



Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2022

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 2 marks – use the table below.

2	1	0
Excellent	Good	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"> • No knowledge • Repetition of statement


Questions with allocation of 3 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

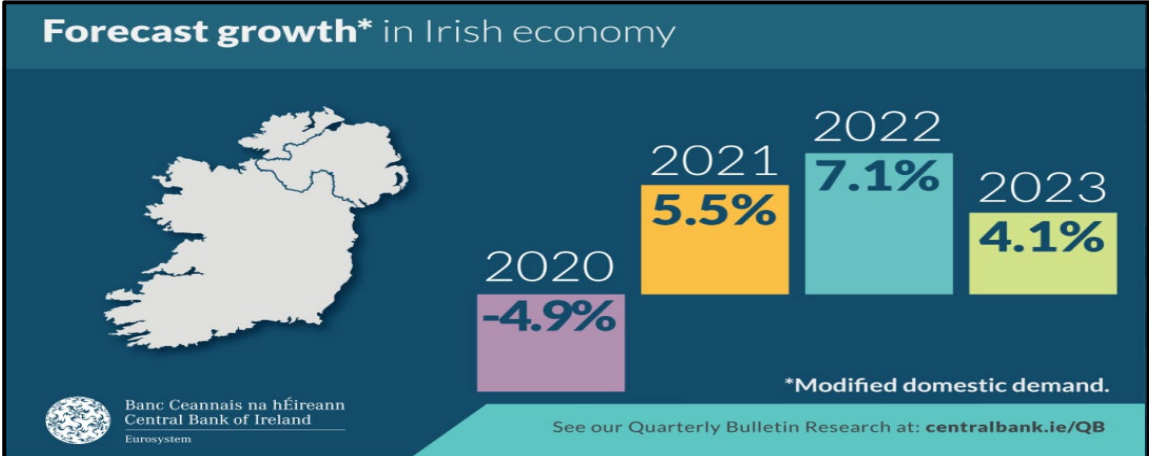
Questions with allocation of 4 marks – use the table below.

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

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

Q	Possible responses	Max Mark												
1.	<p>The diagram below shows the forecast growth in the Irish economy for 2020 to 2023.</p> <div style="border: 1px solid black; padding: 10px; background-color: #1a3d4d; color: white; margin-bottom: 10px;"> <p style="text-align: center; font-weight: bold; margin: 0;">Forecast growth* in Irish economy</p>  <table style="margin: 10px auto; border-collapse: collapse;"> <tr> <td style="padding: 5px;">2020</td> <td style="padding: 5px;">2021</td> <td style="padding: 5px;">2022</td> <td style="padding: 5px;">2023</td> </tr> <tr> <td style="padding: 5px; text-align: center;">-4.9%</td> <td style="padding: 5px; text-align: center;">5.5%</td> <td style="padding: 5px; text-align: center;">7.1%</td> <td style="padding: 5px; text-align: center;">4.1%</td> </tr> </table> </div> <p>(i) Using the information above, complete the table below.</p> <table border="1" style="margin: 10px auto; border-collapse: collapse; width: 80%;"> <tr> <td style="padding: 5px;">State the year with the highest rate of economic growth:</td> <td style="padding: 5px; text-align: center;">2022</td> </tr> <tr> <td style="padding: 5px;">State the year with the lowest rate of economic growth:</td> <td style="padding: 5px; text-align: center;">2020</td> </tr> </table> <p>(ii) Explain the term economic growth.</p> <p style="margin-left: 20px;">It is the increase in GNP / output (value of goods and services) national income per head of population within a country over a period of time / increased productive capacity of an economy.</p>	2020	2021	2022	2023	-4.9%	5.5%	7.1%	4.1%	State the year with the highest rate of economic growth:	2022	State the year with the lowest rate of economic growth:	2020	<p>6+3</p> <p>6</p>
2020	2021	2022	2023											
-4.9%	5.5%	7.1%	4.1%											
State the year with the highest rate of economic growth:	2022													
State the year with the lowest rate of economic growth:	2020													
2.	<p>In April 2022 the CSO conducted a census which is an official count of Ireland's population.</p> <p>(i) What do the initials CSO stand for?</p> <p style="margin-left: 20px;">Central Statistics Office</p> <p>(ii) Explain one use the Irish Government would make of the information collected.</p> <ul style="list-style-type: none"> • Helps the government plan future infrastructural requirements such as schools, housing, transport etc • Provision of essential services in terms of provision of required health services / education services etc. • Plan for provision of state benefits such as pensions, child benefit etc. • Demographic changes: provides information on the changes in our population on a national and regional basis. • Provides details of the educational qualifications and levels of training attained by the workforce which can help the government plan for future education / workforce requirements. 	<p>9</p> <p>6</p>												

3. During 2020 and 2021 more Irish consumers shopped online.

1st x 9
(6+3)

(i) Outline one possible reason for this development.

2nd x 6
(3+3)

- **Lockdowns due to Covid-19:** resulted in the temporary closure of retail outlets and so consumers had no alternative.
- **Online shopping became more accessible:** more firms moved online in an effort to increase sales / stay in business.
- **Fears about health and safety:** some consumers fearful for their health switched their buying to online shopping to reduce the risk.
- **More competitive prices:** foreign retailers may have been able to offer more competitive prices due to economies of scale.
- **Convenience:** consumers want greater choice; more competitive price and ease of return without additional cost.

(ii) Outline one possible disadvantage of this development for local retailers.

- **Reduced sales / profits:** if consumers shop online then local retailers will lose sales / revenue due to lack of footfall / reduction in impulse buying.
- **Decline in domestic economic activity:** due to the possible reduction in people shopping in the locality.
- **Job losses:** retailers may reduce number of employees due to reduced store sales.

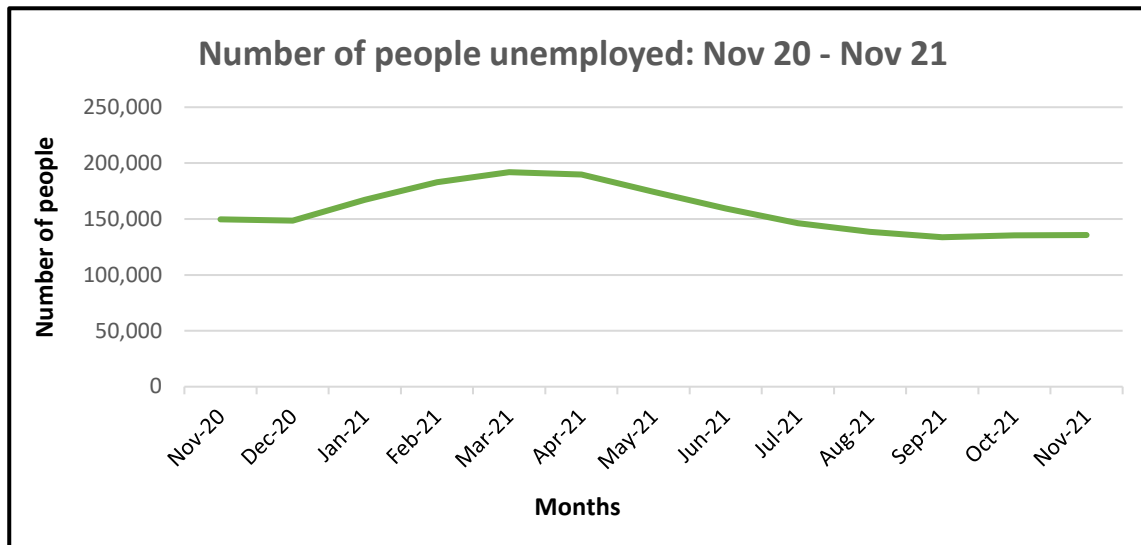
4. Apple released the iPhone 13 in September 2021.
In the table below, identify by placing a tick (✓) which two items are **substitute** goods and which two items are **complementary** goods for the iPhone 13.

