

(ii) Explain the difference between fixed costs and variable costs.
Give an example in each case.

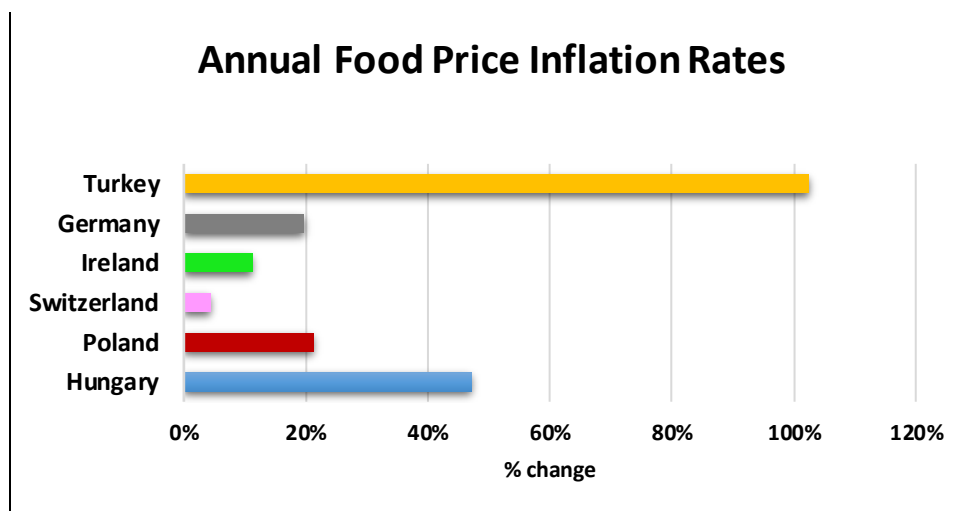
2 @ 8

	Explanation	Example
Fixed Costs	Costs which do not change as output changes / Costs which have to be paid even if nothing is produced.	Rent Loan repayments
Variable Costs	Costs which do change as output changes.	Electricity Labour Raw materials

(b)

23

The chart below shows the annual percentage change in food price inflation in selected countries.



(i)

Which country had the **lowest** food price inflation?

Switzerland

Which country had the **highest** food price inflation?

Turkey

1st @ 8

2nd @ 5

(ii)

Explain one possible economic effect food price inflation will have on consumers.

10

- **Reduced purchasing power / standard of living / reduced demand for G&S:**
With food prices increasing, consumers will find their money buying less food than before. This can lead to a reduced standard of living, as households struggle to maintain their previous consumption levels.
- **Increased wealth inequality / poverty:**
Inflation typically impacts lower-income households more severely than higher-income households, as a larger proportion of their income is spent on necessities like food. This can lead to an increase in income inequality and exacerbate poverty for many consumers.
- **Changes in consumption patterns / negative health effects:**
As food prices rise, consumers may be forced to switch to cheaper, lower-quality, or less preferred alternatives. This can negatively affect their nutritional intake and overall health.
- **Reduced savings:**
With a larger portion of income having to be spent on food, consumers may have less money to save or invest. This can impact their long-term financial security and constrain economic growth.

(c) 24	<p>Toilet paper prices rose by 15.6% in 2022. This was due to toilet paper manufacturing companies using more expensive environmentally friendly raw materials. This is an example of cost-push inflation. Adapted from RTE.ie</p>	
	<p>(i) Explain what is meant by the economic term, cost push inflation.</p> <p>This occurs when the source of upward pressure on prices is the rising costs of the factors of production i.e. cost rises without a corresponding improvement in productivity. This increase in costs is then passed onto consumers in the form of higher prices.</p> <p>It may also occur in the form of imported inflation whereby imported raw materials from abroad have increased in price leading to an increase in the prices of finished products in the home market, e.g. rapidly increasing wheat / gas / oil prices at the outset of the Ukraine war.</p> <p>(ii) In your opinion, should manufacturers, like toilet paper companies, use more expensive environmentally friendly raw materials? Indicate your opinion with a tick (✓) below and explain your choice.</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; text-align: center;"> Yes <input style="width: 40px; height: 20px; margin-left: 5px;" type="checkbox"/> </div> <div style="border: 1px solid black; padding: 5px; text-align: center;"> No <input style="width: 40px; height: 20px; margin-left: 5px;" type="checkbox"/> </div> </div> <p style="text-align: center;"><u>YES Explanation:</u></p> <ul style="list-style-type: none"> • It helps protect the environment: Environmentally friendly raw materials often have a lower ecological footprint compared to traditional materials. They may be derived from renewable sources, produced with fewer toxic chemicals, or generate less waste. By using these materials, manufacturers contribute to the conservation of natural resources and reduction of pollution. • Helps meet growing consumer demand for eco-friendly products: Consumers are increasingly aware of the environmental impact of their purchases and may be more likely to choose products made with sustainable materials. By offering eco-friendly products, manufacturers can meet this growing demand and build customer loyalty. • Complies with regulations: Governments worldwide are implementing more stringent environmental regulations to address climate change and other ecological issues. By adopting environmentally friendly materials, manufacturers can ensure compliance with these regulations and avoid potential fines or penalties. • Generates long-term cost savings: While environmentally friendly raw materials may be more expensive initially, they can lead to long-term cost savings. For instance, renewable materials may become more cost-effective as non-renewables become scarcer, and the use of eco-friendly materials can result in reduced waste disposal costs and lower environmental clean-up expenses. 	<p>10</p> <p>10</p>

