2021.M58S

2021LO34G1ES

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination Sample Paper

Economics

Ordinary Level

2 hours 30 minutes

400 marks

Examination Number	
Day and Month of Birth	For example, 3rd February is entered as 0302
Centre Stamp	

Instructions

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

This examination carries 400 marks in total.

Section A: 80 marks.
Answer all **eight** questions from this section.

Each question carries 10 marks.

Section B: 320 marks.
Answer: 4 out of 5 questions

All questions in this section carry 80 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.

Calculators may be used.

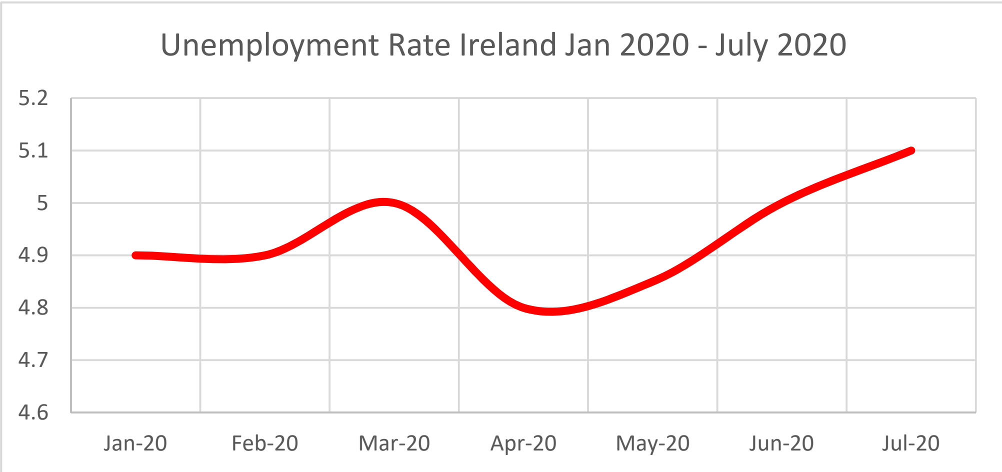
Write the make and model of your calculator here:

Section A	Short Answer Questions	80 marks

Answer all questions.

Question 1

The graph below shows the unemployment rate for Ireland between January 2020 and July 2020.



(i) Using the graph above, identify the month with the highest unemployment rate and the month with the lowest unemployment rate in Ireland.

Highest	
Lowest	

(ii) Outline **two** impacts of low unemployment rates on the Irish economy.

1.
2.

Question 2

The New Children's Hospital (NCH) is due to open in 2023.

State one social benefit and one social cost for Ireland as a result of construction of the NCH.

Adapted from www.newchildrenshospital.ie

Social Benefit:
Social Cost:

Question 3
Answer either (a) or (b)

(a) Explain how an increase in interest rates by the European Central Bank (ECB) could impact on mortgage holders.

OR

(b) Explain how a decrease in interest rates by the ECB could impact on savers.