1st x 9
3 x 2

	Substitute Goods	Complementary Goods
Samsung S21	✓	
iPhone 13 case		✓
iPhone charging plug		✓
Google Pixel 4A smartphone	✓	

5.	<p>Answer either (a) or (b)</p> <p>The government increased the minimum wage by 30c in Budget 2022.</p> <p>(a) Outline two advantages for the Irish economy of increasing the minimum wage.</p> <ul style="list-style-type: none"> • Increase in tax revenue: to the government as a result of more PAYE collected as income increasing / increased VAT due to increased spending. • Decrease in social welfare payments: if unemployment falls then the government pays out less in social welfare. • Increased redistribution of wealth: as those on lower income levels see an increase in their pay. • Reduction in poverty: if people re-join the workforce then this will immediately reduce poverty in the country. • Improved protection of lower paid workers: those workers who are most vulnerable will be better protected by the law and suffer less discrimination. • Workers may become more productive: better pay may bring about an increase in a worker's productivity with a possible reduction in staff turnover. • Alleviate labour shortages: those sectors who are suffering from these shortages may find it easier to hire workers. <p>OR</p> <p>(b) Outline two advantages for employees of this increase in the minimum wage.</p> <ul style="list-style-type: none"> • Increased standard of living: with an increase in pay workers can afford to buy more goods and services. • Improved future prospects: the higher pay may allow workers plan their future expenditure / save more for the future. • Incentive to work: with higher pay on offer some workers may re-join the labour force as the reward is greater. 	<p>1st x 9 (6+3)</p> <p>2nd x 6 (3+3)</p>
----	---	---

6. The diagram below shows the monthly number of people unemployed (seasonally adjusted) from November 2020 to November 2021. Using the data answer the questions below.



- (i) Identify the two months when the number of people unemployed was at its highest.

Month 1: March (2021)
Month 2: April (2021)

6+3

- (ii) Outline **one** reason for the increase in unemployment between Dec 2020 & April 2021.

6

The imposition of a national lockdown by the government to protect the population against the spread of the COVID-19 virus, **many businesses were forced to let workers go** temporarily as they were not able to have their businesses open e.g. hairdressers, pubs etc.

7. Answer (a) or (b)

(a) (i) Explain the term fixed costs.

Costs **which do not change** as **output changes** / costs which have to be paid **even if nothing is produced**.

5

(ii) Indicate by means of a tick (✓) which of the costs in the table below are fixed costs and which costs are variable costs.

4+4+1+1

	Fixed Cost	Variable Cost
Wages €1,000		✓
Raw Materials €1,500		✓
Light & Heat €300		✓
Rent of the premises €750	✓	

(b) OR

A bakery receives €5,000 in total from its sales in a week.
The table above shows the costs of production for the bakery for the week.
Using the information provided calculate the following:

(i) The total cost of operating the bakery for the week.
(ii) The net profit the bakery earned in the week.
Show your workings.

(i) The total cost of operating the bakery for the week.

$$€1,000 + €1,500 + €300 + €750 = €3,550$$

10
(5 x 2)

-1 if €
omitted

(ii) The net profit the bakery earned in the week.

Total revenue – Total Costs = Net Profit

$$€5,000 - €3,550 = €1,450$$

5
(2+2+1)

-1 if €
omitted

<p>8.</p>	<p>51.6% of the world population has received at least one dose of a COVID-19 vaccine. This situation has led to positive externalities.</p> <p>(An externality refers to the external costs (or external benefits) that accrue to other individuals or to society as a result of production or consumption.) Adapted from ourworldindata.org</p> <p>(i) State one example of a positive externality in relation to vaccinations.</p> <ul style="list-style-type: none"> • Protection of others from contracting the virus: their health is protected, and they can continue to attend work school and college / reduces the spread of the virus. • Reduced pressure on health services: EDs will require less beds to deal with C19 patients and the EDs can operate more efficiently. • Allows society function: allows people to start resuming life as restrictions are lifted or lightened. • Commercial activity can resume: businesses can reopen with a positive effect on employment and government finances. • Reduce the need for government interference in how we live, allowing more freedom and thus the government can concentrate on its core activity. With greater protection in the population the long -term cost to the government is reduced. • Healthier population with less days off work meaning workers have higher disposable income than if they had been on PUP etc. <p>(ii) Outline one opportunity cost for the Irish government of providing the COVID-19 vaccine for their citizens.</p> <p>The money the government could have used to provide other services for citizens such as childcare subsidy, respite for Carers, improved pensions etc.</p>	<p>1st x 9 (6+3)</p> <p>2nd x 6 (3+3)</p>
-----------	--	---

9. The price of an iPad falls from **€750 to €500**. As a result, weekly sales of the iPad increase from **30,000 units to 45,000 units**.

$$\frac{\Delta Q}{\Delta P} \times \frac{P_1 + P_2}{Q_1 + Q_2}$$

- (i) Using the formula above, complete the workings to calculate the **Price Elasticity of Demand (PED)** for these iPads.

13

ΔQ	$45,000 - 30,000$	$= 15,000$
ΔP	$€500 - €750$	$= -€250$
$P_1 + P_2$	$€750 + €500$	$= €1250$
$Q_1 + Q_2$	$30,000 + 45,000$	$= 75,000$

$$\frac{15000}{-€250} \times \frac{€1250}{75,000}$$

$$= -1^1 \text{ (must have the - sign)}$$

Once the correct figures are inserted into the formula: correctly award the marks.

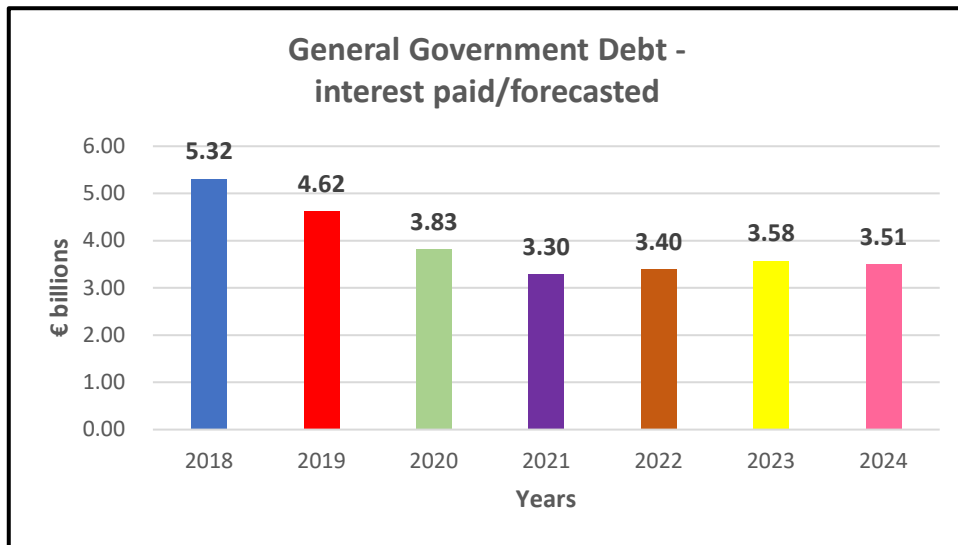
- (ii) Indicate if the demand is **price elastic, price inelastic or unit elastic**.