NO Explanation:

- **Increases production costs:**

Using eco-friendly materials can result in higher production costs, which can negatively impact a company's profitability. Manufacturers might be reluctant to adopt these materials if they believe that the increased costs cannot be offset by other benefits, such as increased demand or long-term savings.

- **Increases consumer prices:**

Higher production costs may lead to higher retail prices for consumers. If consumers are price-sensitive and unwilling to pay a premium for eco-friendly products, manufacturers may find it difficult to maintain their market share or achieve desired sales levels.

- **Causes complex issues in the supply chain:**

Adopting environmentally friendly materials can require significant changes to a company's supply chain, including finding new suppliers, adjusting production processes, and implementing new quality control measures. These changes can be complex and time-consuming, which may deter some manufacturers from making the switch.

- **Lack of consumer awareness exists:**

If consumers are not well-informed about the benefits of environmentally friendly products, they may not be willing to pay higher prices for them. Manufacturers might hesitate to invest in sustainable materials if they believe that consumer awareness and demand are too low to justify the extra production costs.

- **Companies can have a short-term focus on cost savings:**

Some companies may prioritise short-term profits over long-term environmental sustainability goals. These companies might be unwilling to invest in more expensive environmentally friendly materials if they perceive that the short-term costs outweigh the potential long-term benefits.

	<p>(iii) The European Central Bank (ECB) is concerned about inflation rates in the euro area. Explain why you think the ECB is concerned about inflation rates.</p> <p style="text-align: center;"><u>Explanation:</u></p> <ul style="list-style-type: none"> The ECB has a price stability mandate: The primary objective of the ECB is to maintain price stability in the euro area, which is defined as an inflation rate close to, but below, 2% over the medium term. The current inflation rate significantly exceeds this target and indicates a loss of price stability. Purchasing power is eroded: Current high inflation erodes the purchasing power of euro area consumers, leading to a decline in their real income and potentially impacting their standard of living. This may result in reduced consumer spending, which can slow down economic growth. Economic uncertainty can increase: High inflation can create uncertainty in the eurozone economy, as businesses and consumers may find it difficult to plan and make long-term decisions. This uncertainty can lead to reduced investment, lower economic growth, and increased volatility in financial markets. Poorer sectors of society may be more affected: The current high Inflation rate in the euro area can have negative redistribution effects, as it may disproportionately affect certain groups, such as those on fixed incomes or with limited financial assets. This can lead to increased income inequality and perhaps even social unrest. High inflation can damage competitiveness: If inflation rates in the euro area are higher than those in other major economies, e.g. the US, it could make euro area goods and services more expensive, thereby reducing exports and harming the competitiveness of euro area businesses. Wage-price spiral may occur: Sticky inflation rates like currently can lead to a wage-price spiral, where workers demand higher wages to keep up with rising prices, and businesses raise prices to cover increased labour costs. This can result in a vicious cycle that further exacerbates inflation. In March 2023, the euro area unemployment rate amounted to an historic low of 6.5%, which can also exert upward pressure on wages. 	4
--	---	----------

