

2018

SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

1. The firm in perfect competition is a 'price taker'.

(a) Explain this statement.

(b) Other than price taking, outline two characteristics of a perfectly competitive market.

(i) _____

(ii) _____

(16 marks)

2. *Raising interest rates before the end of the decade could threaten the long sought-after economic recovery in the Eurozone, the OECD has warned.*

Outline two possible economic effects of an increase in interest rates on the Irish economy.

(i) _____

(ii) _____

(16 marks)

3. The EU is an example of a customs union. Explain the term customs union.

(16 marks)

4. (a) State the Law of Diminishing Marginal Returns.

(b) Does this law apply in the short run or in the long run? Explain your answer.

(16 marks)

5. Read each statement below and indicate if the statement is TRUE or FALSE.
[Tick (✓) the correct box.]

STATEMENT	TRUE	FALSE
'Double counting' could occur when economic activity is measured using the expenditure method.		
Exports represent an injection into the circular flow of income.		
Gross Domestic Product (GDP) includes a provision for depreciation.		
Primary school teacher salaries are categorised as transfer payments in Ireland.		

(16 marks)

6. State and explain Adam Smith's four Canons of Taxation.

(i) _____

(ii) _____

(iii) _____

(iv) _____

(17 marks)

SECTION A (continued)

7. (a) Outline **two** policies a government could consider to reduce income inequality.

(i) _____

(ii) _____

(b) Outline **one** possible challenge for the Irish economy of reducing income inequality.

(17 marks)

8. Outline **three** economic consequences of raising the retirement age for public sector workers to 70 years.

Economic consequences:

(i) _____

(ii) _____

(iii) _____

(17 marks)

SECTION A (continued)

9. (a) Define the term price discrimination.

Definition: _____

- (b) Outline three conditions necessary for price discrimination to occur.

(i) _____

(ii) _____

(iii) _____

(17 marks)

Remember to return this examination paper with the answer book(s) used to answer the questions in Section B.

2017

SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

1. The Irish government is under pressure to restore public sector pay to pre-financial crisis levels. Outline two opportunity costs for the Irish economy of this restoration.

(i) _____

(ii) _____

(16 marks)

2. Indicate by means of a tick (✓) which of the following statements is TRUE or FALSE.

STATEMENT	TRUE	FALSE
The labour force includes part-time workers.		
Quasi-rent is economic rent earned by a factor of production in the long run.		
The market value of an existing bond rises if the rate of interest falls.		
Capital Widening refers to the situation where the capital stock is increasing at the same rate as the labour force.		

(16 marks)

3. (a) Distinguish between Direct Taxation and Indirect Taxation and state one example of each.

(b) Why are Indirect Taxes sometimes seen as inequitable? _____

(16 marks)

SECTION A (continued)

4. State three limitations on the power of banks to create credit.

- (i) _____
- (ii) _____
- (iii) _____

(16 marks)

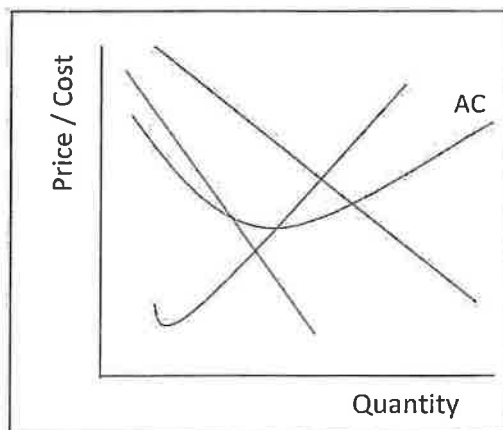
5. After plans for 'Brexit' were revealed there was a 'flash crash' where the value of the Pound Sterling (£) fell sharply against the Euro (€). State and explain two possible economic consequences of the above situation for the Irish Economy.

- (i) _____

- (ii) _____

(16 marks)

6. The diagram below shows a firm operating under conditions of Monopoly. (a) Label the lines/curves in the diagram and (b) Use the diagram to explain the long run equilibrium position for a firm in Monopoly.



Explanation:

- (i) _____
- (ii) _____
- (iii) _____
- (iv) _____

(17 marks)

SECTION A (continued)

7. (a) A consumer buys 80 units of Good A when the price of Good B is €100. When the price of Good B falls to €90 (the price of Good A remaining unchanged), the consumer buys 120 units of Good A. Using an appropriate formula, calculate this consumer's cross price elasticity of demand for Good A. (Show your workings.)

Workings:

Answer:

- (b) Is Good A a substitute or a complement to Good B? Explain your answer.