2

UNIT ELASTIC

10. Answer (a) or (b)

The graph below shows the amount of interest paid (2018, 2019, 2020) and forecast to be paid on the general government debt from 2021 up to 2024.



Adapted from NTMA

(a) Compare the interest paid on the national debt in 2018 to the forecasted amount to be paid in 2024, using the data above.

9+3+3

The interest to be paid on the National Debt in 2024 is **significantly lower** (€3.51 bn) than the interest paid on the debt in 2018 of €5.32bn.

OR

(b) Explain the term National Debt.

Refers to the total amount of government borrowing which is outstanding / owed.

9+3+3

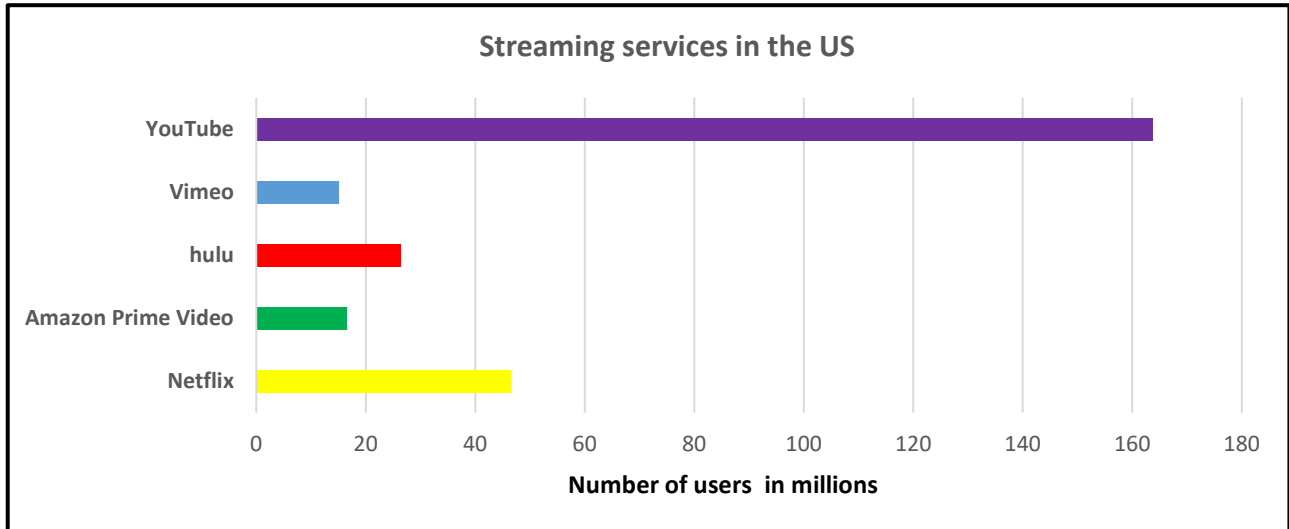
Refers to the total amount of money borrowed by the government which is owed.

Question 11

Possible responses

**Max
Mark**

The graph below shows the breakdown of streaming services in the US.



Adapted from Statista

(a)

(i) Using the data above complete the table below:

Which service has the highest market share?	YouTube
Which service has the lowest market share?	Vimeo

9+3

(ii) Outline two advantages for consumers of many firms providing streaming services in this market.

1 x 8

1 x 4

- **Gives the consumer more choice** – firms may introduce more choice of content in order to attract consumers.
- **More competitive prices** – firms may reduce their prices to attract new consumers.
- **Improved quality / range of programming** – firms providing the service might provide better service / a wider range of services due to the competition.
- **Increased innovation** – firms may be more innovative in programming / content and consumers will benefit from this.

(b)

If Netflix were to buy out (take over) all the other streaming services in the US it would form a monopoly market structure. The diagram below shows a firm operating under conditions of monopoly.

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

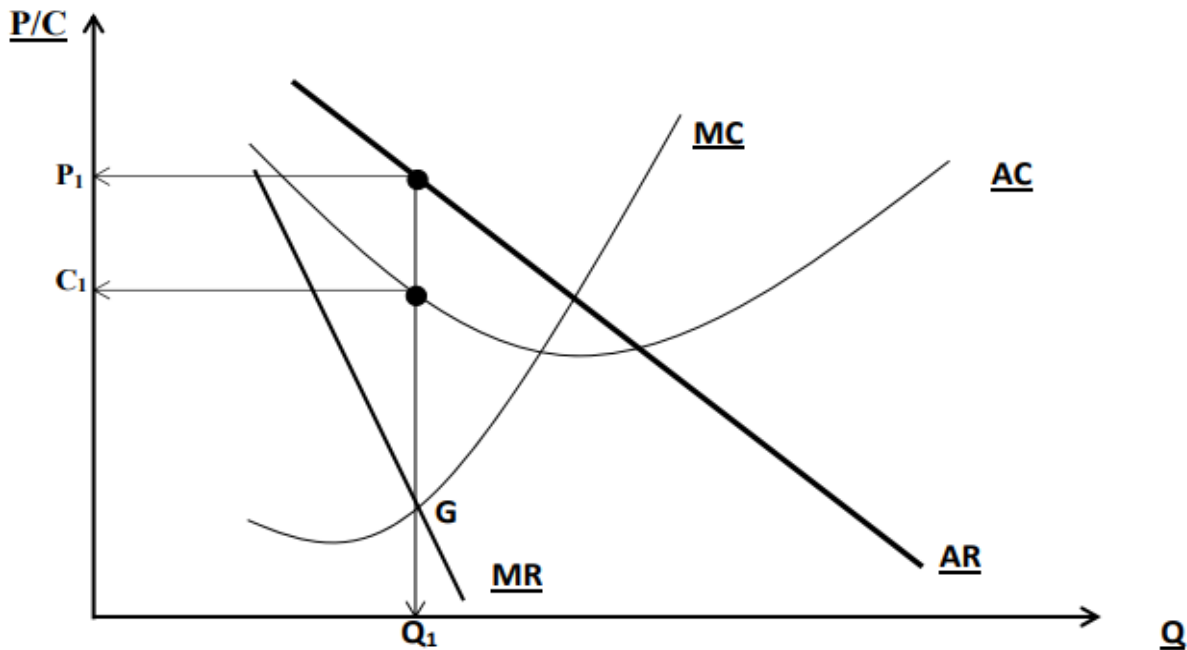
1.	Price
2.	Marginal Cost
3.	Marginal Revenue

7
7
7

(ii) Equilibrium occurs at the point G on the diagram below. Clearly show and label on the 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 average cost of producing this output (use point C_1)

