



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2024
Economics
Ordinary Level

Friday 21 June Morning 9:30 - 12:00

400 marks

Examination Number

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Date of Birth

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For example, 3rd February
2005 is entered as 03 02 05

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 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.



Adapted from sdgsun.org

- (i) Explain one reason **why** our oceans and seas are a valuable economic resource.

Explanation:

Explanation:

- (ii) Outline one way **individuals** can help protect this valuable resource.

Question 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.

Price competition	
Non-price competition	

Explanation:

OR

- (b) Explain how Lidl's customers can benefit from the discount coupons (special offers) being offered to customers who download the Lidl Plus app.

Explanation:

Question 3

- (a) 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.

	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.		

OR

- (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.

1.
2.

Question 4

47% of Irish families with young children do not contribute to a rainy-day savings fund.

Adapted from RTE

(a) Explain one reason **why** these families may not be saving.

Explanation:

OR

(b) Outline one measure financial institutions in Ireland could take to encourage citizens in Ireland to save.

One measure:

Question 5

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.

		Import	Export	Reason
1.	Farmers in Ireland selling beef to the German market.			<div></div> <div></div> <div></div>
2.	Irish tourists staying in hotels in France.			<div></div> <div></div> <div></div>

Question 6

The Deposit Return Scheme was introduced on the 1st February 2024.

(Note: A consumer pays a deposit for their drink container and when the container is returned to the collection point, their deposit is returned.)

Outline two effects this scheme may have on Irish consumers.

1.
2.

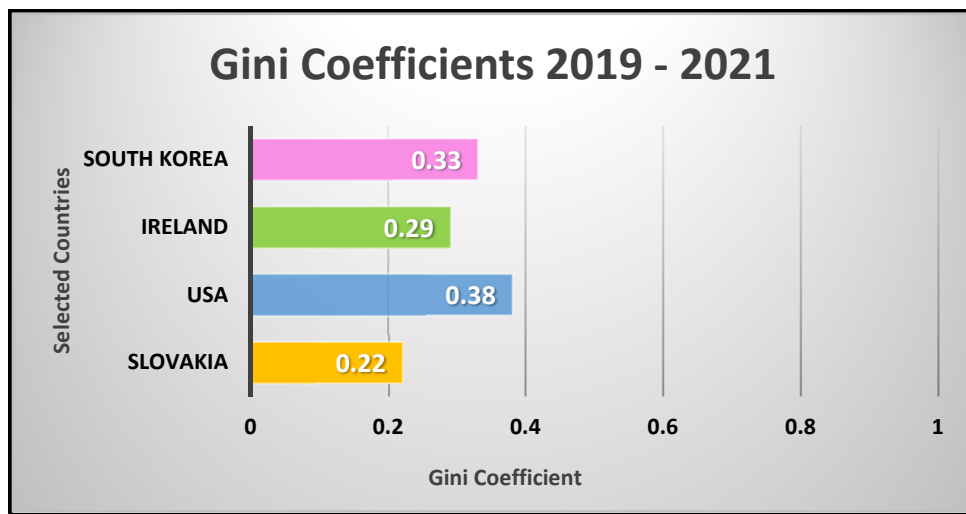
Question 7

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.

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.		

Question 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.



Adapted from the OECD

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.