(17 marks)

8. Explain how the following Government policy objectives may conflict with each other.

Economic growth *versus* Balance of Payments equilibrium:

Economic growth *versus* a Just Social Policy:

(17 marks)

9. The Irish government is considering the reintroduction of tuition fees for third-level education. Outline **one** possible economic advantage and **one** possible economic disadvantage of this for the economy:

Economic advantage:

Economic disadvantage:

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2016.

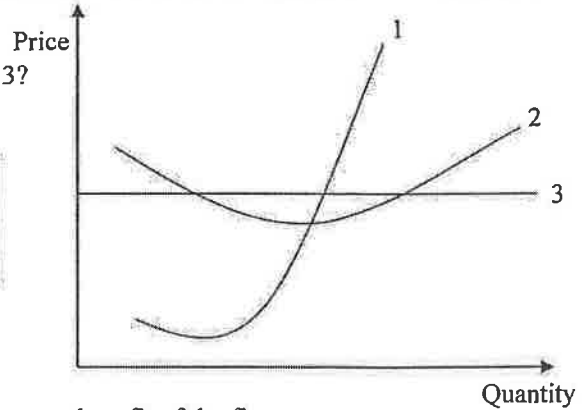
SECTION A (100 marks)

Answer **six** of the **nine** short response type questions in the spaces provided.

1. The diagram below shows a firm operating under conditions of **perfect competition** in the short run.

- (a) What is represented by the lines numbered 1 to 3?
Use the answer box provided.

Number	Name
1	
2	
3	



- (b) (i) Show clearly on the diagram the total supernormal profit of the firm.

(ii) Explain the term **supernormal profit** _____

_____ (16 marks)

2. Define the **Law of Diminishing Marginal Returns** and illustrate this with a suitable example.

Definition _____

Example _____

_____ (16 marks)

3. Outline **two** ways the Irish government could improve the mobility of labour in order to reduce unemployment.

(i) _____

(ii) _____

_____ (16 marks)

SECTION A (continued)

4. Firms within the aircraft industry can benefit from economies of scale. Explain the term **economies of scale** and provide **one** example for a firm in the aircraft industry.

Explanation _____

Example _____

(16 marks)

5. (a) Outline **two** possible effects on the Irish economy of high levels of youth unemployment.

(i) _____

(ii) _____

- (b) State **one** economic policy the government could introduce to reduce youth unemployment.

(16 marks)

6. The table below shows the annual average level of income in a country and the corresponding demand for Product A for two years.

Year	Income (€)	Product A (units)
Year 1	57,000	100
Year 2	63,000	200

- (i) Calculate the income elasticity of demand (YED) for Product A.

Show your workings.

- (ii) Using your knowledge of YED, explain the economic meaning of this figure you calculated in (i) above.

Workings:

Answer:

(17 marks)

SECTION A (continued)

7. The primary aim of the ECBs monetary policy is to maintain price stability..

(a) Define the term **monetary policy**.

(b) Outline **two** benefits of price stability for the Irish economy.

(i) _____

(ii) _____

(17 marks)

8. (a) Outline **two** possible economic effects of the Irish government introducing a levy on home insurance premiums to help address damage caused by the recent flooding crisis in Ireland.

(i) _____

(ii) _____

(b) Suggest **one** alternative method for addressing the flooding crisis in Ireland.

(17 marks)

9. "The national minimum wage is increased by 50 cent, bringing it to €9.15 in a bid to make work pay."
(Source: *Irish Independent*, October 2015)

Outline **three** possible economic impacts of this measure on the Irish economy.

(i) _____

(ii) _____

(iii) _____

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in

Section B

Page 4 of 12

2015

SECTION A (100 marks)

Answer six of the **nine** short response type questions in the spaces provided.

1. Outline why 'choice' is fundamental to the study of economics.

(16 marks)

2. (a) Explain the concept of the Equi-Marginal Principle of Consumer Behaviour.

- (b) In equilibrium, a consumer buys 5 bottles of water at €2.50 each and 8 bagels at €3 each.

The marginal utility of the 5th bottle of water is 5 utils.

Calculate the marginal utility of the 8th bagel.
(Show your workings.)

Workings:

Answer:

(16 marks)

3. (a) Outline the primary responsibility of the National Treasury Management Agency (NTMA).

"The NTMA sells bonds worth €4bn at a low yield (0.867%) in 2015."

(Report: Irish Times, January 2015)

- (b) Is selling bonds at a low yield good or bad for the Irish Government? Explain your answer.

(16 marks)

SECTION A (continued)

4. *A high concentration ratio is a key feature of an Oligopolistic Market.*

(a) Explain this statement and give **one** example.