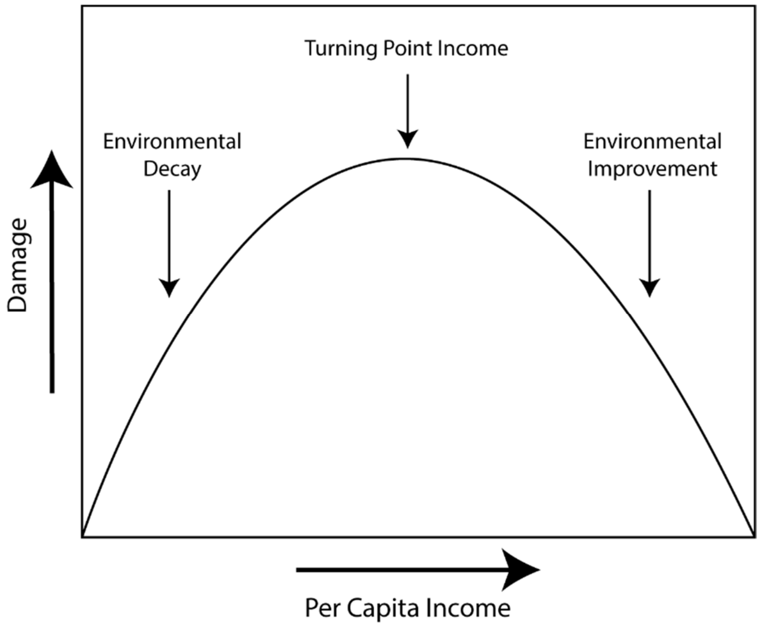
Question 4

Study the statements below and indicate by ticking the correct box which is a positive statement and which is a normative statement.

	Statement	Positive	Normative
1.	Price increases are the most effective way to discourage smoking particularly among young people.		
2.	The government should raise the minimum wage to reduce poverty.		

Question 5

The diagram below shows Kuznet's Environmental Curve



Kuznet's Environmental Curve shows the relationship between environmental damage and the level of wealth in a country. Explain this relationship using the diagram above.

Question 6

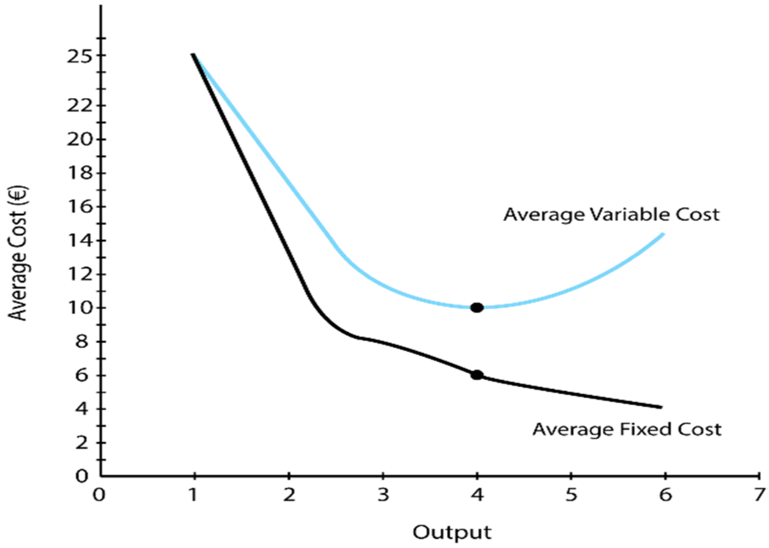
What do the following letters stand for? Write **each** answer in the space provided.

CPI	
EU	
GDP	

Question 7

Answer (a) or (b)

(a) The graph below shows a firm's average variable costs (AVC) and average fixed costs (AFC) of production. Using the graph, calculate the average total cost of producing the first four units.



Workings:

Answer:

OR

(b) The table below shows total cost (€) of production at various outputs.

Output	**Total Cost (€)**
0	100
10	115
20	140
30	175
40	220

Using the information provided, calculate the average variable cost when the output is 20. Show your workings.

Workings:

Answer:

Question 8

Revenue seize €31.2 million illegal cigarettes in the first half of 2020.