		Possible responses	Marks
Question 14			
(a)	The chart below shows estimated levels of spending in some areas by the Irish government in 2023.		
28	<div><div>Estimated Government Expenditure for 2023 in €bn's</div><div><div>€ billions</div><div><div>23.4</div><div>9.63</div><div>3.91</div><div>3.98</div><div>3.30</div></div><div><div>Dept of Social Protection</div><div>Dept of Education</div><div>Service of National Debt</div><div>EU Budget Contribution</div><div>Justice</div></div></div></div> <div>Adapted from the Department of Finance</div> <div>(i) Using the figures in the chart above answer the following questions. Show all your workings.</div> <div>Calculate how much the government planned to spend in total on the above 5 areas in €bn's.</div> <div>€23.4bn + €9.63bn + €3.91bn + €3.98bn + €3.30bn = €44.22 billion (-1 for omission of bn and -1 for omission of €)</div> <div>Using your answer from (i) above calculate what percentage (%) of government spending was planned to be spent on Education.</div> <div>$\frac{€9.63\text{bn}}{€44.22\text{bn}} \times 100 = 21.78\%$ (-1 for omission of %)</div> <div>(ii) Ireland is estimated to contribute €2 billion towards the EU budget in 2024. Outline one reason why the Irish government contributes to the EU.</div> <div><ul style="list-style-type: none">To help achieve economic growth and cohesion: Ireland has greatly benefited from its EU membership, which has helped the country's economy grow and improve its infrastructure. By contributing to the EU budget, Ireland supports initiatives and programmes aimed at fostering economic growth and reducing disparities between regions in the EU. For example, during Covid-19, the EU acted to contain the spread of the virus, support national health systems, and counter the socio-economic impact of the pandemic.</div>		

		<ul style="list-style-type: none"> • To ensure access to the single market: The EU single market allows for the free movement of goods, services, capital, and people among member states. By contributing to the EU budget, Ireland can participate in and benefit from the single market, which has been a significant factor in its economic development. • To receive supports... for Irish agriculture / forestry / infrastructure: The Common Agricultural Policy (CAP) is a major component of the EU budget. Ireland's agricultural / agri-food / forestry sector has benefited significantly from CAP subsidies and supports, which contribute to the stability and sustainability of the sector. • To help fund research and innovation: The EU budget funds various research and innovation programmes, such as Horizon Europe. By contributing to the budget, Ireland gains access to such funding programmes, which promote scientific and technological progress, boost competitiveness, and help to create jobs. • To help fund environmental and climate goals: The EU budget supports policies and initiatives aimed at protecting the environment and tackling climate change, including the European Green Deal. Ireland's contributions help advance these goals, which are vital for the wellbeing and sustainability of its current citizens and future generations. • To help promote social inclusion and education: EU-funded programmes, such as Erasmus+, promote social inclusion, education, and cultural exchanges among member states. By contributing to the budget, Ireland supports these initiatives that benefit its citizens, especially the youth. • To bolster security and foreign policy: EU budget contributions help strengthen its security and foreign policy capabilities, enabling joint efforts in areas such as defence, counterterrorism, and migration management. This enhances Ireland's own security and global influence. • To demonstrate Ireland's belief in European solidarity and shared values: As a member of the EU, Ireland shares common values such as democracy, human rights, and the rule of law. Contributing to the EU budget is a way for Ireland to express its commitment to these values and support the collective effort of member states to promote peace and prosperity in Europe and beyond. 	
	(iii)	<p>Outline what is meant by the economic term, national debt.</p> <p>The total / cumulative amount of government borrowing (domestic and foreign) which is outstanding / due / owed.</p> <p>According to the NTMA, Ireland's gross national debt stood at €235.9bn at the end of April 2023. This is one of the highest per-capita debt burdens in the world.</p>	4

		<p>(iii) In February 2023, the government announced the 9% VAT rate for the tourism and hospitality industry would return to 13.5% from 1st September 2023.</p> <p>Do you agree with the tourism and hospitality industry having a 13.5% VAT rate? Explain your answer.</p> <p style="text-align: center;"><u>AGREE Explanation:</u></p> <ul style="list-style-type: none"> Some tax revenue is lost to the exchequer: A lower VAT rate of 9% for the tourism and hospitality industry could result in reduced tax revenue for the government. This may limit the government's ability to fund essential public services, such as housing, climate action, healthcare, education, and infrastructure development. VAT is a regressive tax: VAT is a tax on spending, and a lower 9% rate for the tourism and hospitality industry might disproportionately benefit higher-income citizens who can afford to spend more on leisure and travel. This could exacerbate income inequality and the regressive nature of VAT in Ireland. It distorts market signals: A lower VAT rate of 9% for a specific industry may distort market signals and create unfair advantages for certain businesses. This could lead to an inefficient allocation of resources, as businesses in the favoured sectors may receive a disproportionate share of investment and consumer spending. It may have a limited effectiveness: A 9% VAT rate may not necessarily result in increased tourism in Ireland if other factors, such as euro exchange rates with other significant currencies, political stability, and global geopolitical economic factors, are more significant drivers of tourism. <p style="text-align: center;"><u>DISAGREE Explanation:</u></p> <ul style="list-style-type: none"> It boosts tourism: A 9% VAT rate on tourism and hospitality services can make Ireland a more attractive and affordable destination for domestic and foreign tourists. Increased tourism can generate significant revenue for the exchequer, as visitors spend money on accommodation, food / beverages, attractions, and other services. It enhances competitiveness: A 9% VAT rate can help make the Irish tourism and hospitality industry more competitive compared to neighbouring countries with higher VAT rates. This can attract more international tourists, leading to increased demand for local services and products. It supports local business: A 9% VAT rate can help reduce operating costs for businesses in the tourism and hospitality industry, such as hotels and restaurants - particularly with inflation running high. This can enable these businesses to invest more in their facilities, services, and workforce, promoting growth and sustainability in the sector. 	7
--	--	--	---