4
4
1



	<p>(c) In some industries a firm can become a monopoly.</p> <p>(i) Explain the term monopoly and give one example of a monopoly that you are familiar with in Ireland.</p> <p style="padding-left: 40px;">A monopoly firm arises when there is only one firm in the industry.</p> <p style="padding-left: 40px;">An Post, Irish Rail, Irish Water, a sole pub in your village.</p> <p>(ii) Firms who may wish to enter a monopoly industry face barriers to entry. Outline two possible barriers to entry.</p> <ul style="list-style-type: none"> • The Government may grant a company the sole right to produce a good or supply a service • A patent / copyright will confer the sole right on a business to a particular manufacturing process for a particular commodity. • Firms may enter trade agreements with other suppliers i.e. collude with them so that no other firm can supply the product or service in the market. • A company may acquire the sole right to the available raw materials thereby becoming a monopoly in that particular industry e.g. oil exploration company. • For some industries the capital required to get established in that industry is so large that only the company which can raise the necessary capital can operate in the market. • By merging with a competitor or buying out the competitor a firm may become a monopoly supplier in that industry. • An individual or group of individuals may, by fear, force or threats, stop other individuals competing with the supplier e.g. the supply of illegal drugs. <p>(iii) Suggest one way, governments can intervene in the market if one firm becomes too dominant.</p> <ul style="list-style-type: none"> • Regulation: regulators can ensure that dominant firms do not abuse their dominant position by investigating behaviour which may be deemed against the consumer's interests. Decide the prices which they can charge such as electricity. • Legislation: the government / EU can use laws which make it illegal to engage in anti-competitive or abusive behaviour by companies holding a dominant position. Where a dominant firm is found to be engaged in behaviour against the consumer's interests they can be fined. 	<p style="text-align: center;">5</p> <p style="text-align: center;">4</p> <p style="text-align: center;">2 x 4 (2+2)</p> <p style="text-align: center;">4</p> <p style="text-align: center;">(2+2)</p>
--	---	--

Question 12

Possible responses

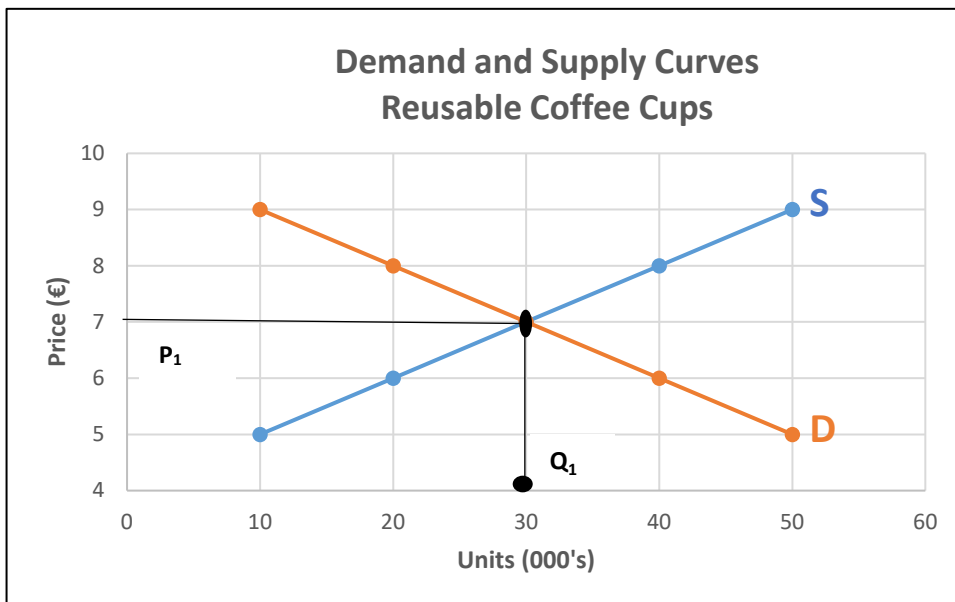
**Max
Mark**

(a) The information below represents the market demand and supply schedules for reusable coffee cups.

Price (€)	Quantity Demanded (Units)	Quantity Supplied (Units)
9	10,000	50,000
8	20,000	40,000
7	30,000	30,000
6	40,000	20,000
5	50,000	10,000

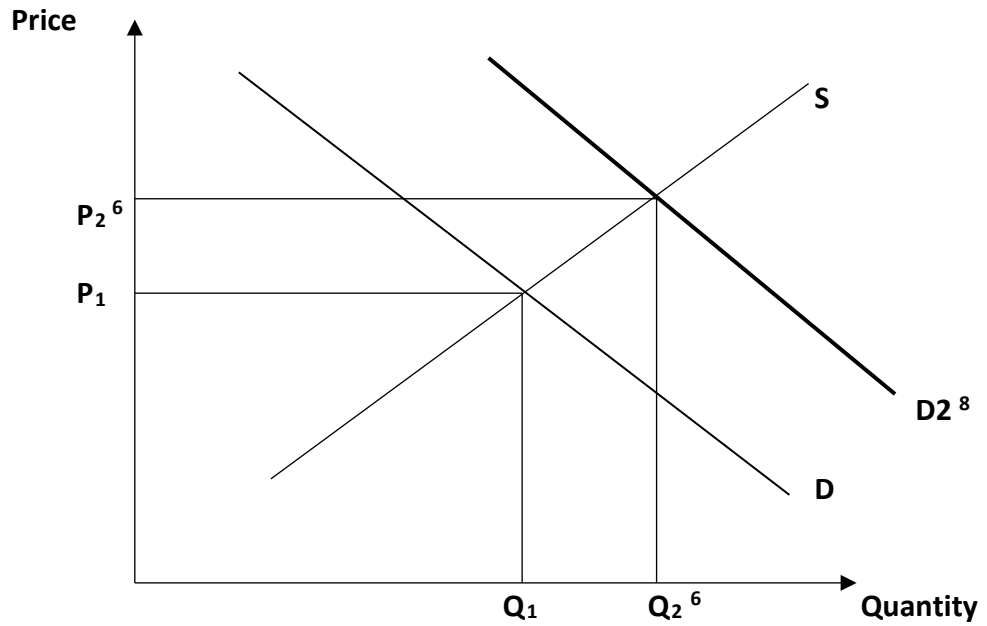
Using the above information and on **one diagram** on the graph paper below (the horizontal and vertical axis is completed for your benefit):

- (i) Draw **and** label the market demand curve for reusable coffee cups.
- (ii) Draw **and** label the market supply curve for reusable coffee cups.
- (iii) Show on your diagram:
 - The market equilibrium price for reusable coffee cups (use P_1)
 - The market equilibrium quantity for reusable coffee cups (use Q_1).



**28
(14 x 2)**

(b) The diagram below shows the demand and supply curve for Gym + Coffee clothing.



See marks below

(i) If a celebrity was featured on a social media platform (TikTok) wearing Gym + Coffee clothing how might this effect the demand for Gym + Coffee clothing?

This would lead to an **increase in the quantity demanded for** Gym + Coffee clothing. The celebrity endorsement would make **the clothing more attractive to the consumer**. Appearing on the social media platform is **advertising the clothing and makes it more well-known** so the demand for the clothing would increase.

8

(ii) Show, on the above diagram how the change in (i) above might affect the demand curve.

Demand curve would shift to the right – **D2 above on diagram**.

8

(iii) Show, on the above diagram, the new equilibrium price (P_2) and the new equilibrium quantity (Q_2) as a result of (ii) above – **illustrated above**.

6 + 6

(c) Nineteen30 café in Limerick was founded in 2021. It offers its customers a fresh and sustainable approach to convenience coffee.



Adapted from 1930.ie

(i) Explain the term sustainability.

Achieving economic growth without harming society or the environment.