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

Question 9

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

Real GDP	4.7%
Real GNI	0.4%

Adapted from Economic & Fiscal Outlook

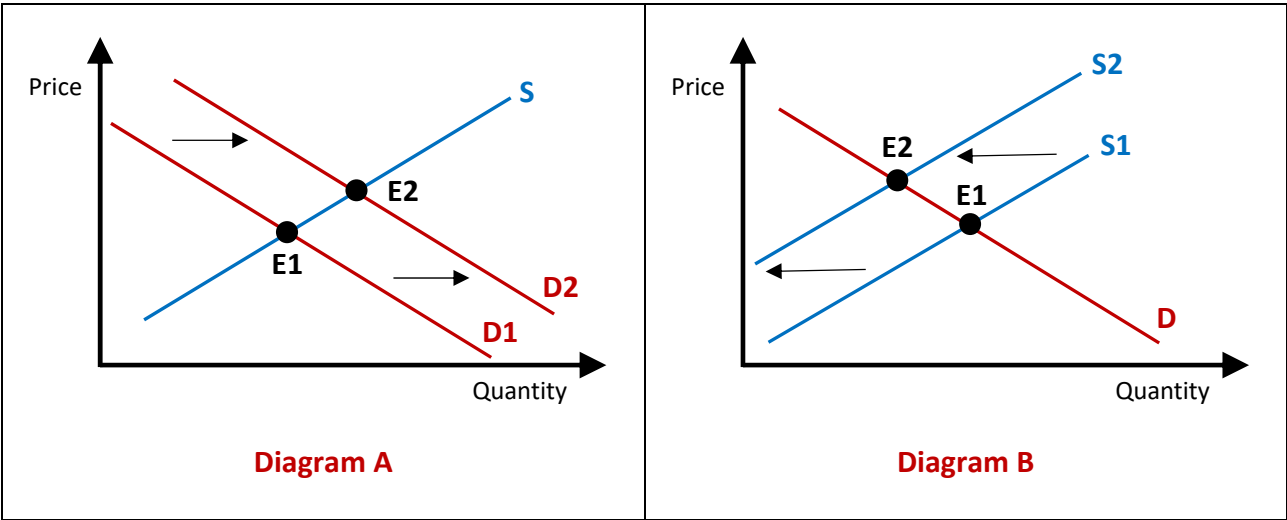
Complete the following table to show what each of the abbreviations stand for.

G _____	Domestic	P _____
G _____	N _____	Income

Question 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	

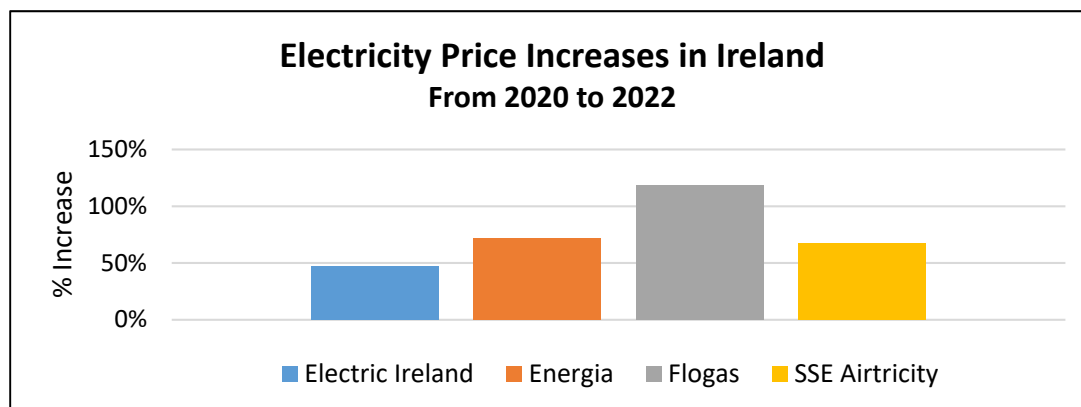
Explain your answer including the effects on equilibrium price **and** equilibrium quantity.

Explanation:

Answer 4 out of 6 questions

Question 11

(a) The chart below shows increases in electricity prices from some providers from 2020 to 2022.



Adapted from SEAI

(i)

Which company had the highest price increase?	
Which company had the lowest price increase?	

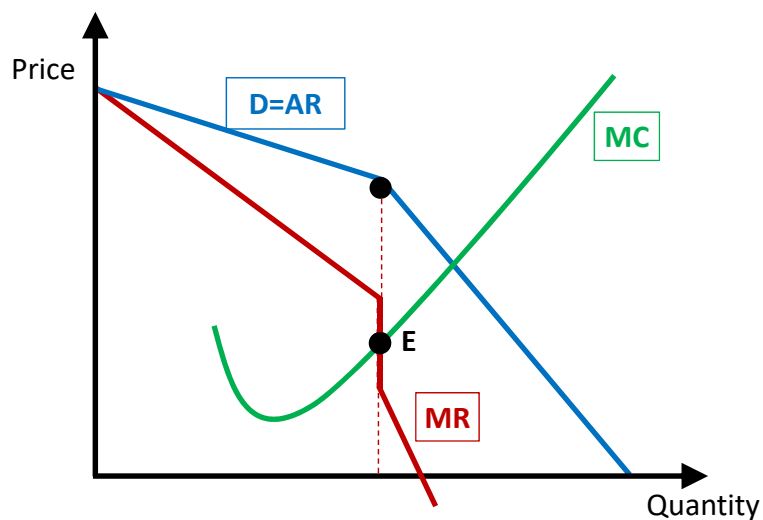
(ii) Outline one possible economic effect of these price increases on businesses in Ireland.