(b) Outline two ways oligopolists behave in the market:

(i) _____

(ii) _____

(16 marks)

5. *"Indirect taxes can be regressive but they also have advantages for governments."*

(a) Explain what is meant by a *regressive tax*.

(b) Outline **two** advantages of *indirect taxation* for governments:

(i) _____

(ii) _____

(16 marks)

6. Outline **two** main contributions to economic thought put forward by the *Classical Economists*:

(i) _____

(ii) _____

(17 marks)

SECTION A (continued)

7. Read each statement below and indicate if the statement is true or false. [Tick (✓) the appropriate box.]

STATEMENT	TRUE	FALSE
A good with an income elasticity of demand (YED) of +2.5 is a luxury good.		
If the cross-price elasticity of demand (CED) is negative then it may be said that the goods are complements.		
When demand is price elastic, a reduction in price will lead to a decrease in total revenue.		
When many close substitute goods are available, demand for any one of them should be highly elastic.		

(17 marks)

8. (a) *"The Euro (€) is hitting a four and a half year low against the US \$."*
(Report: The Irish Independent, January 2015)
 Explain what the above statement means.

- (b) Outline **two** possible economic effects of this development for the Irish economy:

(i)

(ii)

(17 marks)

9. *"Since 1990 Ireland has achieved the largest gain in life expectancy for 65 year olds in all EU member states."*
(The OECD Report: Health at a glance: Europe 2014)
 Outline **two** possible economic implications of this development for the Irish economy **and** one policy measure the Government could consider in response to this situation.

(i)

(ii)

Government Policy:

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2014

SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

1. Define the term 'opportunity cost'.
State one example of an opportunity cost facing the Irish Government.

Definition: _____

Example: _____

(16 marks)

2. If the marginal cost (MC) is less than average cost (AC), then AC must be falling when output increases.

(i) Is this statement true? Circle the correct answer. YES / NO

(ii) Explain the reason for your answer: _____

(16 marks)

3. Define the term 'structural unemployment' and outline one policy response that the Irish Government could take to reduce it.

Definition: _____

Government Policy: _____

(16 marks)

SECTION A (continued)

4. Explain the meaning of the term 'complementary goods' (i.e. joint demand).
State one example.

Explanation: _____

Example: _____

(16 marks)

5. State three assumptions/characteristics underlying the theory of monopoly.

(i) _____
(ii) _____
(iii) _____

(16 marks)

6. Outline two possible economic effects for the Irish Economy of the euro (€) appreciating in value against the US dollar (\$).

(i) _____

(ii) _____

(17 marks)

7. Outline two ways in which the return to the factor of production **enterprise** differs from the return to other factors of production.

(i) _____

(ii) _____

(17 marks)

OVER →

SECTION A (continued)

8. Ireland recently emerged from the EU/IMF/ECB 'Troika Bailout Programme'.
(December 15th 2013)

Outline two possible economic implications for the Irish economy of having exited this programme.

(i) _____

(ii) _____

(17 marks)

9. Outline two possible social costs and two possible social benefits of an investment by 'EirGrid' in upgrading Ireland's electricity network by erecting high-voltage power lines (pylons).

Social Costs:

(i) _____

(ii) _____

Social Benefits:

(i) _____

(ii) _____

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2013

SECTION A (100 marks)

Answer **six** of the **nine** short response type questions in the spaces provided.

1. The fundamental economic problem is one of 'scarcity'. Explain this concept.

(16 marks)

2. Define the 'Marginal Efficiency of Capital' (MEC). Outline two possible reasons for a fall in MEC.

Definition: _____

Reason 1: _____

Reason 2: _____

(16 marks)

3. Read each statement below and indicate if the price elasticity of demand (PED) for the product is most likely to be elastic or inelastic. (Tick ✓ the correct box.)

STATEMENT	ELASTIC	INELASTIC
Consumers are strongly attached and loyal to the product.		
Many close substitutes are available for the product.		
The product is a luxury product.		
The product accounts for only a small fraction of a consumer's weekly expenditure.		

(16 marks)

4. (a) Collusion may be a feature of an oligopolistic market. Explain what is meant by 'collusion'.

- (b) Collusive practices may be undermined by price wars. Outline two benefits of price wars for the consumer.

(i) _____

(ii) _____

(16 marks)

5. Outline three mechanisms for restricting free trade.

(i) _____

(ii) _____

(iii) _____

(16 marks)

6. Explain what is meant by the economic term 'Paradox of Thrift'.

(17 marks)

7. Outline **four** contributions of Adam Smith to economic thought.

(i) _____

(ii) _____

(iii) _____

(iv) _____

(17 marks)

8. Define the term 'Average Propensity to Consume' (APC) and calculate the APC for 2012 from the information below. (Show your workings.)