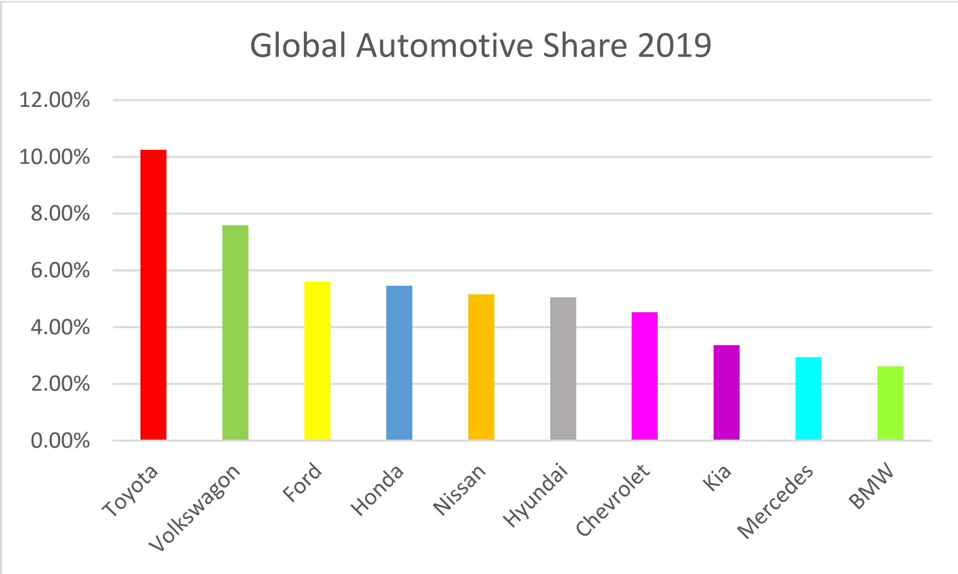
Adapted from The Irish Examiner

Explain **one** economic effect of a rise in hidden economies for Ireland.

Section B	Extended Response Questions	320 marks

Answer 4 out of 5 questions.

Question 9



Adapted from Statista

(a) Using the data provided, explain **two** reasons why the car industry is an example of an Oligopolistic Market Structure.

1.
2.

(b) **(i)** Explain the term 'non-price competition'.

(ii) List **two** examples of non-price competition.

1.
2.

(c) **(i)** **Collusion** is a common feature in an oligopolistic market. Explain the term 'collusion'.

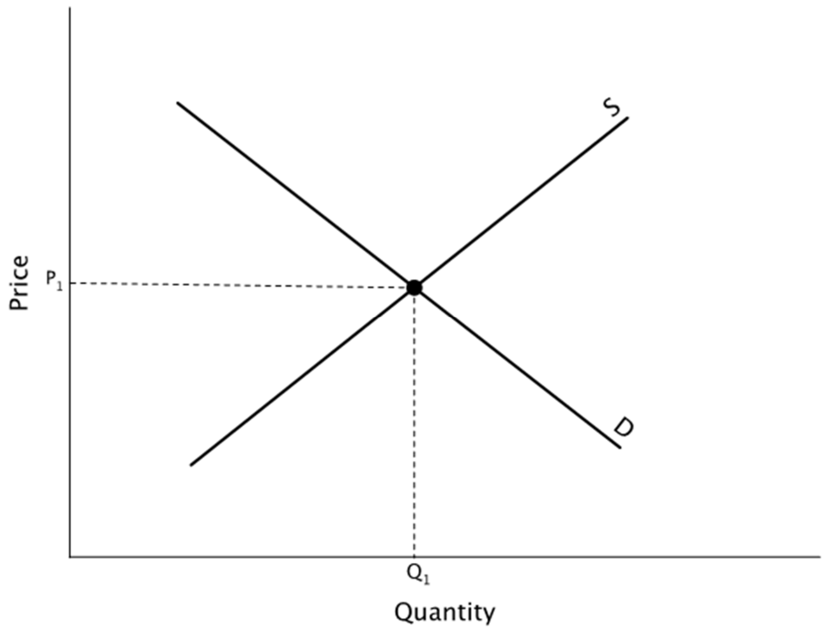
(ii) **Price leadership** can exist in oligopolistic markets. Indicate whether this statement is true or false by ticking the correct box.

True	
False	

(iii) Explain your answer using the motor industry as an example.

Question 10
Bicycle sales in Ireland have had a recent boost.

The diagram below shows the demand and supply curve for bicycles.



(a) Illustrate on the diagram above, what would happen to the equilibrium price and quantity (P1 and Q1) as a result of the increase in the demand for bicycles.
Explain your answer.

Explanation:

(b) Explain **two** factors that might cause a shift in the demand curve for bicycles.

1.
2.

(c) The data below shows the number of flights between Dublin and Heathrow, (2017, before the imposition of the carbon levy and 2018 after the imposition of the carbon levy).

Flights from Dublin to Heathrow	**Year**	**Number of Flights**	**Fare**
Before imposition of the carbon levy	2017	60,000	€118
After imposition of the carbon levy	2018	57,600	€128

(i) Calculate the Price Elasticity of Demand (PED) for these flights.