One effect:

(iii) During winter 2023 – 2024, the Irish government granted all households a credit of €450 towards their electricity bills. Why, in your opinion, did the government do this?

Reason:

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



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

D=AR	
MC	
MR	

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

The electricity market is an example of an oligopoly market in Ireland.

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

Example:
Reason:

(c) Panda Power left the Irish energy market. It became the fourth energy company to leave the Irish market.

(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.

More Competitive	<input type="checkbox"/>
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Less Competitive	<input type="checkbox"/>
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Explanation:

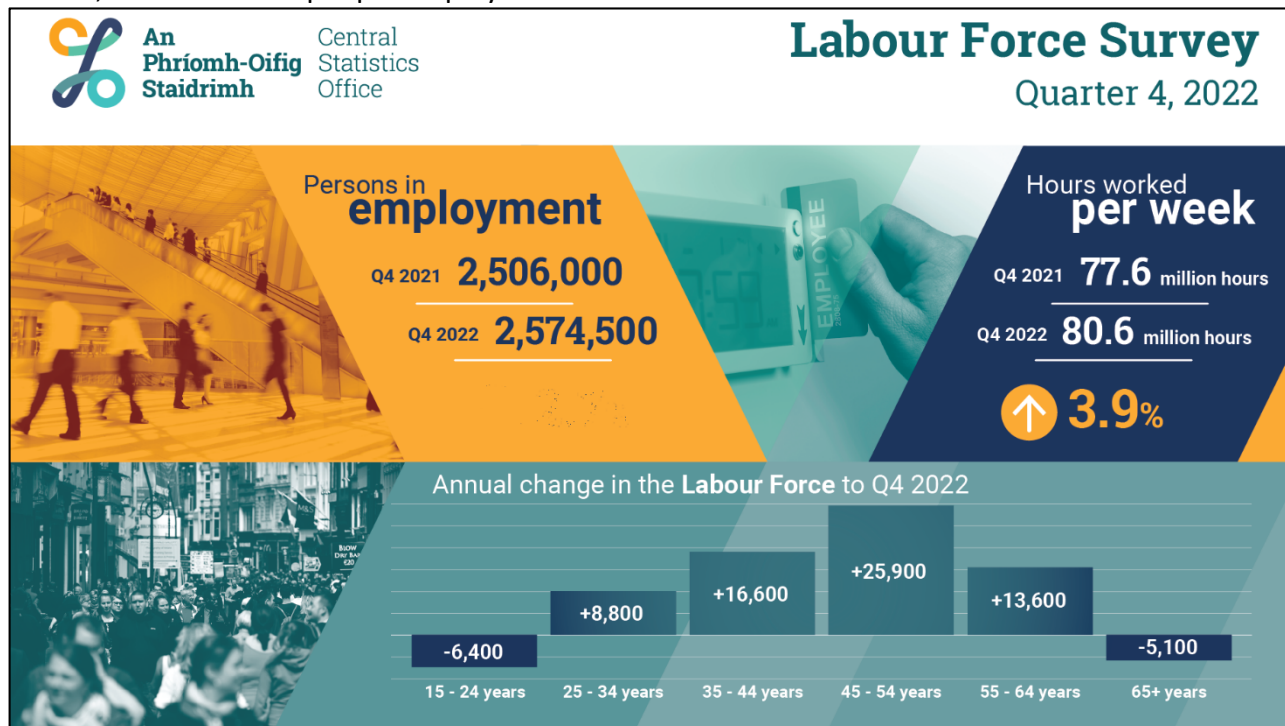
(ii) Outline two ways citizens in Ireland can behave more sustainably in their use of energy.

1.
2.

75 marks

Question 12

In 2022, the number of people employed in Ireland exceeded 2.5 million for the first time ever.