- **It creates jobs:**

The tourism and hospitality industry employ over 200,000 people in Ireland, with many jobs being seasonal or part-time. A 9% VAT rate can encourage businesses to expand, creating more job opportunities and supporting local communities, especially in rural areas.

- **It stimulates economic growth:**

A thriving tourism and hospitality industry can have positive spillover effects on other sectors of the economy, such as transportation, retail, and agriculture. With a 9% VAT rate, the government can help stimulate overall economic growth and increase tax revenues from other sources.

- **It promotes our cultural heritage:**

A 9% VAT rate can encourage more people to visit and appreciate Ireland's rich cultural heritage, including historical sites, museums, and local festivals. This can help preserve and promote Irish culture and traditions, both domestically and internationally.

(c)

26

The table below shows Ireland's trade in goods in 2021.

Exports	Imports
UK €18.1 billion	UK €19.5 billion
US €52.6 billion	US €18.1 billion
EU €61.7 billion	EU €34.6 billion
Rest of World €33.3 billion	Rest of World €31.5 billion
Total Exports €165.7 billion	Total Imports €103.7 billion

Adapted from the CSO

- (i) Using the information in the table above, calculate Ireland's Balance of Trade in 2021. Indicate with a tick whether it was a surplus or a deficit.

Show all your workings. Explain your answer.

Workings:

Balance of trade: Total exports – Total imports

Balance of trade: €165.7bn – €103.7bn = €62bn

(-1m for omission of € or bn)

Answer: €62bn

Surplus:



or

Deficit:

☐

The Balance of Trade is a surplus because the exports are greater than the imports.

16
4 @ 3

4

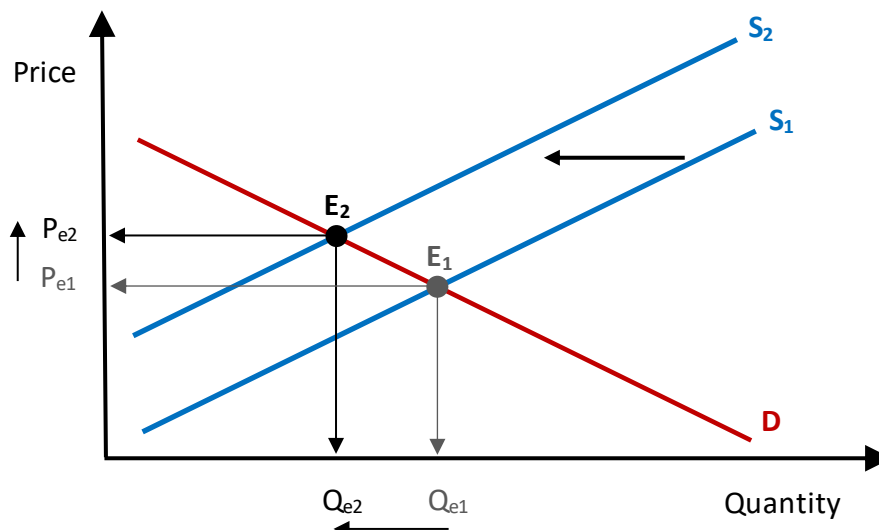
	<p>(ii) Outline two reasons why exports are important for the Irish economy.</p> <ul style="list-style-type: none"> Exports can help create employment: If exports exceed imports this means increased demand abroad for goods produced in Ireland, leading to increased employment both directly and indirectly from export-oriented firms. Exports increase sales / profits for domestic firms: If exports exceed imports, then this may mean that domestic firms increase their sales/profits by exporting their excess output onto a foreign market / they may generate economies of scale. Exports can increase economic growth: The monies received from exports (injected into the circular flow of income) can lead to increased incomes within the country. Exports can increase the tax returns to the Irish exchequer: Increased economic activity will generate increased tax revenues for the government e.g. VAT / PAYE / CT/ which can be used to fund public services and infrastructure projects. Exports can attract investment: A strong export performance will increase confidence in the Irish economy and may help attract further foreign direct investment (FDI) into Ireland. FDI can lead to job creation, technology transfers, and increased productivity. Exports can lead to specialisation and the benefits of comparative advantage: By focusing on exporting products and services in which Ireland has a comparative advantage, Ireland can efficiently allocate its resources and maximise its overall economic performance. Exports may enhance international relations: A strong export sector can bolster Ireland's international reputation and diplomatic relations, leading to increased cooperation and potential access to new markets. 	<p>1 @ 6</p> <p>1 @ 4</p>
--	--	---------------------------