Meeting the current needs of humanity without compromising **the ability of future generations to meet their needs.**

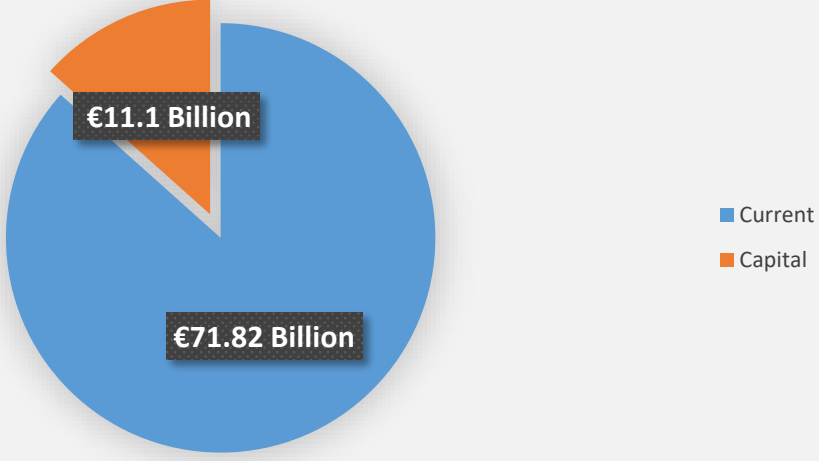
5
(3+2)

(ii) Suggest two ways that a business could be more sustainable.

- **Encourage use of own cups:** provide an incentive to consumers for using them.
- **Locally source ingredients:** this will reduce air travel miles / reduce transport costs.
- **Packaging:** reduce plastic and source eco-friendly and renewable materials / use carbon neutral packaging
- **Use renewable energy:** install solar panels / seek a green energy provider so as to reduce the use of fossil fuels.
- **Encourage staff to use public transport** (subsidy) or to help them switch to EVs
- **Plant a tree around the premises:** trees can absorb 20kg of carbon
- **Reduce water usage:** introduce water saving systems within the business such as taps which shut off automatically etc.
- **Changing waste coffee products** into alternative products such as biofuel.

2 x 7
(4+3)

Question 13

	Possible responses	Max Mark								
	<p>The diagram below gives the forecasted government current & capital expenditure for 2022.</p> <div style="border: 1px solid black; padding: 10px; text-align: center; margin: 10px auto; width: 80%;"> <p>Total Government Expenditure: €82.92 Billion</p>  <table border="1" style="margin: 0 auto; border-collapse: collapse;"> <caption>Government Expenditure Data</caption> <thead> <tr> <th>Category</th> <th>Amount (Billion €)</th> </tr> </thead> <tbody> <tr> <td>Current</td> <td>71.82</td> </tr> <tr> <td>Capital</td> <td>11.1</td> </tr> <tr> <td>Total</td> <td>82.92</td> </tr> </tbody> </table> </div>	Category	Amount (Billion €)	Current	71.82	Capital	11.1	Total	82.92	
Category	Amount (Billion €)									
Current	71.82									
Capital	11.1									
Total	82.92									
(a)	<p>(i) Calculate current expenditure as a percentage of total government expenditure. Show your workings.</p> $\frac{€71.82 \text{ bn}}{€82.92 \text{ bn}} \times 100 = 86.61\%$ <p>(ii) Explain current OR capital government expenditure, using a relevant example to support your answer. Tick (✓) which one you are answering. Current expenditure: <input type="checkbox"/> Capital expenditure: <input type="checkbox"/></p> <p>Capital expenditure is spending by the government on items that will last a long period of time or once-off expenditure / spending on infrastructure. Example: building a school or building a hospital.</p> <p style="text-align: center;">OR</p> <p>Current expenditure is spending on the day-to-day expenses involved in the running of the country. Example: salaries of state employees, pensions, social welfare payments</p>	<p>16</p> <p>9</p> <p>(6 + 3)</p>								

(b)

National Income is calculated using the following formula:

$$\text{National Income} = \text{Consumption} + I + \text{Government Spending} + X - M$$

(i) State what each of the letters **I**, **X** and **M** stand for.

I: Investment

X: Exports

M: Imports

12

(ii) The multiplier formula for an open economy is:

$$\frac{1}{\text{MPS} + \text{MPM}}$$

Assume that MPS is 0.1 and MPM is 0.4.

Calculate, using the above formula, the size of the multiplier.

12

$$\frac{1}{0.1 + 0.4} = 2$$

(iii) Explain the economic meaning of the figure you have calculated for the multiplier in **(ii)** above.

6

For any **€1 injected into the economy, national income will double.**

For each euro spent in the economy, National Income will increase by €2.

(c)

Domestic demand is forecast to grow by 7.1% in 2023.

Adapted from the Central Bank

(i) Outline one possible reason for the increase in **consumer spending** in Ireland in 2023.

10
(6+4)

- **The easing of health restrictions:** allowed consumers who were able, to shop in person.
- **Pent up demand:** during the pandemic citizens had built up savings (over €31bn by Nov 2021) and so had more disposable income allowing them to spend.
- **Shops opened:** consumers had access to retail outlets that were not available for most of the pandemic.

(ii) It is assumed that consumers taking part in economic activity behave rationally. Explain the concept of **consumers behaving rationally**, using an example to support your answer.

1st x 6
2nd x 4

Behaving rationally means the consumer acts in a manner consistent with their preferences / consumers buy goods and services with their income that give them the maximum satisfaction.

Example: If a consumer prefers a pair of trainers to a pair of jeans and they both cost the same then the rational consumer will choose the trainers.

If the trainers are for sale in two adjoining shops, then the rational consumer will buy the trainers at the lower price.

Question 14

	Possible responses	Max Mark															
(a)	<p>For three decades the Cleary family have been producing Glenisk Organic Yogurt in Co. Offaly.</p> <p>(i) Complete the table below to show your understanding of the factors of production used in the production of yogurt. Some of the information has been completed.</p> <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr style="background-color: #c8e6c9;"> <th style="width: 25%;">Factor of Production</th> <th style="width: 45%;">Explanation</th> <th style="width: 30%;">Example</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">1. Land</td> <td style="padding: 5px;"> Anything supplied by nature which helps in the production of yogurt. Ground on which the Glenisk factory is built Raw materials used to make the yogurt. </td> <td style="padding: 5px; text-align: center;"> Milk Sugar Berries </td> </tr> <tr> <td style="padding: 5px;">2. LABOUR</td> <td style="padding: 5px;"> The human effort involved in the production of yogurt. The workers who make the yogurt. </td> <td style="padding: 5px; text-align: center; color: #0070c0;">Workers</td> </tr> <tr> <td style="padding: 5px;">3. Capital</td> <td style="padding: 5px;"> Man-made items used to produce Glenisk organic yogurt. </td> <td style="padding: 5px; text-align: center;"> Machinery Equipment Vehicles The factory building </td> </tr> <tr> <td style="padding: 5px;">4. ENTERPRISE</td> <td style="padding: 5px; color: #0070c0;"> Takes a risk with an idea in setting up a business in return for profit. </td> <td style="padding: 5px; text-align: center;"> The Cleary Family </td> </tr> </tbody> </table>	Factor of Production	Explanation	Example	1. Land	Anything supplied by nature which helps in the production of yogurt. Ground on which the Glenisk factory is built Raw materials used to make the yogurt.	Milk Sugar Berries	2. LABOUR	The human effort involved in the production of yogurt. The workers who make the yogurt.	Workers	3. Capital	Man-made items used to produce Glenisk organic yogurt.	Machinery Equipment Vehicles The factory building	4. ENTERPRISE	Takes a risk with an idea in setting up a business in return for profit.	The Cleary Family	<p>24</p> <p>4 x 6 (4+2)</p> <p>1st x 4 2nd x 2</p>
Factor of Production	Explanation	Example															
1. Land	Anything supplied by nature which helps in the production of yogurt. Ground on which the Glenisk factory is built Raw materials used to make the yogurt.	Milk Sugar Berries															
2. LABOUR	The human effort involved in the production of yogurt. The workers who make the yogurt.	Workers															
3. Capital	Man-made items used to produce Glenisk organic yogurt.	Machinery Equipment Vehicles The factory building															
4. ENTERPRISE	Takes a risk with an idea in setting up a business in return for profit.	The Cleary Family															