Adapted from the CSO

- (a) (i) From the data given on the left-hand side of the infographic above (orange part), calculate the percentage increase in the number of people in employment from Q4 2021 to Q4 2022. **Show all your workings.**

Workings:

Percentage increase:

- (ii) Outline one possible economic benefit of **increased employment** for the Irish economy.

Benefit:

- (b) (i) 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).

Scarcity:

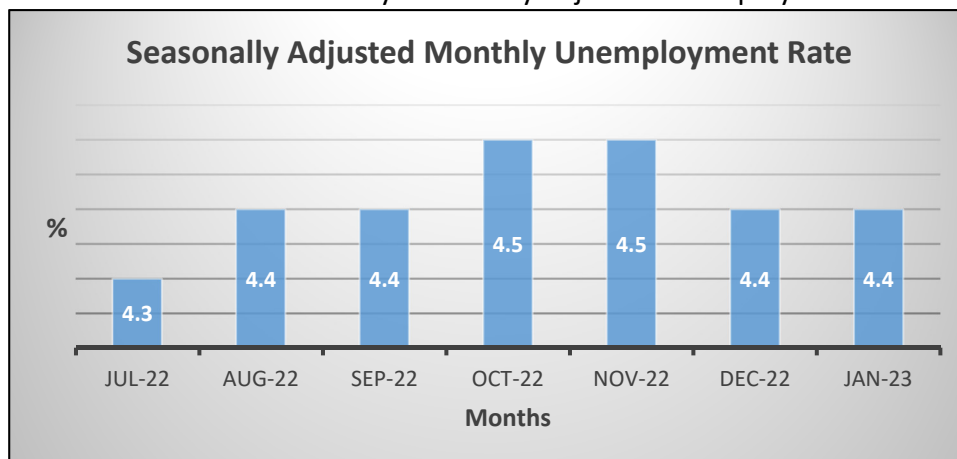
- (ii) The pharmaceutical industry has experienced a shortage of skilled labour in recent years. Explain **one effect** a shortage of labour could have on this industry.

Explanation:

- (iii) Outline one economic measure the Irish government could take to help increase the supply of more skilled labour in the economy.

Economic measure:

- (c) The chart below shows the monthly seasonally adjusted unemployment rates in Ireland.



Adapted from the CSO

- (i) Identify the overall trend in Irish unemployment using figures from the graph above.

Trend:

With labour costs increasing some Irish businesses are finding it difficult to continue to operate.

- (ii) Outline how this development may effect unemployment in Ireland.

Effect:

- (iii) Outline one reason why some people remain unemployed while job vacancies exist in the Irish economy.

Reason:

75 marks

Question 13

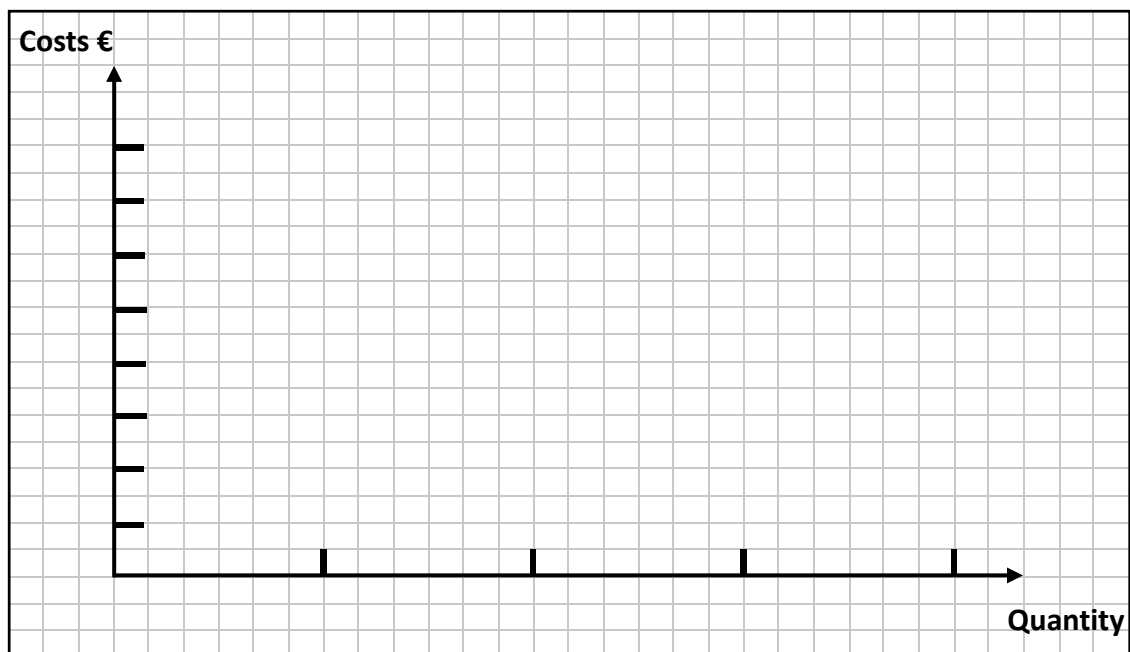
(a) (i) You have been given the data below for a firm.