		Possible responses	Marks														
Question 15																	
(a)	Complete the table by either naming or explaining each factor of production.		20:														
20	<table><tr><th>Example</th><th>Name of Factor of Production</th><th>Explanation of Factor of Production</th></tr><tr><td>Farm Machinery</td><td>Capital</td><td></td></tr><tr><td>Farm Workers</td><td>Labour</td><td></td></tr><tr><td>Farm Owners</td><td>Enterprise</td><td>The one taking a risk in setting up the farm in return for profit.</td></tr><tr><td>Farm Land</td><td></td><td>Anything supplied by nature which helps in producing the output from the farm. The ground on which the farm is located / is built.</td></tr></table>	Example	Name of Factor of Production	Explanation of Factor of Production	Farm Machinery	Capital		Farm Workers	Labour		Farm Owners	Enterprise	The one taking a risk in setting up the farm in return for profit.	Farm Land		Anything supplied by nature which helps in producing the output from the farm. The ground on which the farm is located / is built.	3 @ 5 and 1 @ 3 1 @ 2
Example	Name of Factor of Production	Explanation of Factor of Production															
Farm Machinery	Capital																
Farm Workers	Labour																
Farm Owners	Enterprise	The one taking a risk in setting up the farm in return for profit.															
Farm Land		Anything supplied by nature which helps in producing the output from the farm. The ground on which the farm is located / is built.															

(b)

30

The diagram below shows the demand and supply curve for Irish farm output.



15
3 @ 5

The price of fertiliser in Ireland increased by 97.7% in the 12 months to October 2022.

Adapted from the CSO

(i) As a result, the increase in fertiliser prices has affected the supply of Irish farm output. Show the effect of this development **on the diagram above**.

(ii) Explain your answer.

Explanation:

- As the **cost of fertiliser has risen** many farmers have had to reduce its usage to cut expenses.
- The fall in fertiliser use has resulted in **lower crop yields on farms**.
- Consequently, **the supply curve shifts left** from S_1 to S_2 to reflect the fall in farm output.
- There is now a new market equilibrium causing a **new higher equilibrium price** (P_{e2}) and
- a **new lower equilibrium quantity** (Q_{e2}).

9

(iii) Almond milk can be classed as a substitute good for cow's milk. Explain the meaning of the economic term **substitute good**.

Almond milk can be classed as a substitute good for cow's milk because it can be used as a non-dairy alternative instead of cow's milk in lots of different applications.

A good that satisfies the same need as another good.

A good that can be consumed / used in place of another good.

Goods that can be used as alternatives to each another.

6

(c)	(i)	Using the formula supplied, calculate the consumers price elasticity of demand when the price of a bar of chocolate changes due to increases in the costs of production. Show all your workings.													
25		$\frac{\Delta Q}{\Delta P} \times \frac{P1 + P2}{Q1 + Q2}$ <table><tr><td></td><td>Bars of chocolate</td><td>Price (€)</td></tr><tr><td>Before the increase</td><td>90 bars</td><td>100 cents</td></tr><tr><td>After the increase</td><td>50 bars</td><td>140 cents</td></tr><tr><td>Changes</td><td>- 40 bars</td><td>+ 40 cents</td></tr></table> <div><p>Workings:</p>$\frac{-40}{+40} \times \frac{100 + 140}{90 + 50} = \frac{(240)}{(140)}$<p>Answer: -1.71 (-2 for omission of – sign)</p></div>		Bars of chocolate	Price (€)	Before the increase	90 bars	100 cents	After the increase	50 bars	140 cents	Changes	- 40 bars	+ 40 cents	20 10 @ 2
	Bars of chocolate	Price (€)													
Before the increase	90 bars	100 cents													
After the increase	50 bars	140 cents													
Changes	- 40 bars	+ 40 cents													
	(ii)	Indicate if the demand for a bar of chocolate is price elastic or price inelastic . Explain your answer.	5												
		<div><p>Answer: Price elastic demand</p><p>Explanation:</p><p>The answer is greater than 1 in absolute terms. The percentage change in the price of the product has caused a greater percentage change in the quantity demanded of the product. Every 1% fall in price has caused 1.71% rise in quantity demanded.</p></div>													