<p>(a)</p>	<p>(ii) Glenisk extracts water from local ponds and filters it for use in its production as they acknowledge that water is a scarce resource.</p> <p style="text-align: right;">Adapted from glenisk.com</p> <p>Explain what a scarce resource is.</p> <p>There is not enough water / the supply of water is finite to meet the needs of everyone. The supply of a resource / factor of production is limited the demand is unlimited. Quantity of goods and services people like to have exceeded the amount which the economy's resources are capable of producing.</p> <p>(iii) Comment on Glenisk's approach to water usage as a scarce resource.</p> <p>The company tries to minimise the wastage of water and use a sustainable approach to the consumption of water for their factory. This approach reduces the negative impact on the environment.</p>	<p style="text-align: right;">3</p> <p style="text-align: right;">7</p>
<p>(b)</p>	<p>The Organisation for Economic Cooperation and Development (OECD) in a recent report indicated that the Irish government should look to reintroduce water charges.</p> <p style="text-align: right;">Adapted from the Irish Times</p> <p>(i) Outline one economic argument in favour of the reintroduction of water charges.</p> <ul style="list-style-type: none"> • Better use of a scarce resource: consumers will be more careful with the quantity of water they consume so will lead to conservation of water. • Current use of revenue received: the money received can be used to upgrade the water system / improve quality of water. • Invest in infrastructure: in the long term the water provision and waste water treatment systems in Ireland can be made more sustainable. • Innovation with regard to conservation of water: may be encouraged by the charges e.g. businesses / households using rainwater. <p>(ii) Explain why some citizens in Ireland would be unhappy if water charges were reintroduced.</p> <ul style="list-style-type: none"> • Lower standard of living: disposable incomes will fall, and this will reduce the standard of living • Opportunity cost: these charges involve an opportunity cost in that the income could have been spent on something else. • Impact on low-income families: the charges are regressive as they affect lower incomes families more in that they take a greater proportion of their income. • Inflation: prices rise, and this will add further to inflation withing Ireland. • Double taxation: citizens believe that they already pat for this service through general taxation and should not be burdened with more charges. • Access to water is a human right: citizens will question why these charges are legitimate / fair. 	<p style="text-align: right;">1st x 10 (6+4)</p> <p style="text-align: right;">2nd x 7 (4+3)</p>

<p>(c)</p>	<p>Glenisk partnered with the international development charity Self Help Africa to plant 1,000,000 trees in some of the less developed nations in Africa. Adapted from glenisk.com</p> <p>(i) Outline two features/characteristics of a less developed nation.</p> <p>High population growth rates: rates of population are less developed nations resulting in varied economic problems which governments find hard to resolve.</p> <p>Famine / low life expectancy: too frequently famine occurs in these nations resulting in disease and deaths at an early age. Many children do not survive over the age of 5.</p> <p>High foreign debts / lack of capital: these are higher in these nations relative to national income and their repayment uses up government revenue which could have been used for more productive uses. Much of the debt is owed in foreign currencies. These nations lack the capital essential for economic development and employment generation.</p> <p>Over-dependence on one crop: they may be subject to crop failure and/or a wide variation in export prices.</p> <p>High percentage of the population engaged in extractive/primary industries: this results in not enough workers in secondary and tertiary sectors resulting in a low standard of living / undeveloped industrial base.</p> <p>Poor infrastructure: a large proportion of the population may live in poor conditions with no water or dirty water and poor sanitation.</p> <p>Poverty / low income per capita: resulting in a poor standard of living and a consequent low demand for goods and services.</p> <p>Poor levels of education and literacy levels / unskilled workforce: educational opportunities are very limited. This acts as an impediment to economic development and contributes to continuing high unemployment.</p> <p>Exploitation by MNCs / individuals within the country and foreign countries: this may take the form of low wage rates; lack of care of the environment; control over key exports. A minority of the population may control a large part of the country's wealth resulting in poverty. They may be exploited by low export prices and high import prices.</p> <p>Political corruption: some nations spend a lot on bureaucratic administration / military spending which results in civil unrest. In some the political institutions are unstable and this hinders investment.</p>	<p>16</p> <p>2 x 8 (4+4)</p>
------------	--	----------------------------------

<p>(ii) Outline two reasons why the Irish government gives aid (allocates funds) to overseas development.</p> <p>Promote economic development: and improve the welfare of the citizens.</p> <p>Humanitarian reasons: to provide help in times of urgent need and prevent deaths.</p> <p>Reduce poverty, hunger etc: to help citizens survive in times of famine.</p> <p>Support citizens cope with the impact of climate change as they don't not have the necessary resources.</p> <p>Improve access and quality of education: for all so that poverty can be reduced.</p> <p>Provide access to clean water and sanitation: to help contain the spread of unnecessary disease.</p> <p>Meet UN target of 0.7% of GNI to ODA: a stated aim of the Irish government.</p>	<p>8</p> <p>2 x 4</p> <p>(2+2)</p>
--	---

Question 15

	Possible responses	Max Mark																						
	<p>The diagram below shows the corporation tax received by the Irish government from 2011 to 2020.</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Corporation Tax Receipts</p> <table border="1" style="display: none;"> <caption>Corporation Tax Receipts (€millions)</caption> <thead> <tr> <th>Year</th> <th>Receipts (€millions)</th> </tr> </thead> <tbody> <tr><td>2011</td><td>3,500</td></tr> <tr><td>2012</td><td>4,200</td></tr> <tr><td>2013</td><td>4,300</td></tr> <tr><td>2014</td><td>4,600</td></tr> <tr><td>2015</td><td>7,000</td></tr> <tr><td>2016</td><td>7,500</td></tr> <tr><td>2017</td><td>8,200</td></tr> <tr><td>2018</td><td>10,500</td></tr> <tr><td>2019</td><td>11,000</td></tr> <tr><td>2020</td><td>12,000</td></tr> </tbody> </table> </div>	Year	Receipts (€millions)	2011	3,500	2012	4,200	2013	4,300	2014	4,600	2015	7,000	2016	7,500	2017	8,200	2018	10,500	2019	11,000	2020	12,000	
Year	Receipts (€millions)																							
2011	3,500																							
2012	4,200																							
2013	4,300																							
2014	4,600																							
2015	7,000																							
2016	7,500																							
2017	8,200																							
2018	10,500																							
2019	11,000																							
2020	12,000																							
(a)	<p>(i) Explain the trend in corporation tax received by the Irish government during the period 2011 to 2020, using the figures in the above graph.</p> <p>There has been a steady increase in the amount of money received by the Irish state from corporation tax. It has increased from approx. €4m in 2011 to approx. €12m in 2020.</p> <p>(ii) Explain the benefits of the government collecting corporation tax.</p> <p>Provides revenue for the government / finance government activities: the government requires tax revenue to fund the daily operation of the country e.g. defence, policing etc</p> <p>Provide public services: the government requires tax revenue to provide services such as health care, schools etc. which are essential for citizens.</p> <p>Help to re-distribute wealth: the government can re-distribute the taxation collected in the form of social welfare payments to those citizens who require it e.g. old age pensions, single parent allowances etc</p> <p>Promote / support industry: subsidies, grants can be provided to help industry and encourage enterprise, employment and training.</p> <p style="text-align: center;"><i>2 concepts: increased revenue⁶ to provide additional services for citizens³</i></p>	<p>10 (6+4)</p> <p>9 (6+3)</p>																						

(b) TikTok shortlists five Dublin sites for new headquarters.