WORKINGS

Year	Disposable Income	Savings
2012	€34,000	€5,200

Definition: _____

Answer: _____

(17 marks)

9. A recent report to the Irish government highlighted the growing issue of alcohol abuse in Ireland.

- (a) Outline **one** private cost and **one** social cost related to excessive alcohol consumption.
- (b) Describe **one** advantage and **one** disadvantage of the government imposing a minimum price on alcohol products.

(a) Private Cost: _____

Social Cost: _____

(b) Advantage: _____

Disadvantage: _____

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2012

SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

1. State three reasons why the demand curve for bottled water may shift to the right.
- (i) _____
- (ii) _____
- (iii) _____
- (16 marks)

2. State three areas of responsibility of the European Central Bank (ECB).
- (i) _____
- (ii) _____
- (iii) _____
- (16 marks)

3. Outline two reasons for the growth of the 'Black Economy' and state two effects for the Exchequer.
- Reason 1: _____
- Reason 2: _____
- Effect 1: _____
- Effect 2: _____
- (16 marks)

4. In relation to each statement listed below, indicate whether it is an internal or external (a) economy of scale or (b) diseconomy of scale. (Place a tick (✓) for each correct answer.)

Statement	(a) Economy of Scale		(b) Diseconomy of Scale	
	Internal	External	Internal	External
Repetitive tasks, workers are bored				
R&D costs are shared by many firms				
Discounts are available for bulk buying				
Inadequate infrastructure				

(16 marks)

5. 'Inferior products have a negative Income Elasticity of Demand (YED)'.
- (a) Explain this statement.
- Explanation: _____
- _____
- _____
- (b) State one example of an inferior product, giving a reason for your answer.
- Example: _____
- _____

(16 marks)

6. Study the table below and calculate (i) and (ii), showing all your workings.

Year	National Income	Consumption	Investment	Exports	Imports
1	€24,000	€15,000	€6,000	€10,000	€7,000
2	€34,000	€22,000	€8,000	€16,000	€12,000

(i) The Marginal Propensity to Save (MPS).

Answer: _____

(ii) The size of the Multiplier.

Answer: _____

(17 marks)

7. Outline three factors currently affecting the rate of savings in the Irish economy.

(i) _____

(ii) _____

(iii) _____

(17 marks)

8. 'Imperfect Competition is wasteful of resources'. Do you agree with this statement? Yes /No
Explain your answer.

(17 marks)

9. The Irish Government introduced the household charge (property tax) of €100 per household in its 2012 budget.

(a) State two advantages of this charge/tax for the Exchequer.

(i) _____

(ii) _____

(b) Is this a progressive tax or a regressive tax? Explain your answer.

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2011

SECTION A (100 marks)

Answer six of the **nine** short response type questions in the spaces provided.

1. State four steps involved in constructing a Consumer Price Index (CPI).

Step 1 _____

Step 2 _____

Step 3 _____

Step 4 _____

(16 marks)

2. Define a mixed economy. State two examples of economic activity which supports the view that Ireland is a mixed economy.

Definition: _____

Example 1: _____

Example 2: _____

(16 marks)

3. Name the market structure (Perfect Competition, Imperfect Competition or Monopoly) to which each statement below is most likely to apply:

	STATEMENT	MARKET STRUCTURE
(i)	The firm has a perfectly elastic demand curve.	
(ii)	The product of the firm is unique.	
(iii)	Restaurants could be an example of this market structure.	
(iv)	Average costs of the firm are at a minimum.	

(16 marks)

4. Outline three areas of responsibility of the National Treasury Management Agency (NTMA).

(i) _____

(ii) _____

(iii) _____

(16 marks)

5. Define the term occupational mobility of labour. Outline two factors which can influence it.

Definition: _____

Factor 1: _____

Factor 2: _____

(16 marks)

6. Outline **two** possible economic effects for the Irish economy of the euro (€) falling in value relative to the US dollar (\$).

(i) _____

(ii) _____

(17 marks)

7. State **three** reasons why multinational firms are re-locating to countries like Vietnam, Indonesia and Thailand in Southeast Asia.

(i) _____

(ii) _____

(iii) _____

(17 marks)

8. A consumer buys 20 units of Good A when the price of Good B is €8. When the price of Good B rises to €10 (the price of Good A remaining unchanged) the consumer buys 12 units of Good A. Using an appropriate formula, calculate this consumer's cross elasticity of demand for Good A. (Show your workings.)