		Possible responses	Marks
Question 16			
(a)		According to the United Nations, the global population reached 8 billion in 2022.	9
27	(i)	<p>Outline one reason why you think global population has grown so rapidly since 1804.</p> <ul style="list-style-type: none"> • The birth rate exceeds the death rate: As the birth rate exceeds the death rate there is a natural increase in the world's population. • Health care improvements / Increased life expectancy: Advances in health care technology and medicine have led to fewer people dying from illnesses. The discovery and widespread availability of vaccines and antibiotics has meant the elimination of many diseases such as measles and tuberculosis. Advancements in health care and improved standards of living are allowing people live longer. • Advances in sanitation systems: The implementation of modern sanitation systems and increased awareness of hygiene practices have contributed to a decrease in the spread of deadly diseases. • Increased agricultural productivity: Improved agricultural practices have led to fewer famines. The adoption of machinery like tractors and combine harvesters have allowed for more efficient and productive farming to sustain much larger numbers of people. Improved fertilisers and pesticides have increased crop protection and yields thereby increasing the supply of food. • International migration: In the developed regions population growth is largely due to high levels of international migration. • The industrial Revolution: The shift from agricultural to industrial societies has created new job opportunities, leading to urbanisation and higher standards of living. • Improved access to education: Widespread access to education and information has led to better family planning and awareness of health practices. • Increased global interconnectedness: Technological advancements in transportation and communication have facilitated international trade, migration, and the sharing of ideas, further contributing to global population growth. • Cultural attitudes to the necessity for children: Some countries due to religious / economic factors encourage women to have more children. 	

	<p>(ii) In several countries many people over 65 years of age are hoping to become part of the so-called “unretired”, i.e. they want to return to work.</p> <p style="text-align: right;">Adapted from the Irish Times</p> <p>Outline one effect on the Irish economy if more people aged 65 years and over return to work.</p> <ul style="list-style-type: none">• Employment levels may rise / Increase in tax revenues: As more individuals over 65 years of age re-join the workforce, we are likely to witness a boost in economic productivity and higher numbers employed.• The dependency ratio will decrease: With more elderly citizens working, the dependency ratio (the number of those non-working-age individuals relative to those of working-age) will decrease. This will help reduce government expenditure on social protection, leading to improved fiscal sustainability.• Consumer spending by senior citizens may rise: Older citizens returning to work will have a higher disposable income, leading to higher consumer spending. This can stimulate economic growth and create a positive cycle of demand and production.• It will transfer skills and knowledge: The “unretired” bring valuable experience, skills, and knowledge to the workforce. This can foster innovation, improve productivity, and maintain institutional memory in organisations.• It may exert pressure on younger workers and job opportunities: The “unretired” may increase competition for jobs, potentially making it more difficult for younger workers to secure employment or to advance in their careers. This could have negative implications for wage growth and generational wealth disparities.	9
--	--	---

	(iii)	<p>Ireland's population is ageing faster than anywhere else in Europe. Outline one economic effect the above development will have on the Irish government.</p> <ul style="list-style-type: none"> Increased costs of pensions: The government must plan to fund for increased pensions into the future i.e. increasing taxation, changing pension entitlements etc. Increase demands on the healthcare system: As the population ages the government must plan to provide increasing funding to the healthcare system to deal with its increased use. Increased tax revenue: As people age then their level of spending may increase as they may have more discretionary income and revenue from the indirect taxes collected on this spending by a growing population may increase. Pressure on provision of state services / on infrastructure: Demand for those services for older people will increase and this may increase demand for the appropriate infrastructure i.e. accommodation; healthcare; care for older people – workforce adapted to their needs etc. Possible increased tax burden for those remaining in the workforce: The government may have to plan that funding for the ageing population should be funded from increases in current taxation – which may have the effect of upsetting current taxpayers. 	9
--	-------	---	---

Economic disadvantage:

9

- **Possibility that some MNCs might relocate:**
Some of the MNCs might look at relocating their operations in Ireland to another country.
- **Possible loss of revenue to the government:**
If the MNCs were to relocate then the Irish government would lose out on tax revenue.
- **Impact on jobs:**
The relocation would have a significant impact on jobs in the Irish economy.