Adapted from Independent.ie

(i) Name two other Multi-National Corporations operating in Ireland.

2 x 6

Apple, Google, Facebook, Coca-Cola, PayPal, Microsoft, Twitter, Pfizer, Intel, Dell, IBM, Coca Cola, Glanbia, Kerry Group, Ryanair.

(ii) Outline two reasons why TikTok would locate in Ireland.

2 x 4
(2+2)

Availability of a skilled educated / English speaking workforce: firms have available a large, highly educated and multi-skilled workforce. An English-speaking workforce is a major attraction for foreign firms.

Low rates of taxation: the rate of corporation profits tax in Ireland is one of the lowest within the EU.

Access to EU market / Member of the euro currency: firms which locate in Ireland have access to free movement of their goods within the EU. Ireland is a member of the euro and this makes payment for international transactions within the eurozone much easier and hence more attractive.

Availability of state incentives: firms can avail of attractive grants and other incentives provided by the state e.g. grants towards research and development etc.

Good industrial relations: social partnerships have resulted in relative industrial peace offering firms uninterrupted production.

Stable rate of economic growth: the rate of economic growth in Ireland was one of the more attractive within the EU and this has led to confidence amongst investors, who see Ireland as an attractive market for their goods.

Stable economic climate: by international standards Ireland's economy is performing exceptionally well. This has increased business confidence which encourages firms to locate here.

(iii) Describe two possible economic benefits to **the local community** of a Multi-National Corporation locating in your local area.

2 x 4
(2+2)

Creation of employment: the MNCs will provide jobs both direct in the company and indirect through support firms such as local restaurants; cleaning firms etc.

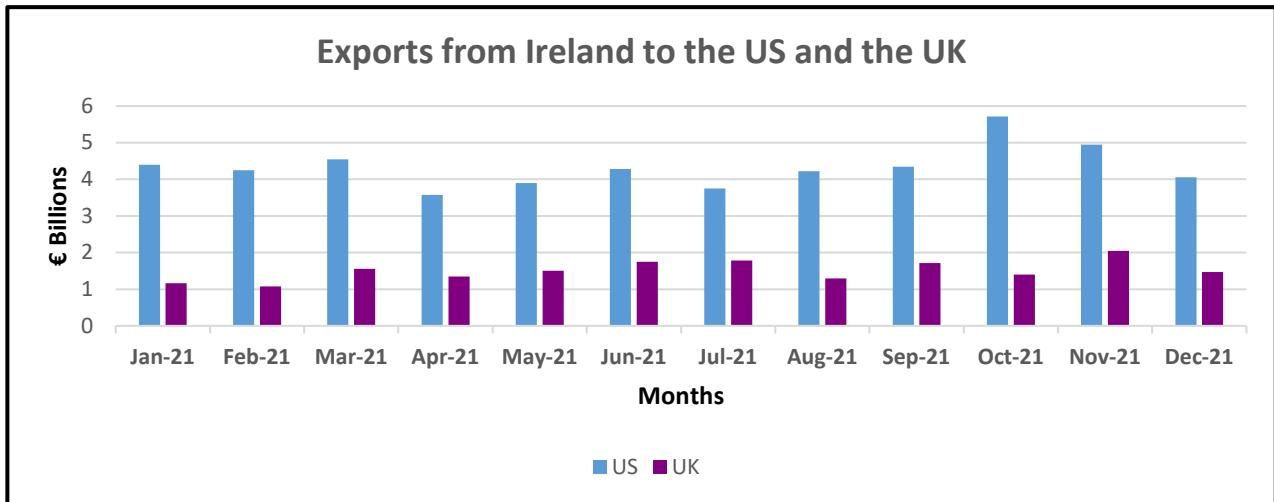
Increased economic growth: the increased spending in the area will increase in demand for goods and services in the local area.

Increase in economic activity locally: all businesses within the area should benefit from the increased footfall in the area.

More vibrant local communities: with the increased employment there may be more students in local schools thereby helping sustain the local community.

Improvements in the local infrastructure: the communications may be improved; transport network; an improved social infrastructure such as green areas etc.

The graph below shows exports out of Ireland to the US (United States) and exports out of Ireland to the UK (United Kingdom) between January 2021 and December 2021.



- (c) (i) Comment on the trends in Ireland's exports to the US and the UK using the figures in the above graph.

Exports to the US

Have been consistent to the US with **no major changes** / with gradual increases from Feb to Mar / a fall in Apr and rising again.

Exports were over €4bn in Jan and €4bn in Dec.

Exports to the UK

Exports between €1bn and approx. €2bn / **Slight increase in exports** to the UK in some months.

Exports were over €1bn in Feb and €2bn in Nov.

- (ii) Outline two benefits to the Irish economy of **exporting** to other countries.

Employment creation: if exports exceed imports this means increased demand for goods produced in Ireland, leading to increased employment.

Increased GNP / economic growth: the monies received from exports (injection into the circular flow) will lead to increased incomes within the country.

Government finances: increased economic activity will generate increased tax revenues for the government e.g. VAT / PAYE / CPT.

Attract investment: strong exports will increase confidence in the Irish economy and may help attract further investment into Ireland.

Increased sales / profits: 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 enjoy economies of scale.

6

6

2 x 8
(4+4)

Question 16

Possible responses

**Max
Mark**

The table below shows the effect on alcohol prices following the introduction of the Minimum Unit Price (MUP) for some alcohol products as of January 2022.

Minimum Unit Price for Alcohol Products			
Beverage	Volume (mls)	Alcohol by Volume % (ABV)	Minimum Unit Price € (MUP)
Whiskey	700	40%	€22.09
Gin	700	40%	€22.09
Cider (Can)	500	4.3%	€1.70
Stout (Can)	500	4.2%	€1.66

(a)

(i) Outline two reasons **why** the government introduced minimum pricing on alcohol from January 2022.

**2 x 6
(3+3)**

- **To reduce alcohol abuse / consumption** - the higher price may combat alcohol abuse / binge drinking by decreasing consumption.
- **To reduction the number of alcohol related deaths** – a significant cause of deaths in Ireland is alcohol related so if consumption falls then the number of deaths will.
- **To help reduce personal /social problems** - reduced consumption may lead to a reduction in personal /social problems in society.
- **To reduced admissions to ED's** - reduced consumption should result in reduced admissions to ED's, allowing hospitals to function more efficiently and so help reduce health costs.
- **Help improve health** - if per capita consumption decreases, it may result in a healthier population with less days lost to absenteeism / increased productivity.

(ii) The government increased the price of a packet of cigarettes by 50c in Budget 2022. Suggest one **other measure** the government could take to help reduce the consumption of cigarettes.