Workings:

Answer:

(ii) Based on your answer to (i) above, is the demand for these flights' **elastic, inelastic or unitary** elastic?

Explain your answer.

Answer:
Explanation:

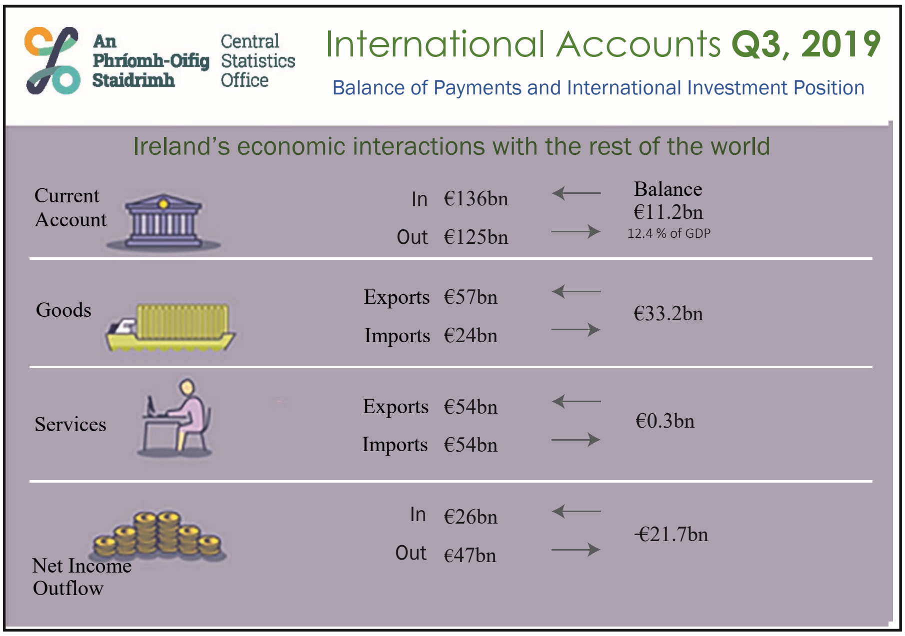
(iii) Outline **two** reasons why the Irish Government introduced the carbon levy on fuel?

1.
2.

Question 11

(a) Explain, using an example, what is meant by the term ‘International Trade’.

(b) (i) Using the data below, calculate the Balance of Payments. Show your answer in the space provided.



Adapted from the CSO

Workings:

Answer:

(ii) Distinguish between visible and invisible trade.

(c) The data below is extracted from the Human Development Index (HDI) 2019.

	Rank	Country	Human Development Index (HDI) (value)	Life expectancy At birth (years) SDG3	Mean years of Schooling (years) SDG4.6	Gross national income (GNI) per capita (PPP $) SDG 8.5
	1	Norway	0.954	82.3	12.6	68,059
	2	Switzerland	0.946	83.6	13.4	59,375
	3	Ireland	0.942	82.1	12.5	55,660
	187	Chad	0.401	54.0	2.4	1,716
	188	Central African Republic	0.381	52.8	4.3	777
	189	Niger	0.377	62	2.0	912

Adapted from www.hdr.undp.org

(i) Using the data above, complete the following table:

Country	HDI Rank	GNI Per Capita	Life Expectancy at Birth	Mean Years of Schooling
Ireland				
Norway				
Chad				
Niger				

(ii) Comment on a possible reason for the difference in the GNI per capita between Ireland and Niger.

(iii) Outline **two** reasons why governments invest in education.

1.

2.

Question 12

(a) **(i)** Define labour as a factor of production.

(ii) Explain **two** factors which determine an individual firm's demand for labour.

1.
2.

(b) The following infographic adapted from the Central Statistics Office (CSO) shows data on historical earnings 1938 -2015.

Adapted from the CSO

(i) Using the infographic provided, answer the following questions.