On the graph paper provided below, 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.

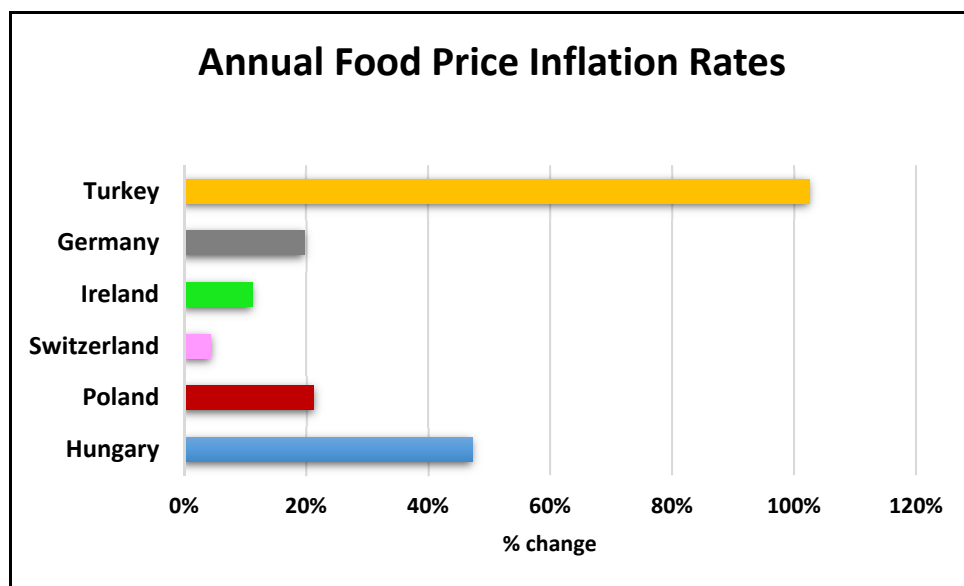
Quantity (units of output)	1	2	3	4
Fixed Costs in €	600	600	600	600
Variable Costs in €	500	600	700	800



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

	Explanation	Example
Fixed Costs	<hr/> <hr/> <hr/>	
Variable Costs	<hr/> <hr/> <hr/>	

- (b) The chart below shows the annual percentage change in food price inflation in selected countries.



Adapted from Eurostat

(i)

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

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

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

Economic effect:

- (c) 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

- (i) Explain what is meant by the economic term, cost-push inflation.

Cost-push inflation:

- (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.

Yes	
-----	--

No	
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Explanation:

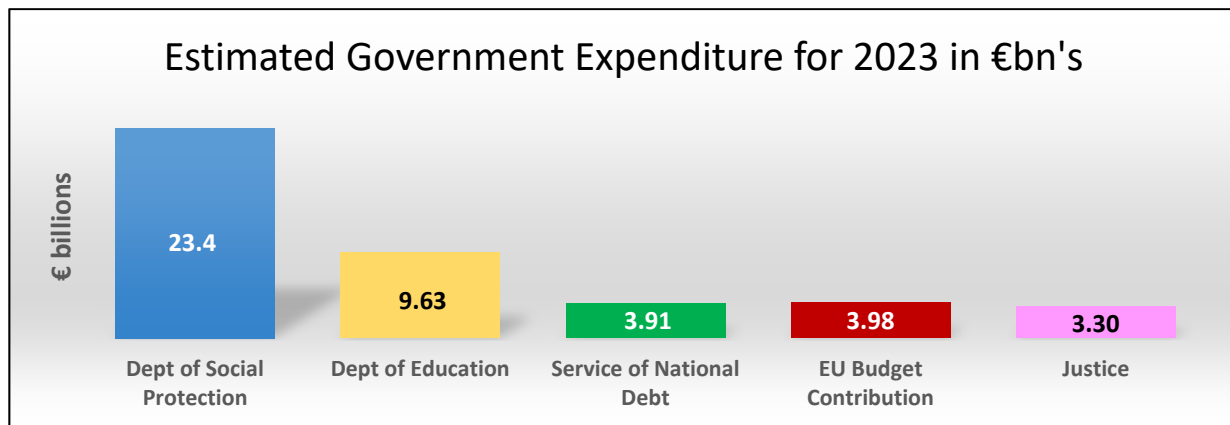
- (iii) The European Central Bank (ECB) is concerned about inflation rates in the euro area.
Explain why you think the ECB is concerned about inflation rates.

Explanation:

75 marks

Question 14

The chart below shows estimated levels of spending in some areas by the Irish government in 2023.



Adapted from the Department of Finance

- (a) (i) Using the figures in the chart above answer the following questions.
Show all your workings.

Question	Workings and Answer
Calculate how much the government planned to spend in total in the above 5 areas in €bn's.	
Using your answer from (i) above calculate what percentage (%) of government spending was planned to be spent on Education .	

- (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 Budget**.

One reason:

- (iii) Outline what is meant by the economic term national debt.

National debt:

- (b)** The standard rate of Value Added Tax (VAT) on goods and services in Ireland is 23%. Some goods including milk, bread, books, children's clothes, and disability aids have a VAT rate of 0%.

- (i)** Outline one reason why the government applies a 0% VAT rate on the sample of goods stated above.

One reason:

- (ii)** Indicate with a tick (✓) below whether VAT is an example of a direct tax **or** an indirect tax. Explain your choice.

Direct tax	<input type="checkbox"/>
Indirect tax	<input type="checkbox"/>

Explanation:

- (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.

Do you agree with the tourism and hospitality industry having a 13.5% VAT rate?

Please tick (✓) your choice.

Agree	<input type="checkbox"/>
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Disagree	<input type="checkbox"/>
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Explain your answer.

Explanation:

(c) 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:		
Answer:	Surplus: <input type="checkbox"/>	or Deficit: <input type="checkbox"/>
Explain:		

- (ii) Outline two reasons why **exports** are important for the Irish economy.

1.
2.

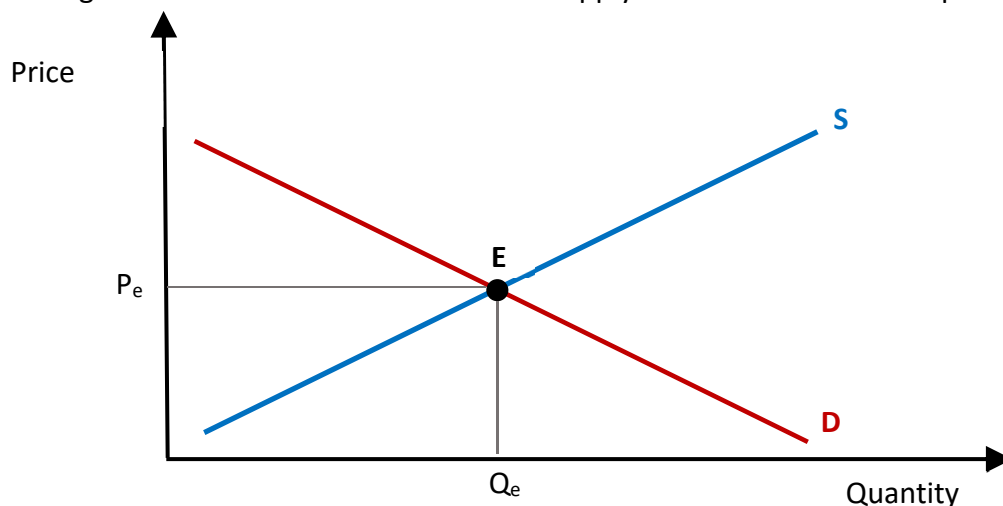
75 marks

Question 15

- (a) The table below concerns factors of production which may be found on a farm. Complete the table by either **naming** or **explaining** each factor of production. Some parts have already been completed for you.