**7
(4+3)**

- **Consumer awareness / education:** strengthen advertising campaigns to raise awareness of the risks of cigarette consumption. Introduce programmes in primary schools to illustrate the effects of smoking.
- **Introduce limits to the quantity of cigarettes** that can be bought in outlets similar to that used in the purchase of paracetamol.
- **Age restrictions:** raise the legal age for the consumption of cigarettes to 21.
- **Sales points:** restrict the number of places selling cigarettes e.g. ban the sale of cigarettes in petrol stations / pubs etc / shops close to schools etc.
- **Introduce minimum pricing:** this will ban the sale of cigarettes below a certain price to help reduce consumption.
- **Subsidise products available to help people quit smoking:** subsidising such products reduce the costs for the consumer.

(iii) Outline one social benefit and one private benefit of the government increasing the tax on cigarettes.

Social Benefits:

- **Greater productivity/reduction in absenteeism:** workers may be absent less frequently / less payments on social welfare / reduced absenteeism leading to greater productivity.
- **Reduction in cancer related deaths:** will provide benefits to society of its citizens living a longer life.
- **Reduced pressure on hospitals / reduction in health spending:** reduced social costs to society as the service may run more efficiently.
- **Population healthier / wealthier:** citizens will be healthier with less tobacco related illnesses / have more disposable income which they can spend/ save.
- **Improved environment:** less litter on the streets and reduced cleaning costs.

Private Benefits:

- **Increased disposable incomes:** If individuals buy fewer cigarettes, then they will have more disposable income.
- **Healthier lifestyle:** individuals may be healthier with less ill effects from cigarette consumption.
- **Reduced spending on healthcare:** with reduced illnesses individuals will spend less on doctor's visits, healthcare etc.
- **Reduced healthcare insurance premiums:** cheaper health insurance premiums. Increased life expectancy: Individuals may live longer if they reduce their consumption of cigarettes.
- **Life expectancy:** individuals may live longer if they reduce their consumption of cigarettes.

**1 x 4
(2+2)**

**1 x 4
(2+2)**

<p>(b)</p>	<p>The annual rate of price inflation in Ireland rose by 5.5% in December 2021. Adapted from RTE news.ie</p> <p>(i) Explain the term price inflation.</p> <p>An increase in the general level of prices for goods & services over a period of time A decrease in the value of money / people can buy less with their money.</p> <p>(ii) Discuss two economic effects which this rate of price inflation may have on Irish citizens.</p> <ul style="list-style-type: none"> • Reduction in purchasing power: inflation will result in a reduction in a person's standard of living as their income buys less goods/services. • Increase in poverty: with reduced purchasing power people may be forced to make cutbacks on essential items such food and energy requirements. • Demands for wage increases: workers may seek pay increases to combat the effects of rising prices so as to maintain their standard of living. • Reduction in purchasing power of savings / savings discouraged: if the rate of inflation is greater than the interest received on savings then the real value of savings decreases. • Borrowing encouraged: in the past when inflation exceeded the rate of interest then it was cheaper to borrow. • Spending on non-essential items may fall: with more income needed to be spent on essential items demand for non-essential items may fall and this have an impact on sales, employment and growth of these businesses. • Unrest within society: currently with rising prices citizens have protested at the lack of government action to tackle the crisis. This creates uncertainty and could affect economic growth negatively. • Government finances: should the government provide assistance to meet the effects of rising prices it will result in increased expenditure requiring further taxation &/or increased borrowing. 	<p>8 (6 + 2)</p> <p>2 x 8 (4 + 4)</p>
-------------------	---	---

(c)	<p>Excise duties, which rose by €100 million to almost €1.7bn last year. Adapted from The Irish Examiner</p>	8	
	<p>(i) Excise duties are an example of an indirect tax. Explain the term indirect tax giving an example other than excise duties.</p> <p>An indirect tax is a tax on the consumption of goods and services / a tax on spending. Example: Value Added Tax / Plastic bag tax / Motor Tax.</p>		8
	<p>(ii) The smuggling of cigarettes into Ireland is an example of an activity in the hidden economy. Explain the term hidden economy, giving one other example of such an activity.</p> <p>The hidden economy refers to economic activity which is not recorded and as a result not included in the national income accounts.</p> <p>It refers to <u>incomes from illegal sources</u> / <u>undeclared incomes</u> from the production of goods & services from either monetary or barter transactions.</p> <p>Activities outside the tax/regulatory systems.</p> <p>Example: paying for repairs by cash (which is not declared for tax purposes)</p>		8
	<p>(iii) Outline one economic effect for the Irish economy of activities taking place in the hidden economy.</p> <ul style="list-style-type: none"> • Loss of revenue to the government: no taxation revenue is received from these activities which puts pressure on the government to find alternative methods of raising tax. • Impact on legitimate business: if the activity is more profitable in the hidden economy, then legitimate business may suffer a loss in sales; profits and risk to continuity. • Increase in crime: as illustrated by the sale of illegal drugs. • Effects on government expenditure: the government may have to increase spending on improved enforcement which involves an opportunity cost of reduced state services. • Threat to jobs: if more people engage in the hidden economy, then this may lead to a loss of jobs in those businesses who adhere to all rules/regulations. • Impact on real level of GNI: GNI will be understated as the incomes earned in this hidden economy will not be included. 		8

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	Reasonable 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 somewhat limited.	Very limited if any arguments or judgments are offered and may not be relevant.	No arguments and judgements are offered.
Data	The sources of information and data used are relevant and in date.	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	<p>Some conclusions are made based on the basic analysis and evaluation of the evidence with a good link to concepts & theories.</p> <p>Intended aims have been mostly addressed & most are met.</p> <p>Recommendations lack structure & depth.</p> <p>New somewhat relevant question/line of inquiry suggested.</p>	<p>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.</p> <p>Some of the intended aims are met and some recommendations are made.</p>	<p>Some conclusions are made but limited evidence to support them. These may be based on irrelevant material.</p> <p>Some of the intended aims are somewhat addressed. Regurgitation and repetition of information already used is evident. These may be irrelevant or incorrect.</p>	<p>Little or no conclusions made with very little evidence to support them and irrelevant material used.</p> <p>Intended aims are not met.</p> <p>A lot of regurgitation and repetition.</p>
20 marks	16-20	12-15	8-11	0-7
Reflection	<p>A personal reflection on the SRP is evident.</p> <p>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.</p>	<p>A basic personal reflection on some elements of the SRP is attempted.</p> <p>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.</p>	<p>Limited personal insights gained through limited reflection on the topic.</p> <p>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.</p>	<p>No personal reflection – inadequate reflection. Re-telling of facts learned.</p> <p>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.</p>
10 marks	8-10	6-7	4-5	0-3
Communication Presentation & Overall Coherence	<p>The SRP is reasonably coherent and logical.</p> <p>The language, concepts & data are somewhat integrated to give a basic flow & structure.</p> <p>Communication of data & information is clear but simplistic.</p> <p>There is evidence of originality and innovation.</p>	<p>The SRP generally lacks coherence and focus.</p> <p>The language, concepts & data lack focus & structure & the report may be hard to follow. Lacks consistency.</p> <p>Very little evidence of originality and innovation.</p>	<p>A poor attempt at delivering a coherent and logical SRP.</p> <p>The language, concepts & data are very poor and confused with many errors throughout.</p> <p>Little to no evidence of originality and innovation.</p>	<p>This SRP totally lacks structure and coherence. Irrelevant material and significant errors.</p> <p>The report contains incorrect information/plagiarism.</p>
15 marks	12-15	9-11	6-8	0-5