In 1938 how much did a loaf of bread cost?	
What caused the inflation pressure from 1973?	
Gender pay gap fell from 40% in 1944 to what in 2014?	

(ii) Analyse one wage differential from the infographic above.

(c) **(i)** Outline your understanding of ***Specialisation*** in the labour force.

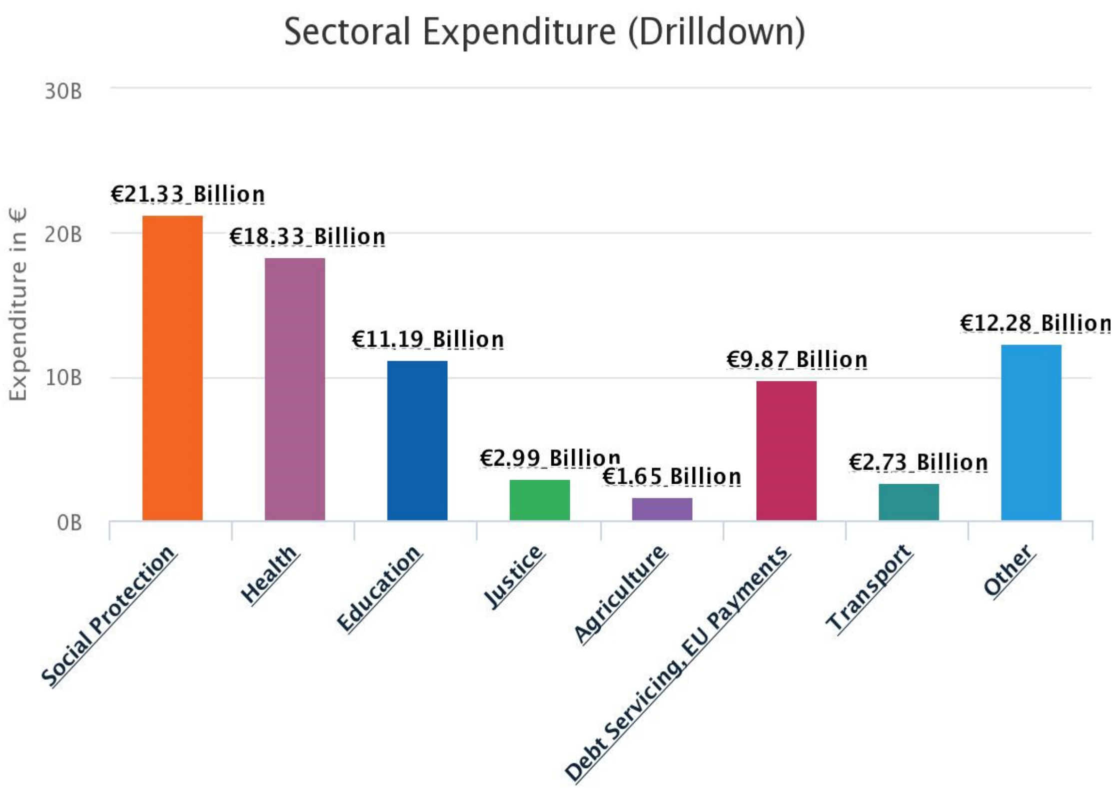
(ii) Discuss **two** advantages for an individual of Specialisation of Labour.

1.

2.

Question 13

The graph below shows Irish Government Budget Expenditure for 2020 across various sectors.



Adapted from where your money goes

(a) **(i)** How much does the government intend to spend on Education and Health?

Workings:

Answer:

(ii) Calculate the expenditure on Education and Health as a percentage of the total expenditure. Explain your answer.

Workings:

Explanation:

(b) **(i)** Explain **one** positive externality of the Irish education system.

Positive Externality:

(ii) Explain **one** negative externality of young children not getting vaccinated under the free vaccination programme offered to all children in Ireland.

Negative Externality:

(iii) The Irish Government is to provide the flu vaccine free for all school children. Outline the **opportunity cost** of this government decision.

(c) Outline **two** ways the Irish Government intervened in the economy to address the economic downturn experienced during the Great Recession (from 2007).

1.

2.

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

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