Example	Name of Factor of Production	Explanation of Factor of Production
Farm Machinery		Anything that is man-made that is used in the production of goods and services/wealth.
Farm Workers		The human effort involved in the production of products on the farm.
Farm Owners		<hr/> <hr/> <hr/> <hr/>
Farm Land	Land	<hr/> <hr/> <hr/> <hr/>

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



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:

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

Explain:

- (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.**

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

	Bars of chocolate	Price (€)
Before the increase	90 bars	100 cent
After the increase	50 bars	140 cent
Changes	- 40 bars	+ 40 cent

Workings:
Answer:

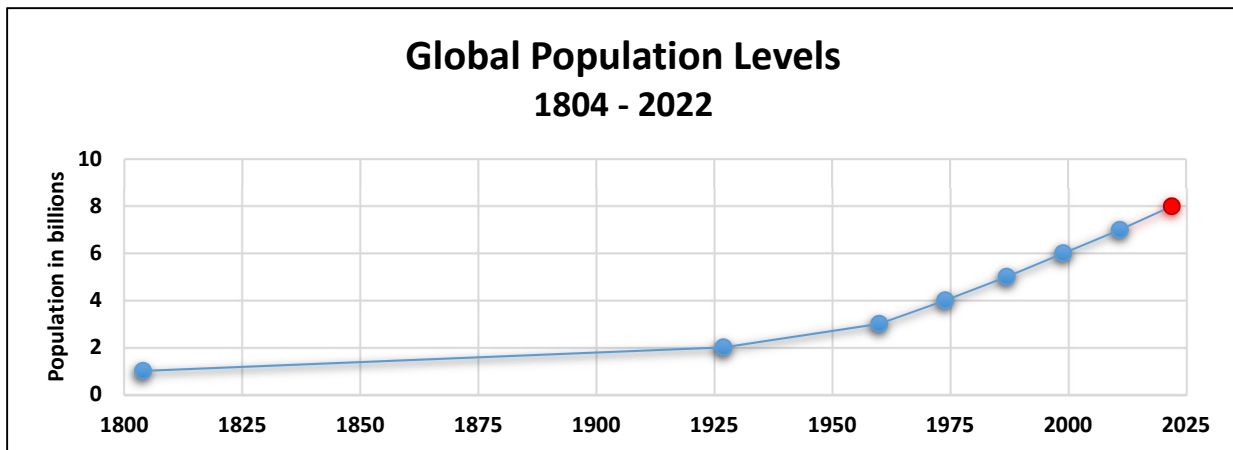
- (ii) Indicate if the demand for a bar of chocolate is **price elastic** or **price inelastic**. Explain your answer.

Answer:
Explanation:

75 marks

Question 16

- (a) According to the United Nations, the global population reached 8 billion in 2022. The chart below shows the growth in global population since 1804.



Adapted from the United Nations

- (i) Outline one reason why you think global population has grown so rapidly since 1804.

One reason:

- (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**.

Adapted from the Irish Times

Outline one effect on the Irish economy if more people aged 65 years of age and over return to work.

Effect:

- (iii) Ireland’s population is ageing faster than anywhere else in Europe.

Outline one economic effect the above development will have on the Irish Government.

Economic effect:

- (b) Corporation tax amounted to €22.6bn last year, nearly 50% higher than a year earlier – for the first time ever, this is the second largest source of tax revenue.

Adapted from gov.ie

- (i) Corporation tax is now the second largest source of tax revenue for Ireland.
Outline one possible **risk** to the Irish economy of this development.

Economic risk:

- (ii) Irelands corporation tax rate set to rise from 12.5% to 15% as part of global deal.

Adapted from the Irish Times.

Outline one possible **economic advantage** and one possible **economic disadvantage** of this increase in the corporation tax rate.

Economic advantage:
Economic disadvantage:

- (c) 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: ☐

Explain:

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.

Adapted from rte.ie

- (ii) Outline one possible economic effect Revolut becoming a mortgage lender may have on people applying for a mortgage in Ireland.

Economic effect:

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

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