(c)

20

The information below details new rules introduced by the Central Bank of Ireland as to how much can be borrowed by people buying a house for the first time.

2022	First-time home buyers may borrow up to 3.5 times their gross income.
2023	First-time home buyers may borrow up to 4 times their gross income.

- (i) Indicate with a tick (✓) below whether you think the new mortgage borrowing rules has a positive or negative effect on first-time home buyers / the Irish housing market. Explain your answer.

Positive: ☒ Negative: ☒

Positive effect explanation:

10

- **Homes will become more affordable:**
The higher borrowing limit will enable first-time buyers to access more funds, which can help them afford homes in a market where prices have been rising. This increased affordability could make it easier for them to enter the housing market.
- **Stimulates housing demand:**
With more potential buyers able to afford homes, this could stimulate demand for housing, which may in turn encourage developers to build more homes, addressing any supply shortages in the market.
- **Strengthens the economy:**
Increased activity in the housing market can have positive knock-on effects for the broader economy. For example, higher demand for housing may lead to more construction jobs and increased spending on home furnishings and renovations, which can benefit various industries.

Negative effect explanation:

- **Risk of overborrowing and household debt:**

Allowing first-time buyers to borrow more money may lead to them overborrowing, particularly for those who may not have a clear understanding of their long-term financial capabilities. This could put them at risk of financial stress and difficulty in meeting mortgage repayments, particularly if there is an economic downturn, job losses, or a rise in interest rates, which could make it difficult for borrowers to meet their mortgage obligations.

- **Risk of a housing bubble:**

The increased borrowing capacity could stimulate demand for housing, potentially pushing prices up. If prices rise too quickly and outpace wage growth, this may exacerbate the housing bubble, which could eventually burst, leading to a sudden decline in house prices and negative equity for homeowners.

- **Inflationary pressure:**

Higher demand for housing and increased buying power could lead to higher housing prices, further contributing to inflationary pressure in the broader economy. This could lead to further ECB interest rates hikes to curb inflation, which in turn could increase the cost of borrowing and put pressure on homeowners.

- **Reduced affordability for non-first-time buyers:**

The new rules only benefit first-time home buyers, so they could inadvertently make it more difficult for existing homeowners to upgrade or downsize, as higher demand and increased prices could reduce affordability for these buyers.

- **Social inequality:**

The new rules may disproportionately benefit higher-income first-time buyers who have the capacity to borrow more, while lower-income individuals and families may still struggle to enter the housing market due to other barriers, such as the inability to save for a deposit.

		<p>Fintech company, Revolut, now has over two million users in Ireland and is set to enter the mortgage market by offering mortgage loans to Irish consumers.</p> <p style="text-align: right;">Adapted from rte.ie</p>	
	(ii)	<p>Outline one possible economic effect Revolut becoming a mortgage lender may have on people applying for a mortgage in Ireland.</p> <ul style="list-style-type: none"> Increase in competition: Revolut's entry would lead to increased competition among traditional mortgage lenders in Ireland, challenging their dominance. This could lead to more attractive mortgage rates and terms, benefiting consumers as lenders strive to offer better deals and innovation to attract and retain customers. Improved access to mortgage loans: The innovative instant application process could streamline the mortgage application process, making it easier and more efficient for potential homebuyers to access mortgage loans. Lower borrowing costs: Increased competition among lenders may lead to lower interest rates, which could reduce the cost of borrowing for homebuyers. Lower borrowing costs could make homeownership more affordable for a wider range of consumers. Financial inclusion: Revolut's innovative approach to lending and their digital platform could potentially increase financial inclusion by providing access to mortgage loans for underserved populations who may have had difficulty obtaining traditional mortgages. 	10

Ordinary Level Economics Student Research Project

Before commencing marking read the entire Individual Investigative Study to familiarise yourself with the content presented for marking.

Note: Be careful not to penalise skilful brevity, nor to reward unwarranted length.

These descriptors should be interpreted in the context of the challenges and demands of the investigation the candidate has chosen.