WORKINGS

Answer:

Is Good A a substitute for, or a complement to, Good B? Explain your answer.

(17 marks)

9. In September 2010 approximately 5.1% of mortgage accounts were **in arrears** (behind on mortgage payments) of 90 days or more. Outline **two** economic **reasons** for this development and **two** actions financial institutions could take to help mortgage customers.

Reasons:

(i) _____

(ii) _____

Actions:

(i) _____

(ii) _____

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.

2010
SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

1. State three reasons why prices of land for housing development have fallen in recent years in Ireland:

(i) _____

(ii) _____

(iii) _____

(16 marks)

2. Outline two measures the Irish Government could take to increase consumer spending in the economy.

Answer 1:

Answer 2

(16 marks)

3. A consumer spends €200 monthly on Product A when its price is €2 and continues to spend €200 monthly when its price increases to €2.50. Calculate the consumer's price elasticity of demand. (See Formulae and Tables Booklet p.28) Show all your workings and explain your answer.

Workings:

Answer:

Explanation:

(16 marks)

4. Define the term 'non-price competition'. State two examples.

Definition: _____

Example 1: _____

Example 2: _____

(16 marks)

5. State three economic reasons why entrepreneurship is important to the development of the Irish economy.

(i) _____

(ii) _____

(iii) _____

(16 marks)

6. It is estimated that in the Irish economy:
MPS = 0.25, MPM = 0.3, MPT = 0.2. Calculate the value of the Multiplier in the Irish economy.
Explain the economic meaning of the Multiplier figure. (See Formulac and Tables Booklet p.29)
Show your workings.

Workings

Answer:

Explanation:

(17 marks)

7. Outline two limitations in using the Live Register as a means of measuring unemployment.

(i) _____

(ii) _____

(17 marks)

8. Explain, with the aid of an example, the meaning of the term 'Rent of Ability'.

(17 marks)

9. The Irish Government is considering the introduction of water charges for households. Outline three possible economic arguments in favour of the introduction of water charges for households in Ireland.

(i) _____

(ii) _____

(iii) _____

(17 marks)

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2009

SECTION A (100 marks)

Answer six of the nine short response type questions in the spaces provided.

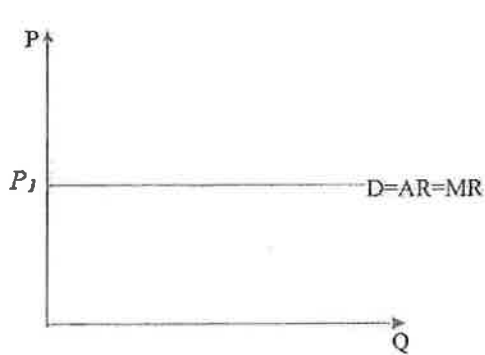
1. Outline two non-insurable risks faced by entrepreneurs.

(i) _____

(ii) _____

(16 marks)

2. The diagram below represents the demand curve facing a firm in Perfect Competition.



This demand curve is; (✓ correct answer)

- Unitary Elastic
- Perfectly Inelastic
- Perfectly Elastic

State the reason for your choice:

(16 marks)

3. Ireland has a mixed economy. What do you understand by the underlined term? State one economic advantage and one economic disadvantage of this type of economic system.

Explanation: _____

Advantage: _____

Disadvantage: _____

(16 marks)

4. Define 'cost-push' inflation. Identify two sources of this form of inflation in the Irish economy.

Definition: _____

Source 1: _____

Source 2: _____

(16 marks)

5. The demand for land is a derived demand. Explain what is meant by the underlined term with reference to land.

(16 marks)

6. Outline two possible economic effects of UK Sterling (£) falling in value relative to the Euro (€) for the Irish economy.

(i) _____

(ii) _____

(17 marks)

7. (a) State the Law of Diminishing Marginal Utility: _____

(b) The table below illustrates the Law of Diminishing Marginal Utility.

Number of units consumed	1	2	3	4	5	6
Total Utility in units	30	65	85	100	110	115
Marginal Utility in units	30					

Complete the table and state the point after which diminishing utility sets in.

 _____ (17 marks)

8. Define 'economic development'. Explain two social costs of economic development.

Definition: _____

Cost 1: _____

Cost 2: _____

(17 marks)

9. Economists have commented on Ireland's 'greying population', i.e. the structure of Ireland's population is getting older. Outline two economic effects of this development for the Irish economy.

(i) _____

(ii) _____

(17 marks)

Remember to return this question paper with the answer book(s) used to answer the questions in Section B.