Section	Very Good	Good	Fair	Weak
Introduction	<p>The line of inquiry is reasonably clear and there is some evidence of coherence.</p> <p>The aims are slightly vague in context but they do meet a number of the requirements.</p> <p>A reasonably good attempt is made at linking the line of inquiry to the Learning Outcomes.</p>	<p>A basic attempt at linking the line of inquiry to the theme. The report lacks depth and structure.</p> <p>The aims are very vague and displays limited understanding of the theme and LOI.</p> <p>Vague attempt at linking the line of inquiry to the Learning Outcomes.</p>	<p>Very basic level of response.</p> <p>Very poor linking of the line inquiry to the theme or the Learning Outcomes.</p> <p>Aims if given are very poor with no structure.</p>	<p>Line of inquiry is not relevant to the theme or topic.</p> <p>No link to the Learning Outcomes.</p> <p>No aims provided.</p>
10 marks	8-10	6-7	4-5	0-3
Evidence of Data: 5 marks	5	Deduct 1m if no quantitative data.	Deduct 1m if 2 sources not included.	

The Research Process 40 marks				
	Very Good 8-10	Good 6-7	Fair 4-5	Weak 0-3
Application & Analysis	A good application and analysis of key concepts and theories to the line of inquiry.	Simplistic very basic application of key concepts and theories to the line of inquiry.	A simplistic, maybe confused attempt to apply a concept/theory to the line of inquiry.	No application of concept/theory to the line of inquiry. Concepts and theories if evident are irrelevant to the line of inquiry.
Interpretation & Evaluation	Basic analysis and interpretation and evaluation of sources of information and data used. Concepts and theories used make tentative links to part of the research process. In some cases, evaluation may be omitted.	Very basic analysis & interpretation of sources of information and data. Evaluation may be omitted. Concepts are somewhat relevant and sometimes applied to the line of inquiry	Data and sources of information is poorly researched which leads to very little if no interpretation.	Very poor selection of research sources. No evidence of evaluation.
Arguments & Judgements	Some good arguments and judgements are offered which are somewhat linked to economics concepts and theories.	Arguments/judgements offered are very limited and may not be relevant.	Very limited if any arguments or judgments are offered.	No arguments and judgements are offered.
Data	The sources of information and data used are relevant and in date but are very limited in quality and standard.	Sources of information and data if included are somewhat relevant and some maybe in date.	There is some very limited, very vague evidence of sources of information used and data. Very little evidence.	No sources of information used or data are evident.
Research Process overall mark	31-40	21-30	11-20	0-10

	Very Good	Good	Fair	Weak
Conclusion	Some conclusions are made based on the basic analysis and evaluation of the evidence with a good link to concepts & theories. Intended aims have been mostly addressed & most are met. Recommendations lack structure & depth. New somewhat relevant question/line of inquiry suggested.	Some conclusions are made based on a very basic analysis and evaluation (if any) with some limited evidence that these are somewhat linked to concepts/theories. Some of the intended aims are met and some recommendations are made.	Some conclusions are made but limited evidence to support them. These may be based on irrelevant material. Some of the intended aims are somewhat addressed. Regurgitation and repetition of information already used is evident. These may be irrelevant or incorrect.	Little or no conclusions made with very little evidence to support them and irrelevant material used. Intended aims are not met. A lot of regurgitation and repetition.
20 marks	16-20	12-15	8-11	0-7
Reflection	A personal reflection on the SRP is evident. Students consider & reflect on some elements of their learning. Basic consideration given to how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/not influenced as a result of engaging with the study.	A basic personal reflection on some elements of the SRP is attempted. A very basic consideration on how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/ not influenced as a result of engaging with the study.	Limited personal insights gained through limited reflection on the topic. Limited consideration (if any) on how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/not influenced as result of engaging with the study.	No personal reflection – inadequate reflection. Re-telling of facts learned. No personal insight into how their thinking/attitudes has changed and/or evolved, their opinions and/or behaviour influenced/not influenced as a result of engaging with the study.
10 marks	8-10	6-7	4-5	0-3
Communication Presentation & Overall Coherence	The SRP is reasonably coherent and logical. The language, concepts & data are somewhat integrated to give a basic flow & structure. Communication of data & information is clear but simplistic. There is evidence of originality and innovation.	The SRP generally lacks coherence and focus. The language, concepts & data lack focus & structure & the report may be hard to follow. Lacks consistency. Very little evidence of originality and innovation.	A poor attempt at delivering a coherent and logical SRP. The language, concepts & data are very poor and confused with many errors throughout. Little to no evidence of originality and innovation.	This SRP totally lacks structure and coherence. Irrelevant material and significant errors. The report contains incorrect information/plagiarism.
15 marks	12-15	9-11	6-8	0-5

