2025.M58

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Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2025

Economics

Ordinary Level

Friday 20 June Morning 9:30 - 12:00

400 marks

Examination Number	
Date of Birth	/ /
Centre Stamp	

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

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 2, 3 and 4 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:

Section A	Short Response Questions	100 Marks

Answer 8 out of 10 questions

Question 1

The CSO released the following information in September 2024.

Wholesale electricity prices in August 2024 were down by almost 75% from the peak recorded in August 2022

www.cso

(i) What do the initials CSO stand for? **S** is completed for your benefit.

C	**Statistics**	**O**

(ii) Outline one economic benefit for Irish **consumers** of lower electricity prices.

Economic benefit:

Question 2
Answer (a) or (b)

As part of Budget 2025, the Minister for Education, Norma Foley announced the measure below.

> Extension of the Free Schoolbooks initiative to all senior cycle pupils in recognised post primary schools within the free education scheme

Adapted from gov.ie

(a) Do you think the above measure represents an efficient use of scarce resources? Indicate by means of a tick (✓) in the relevant box below and justify your answer.

Yes	No

Justify:

OR

(b) The Irish government has planned for a current budget surplus once again for 2025.

Explain the term **government current budget surplus**.

Explanation:

Question 3
Answer (a) or (b)

Ireland's newest library was opened recently in Kilkenny and a further €25 million investment in our Public Library Service was announced.

Adapted from gov.ie

(a) Outline one private benefit **or** social benefit of the increased use of public libraries. Place a tick (✓) in the relevant box below which one you are answering.

Private benefit	Social benefit

Outline:

OR

(b) The Government should continue to support the hosting of international sporting events in Ireland such as the Open Golf Championship and the UEFA Euro 2028.

Indicate with a tick (✓) if you agree or disagree with this statement. Justify your answer.

Agree	Disagree

Justify:

Question 4
Answer (a) or (b)

Budget 2025 comes with some great news for workers across Ireland, with the average worker set to save at least €1,000 - thanks to measures which included changes to the threshold of the higher tax bracket (**allowing less income to be taxed at the higher rate of 40%**), along with USC cuts and cost-of-living payments.

Adapted from the Irish Independent

(a) Outline one reason why the government introduced the above measures.

Reason:

OR

(b) Is there an opportunity cost of these measures to the government?
Place a tick (✓) in the relevant box below and explain your answer.

Yes	No

Explanation:

Question 5

Ireland's GDP is expected to grow by 3.6% in 2025 supported by an improvement in global trade, falling inflation and a strong labour market.

Adapted from Europa.eu

(i) What do the initials GDP stand for? **P** is completed for your benefit.

G	**D**	**Product**

(ii) Outline one advantage of an **increasing GDP** for citizens in Ireland.

Advantage:

Question 6

It has been reported that disposable vapes are to be banned in Ireland. Former Minister Ossian Smyth labelled disposable vapes a health emergency, saying they are an epidemic among teenagers.

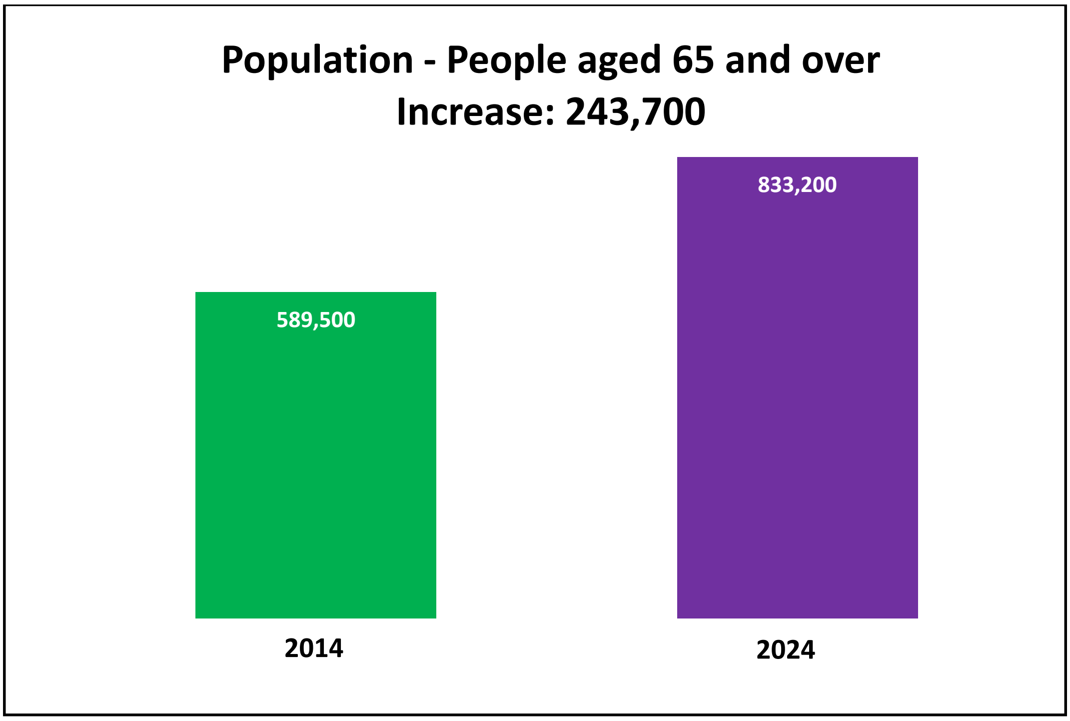
Adapted from RTE.ie

Outline **one** private cost to the individual and **one** social cost to society with the use of disposable vapes.

Private cost:
Social cost:

Question 7

The graph below shows the population of people aged 65 and over in Ireland in 2014 and 2024.



Adapted from cso

(i) The number of people aged 65 and over has increased by 243,700.
Calculate the percentage increase in number of people aged 65 and over from 2014 to 2024. **Show all your workings.**

Workings:
Percentage increase:

(ii) Outline one possible economic effect which this increase in the number of people aged 65 and over in the Irish population may have **for the Irish Government.**

Economic effect:

Question 8

(i) Identify, with a tick (✓), which one of the following firms exist in a **monopoly market** structure in Ireland.

Name of Organisation	Tick (✓) which is a Monopoly structure
Ryanair	
An Post (mail service for letter post)	
Vodafone	

(ii) In a monopoly market structure, **there are barriers to entry**.
Outline one such possible barrier to entry.

Outline:

Question 9

In September 2024, Apple released the new Apple Watch series 10.

www.apple.com

In the table below, indicate by means of a tick (✓) which of the following are either a **substitute** to or a **complement** for the Apple Watch series 10. Explain the reason for your choice in each case.

	Substitute	Complement	Reason
Apple iPhone 16			____________________ ____________________ ____________________
Samsung Galaxy watch 7			____________________ ____________________ ____________________

Question 10

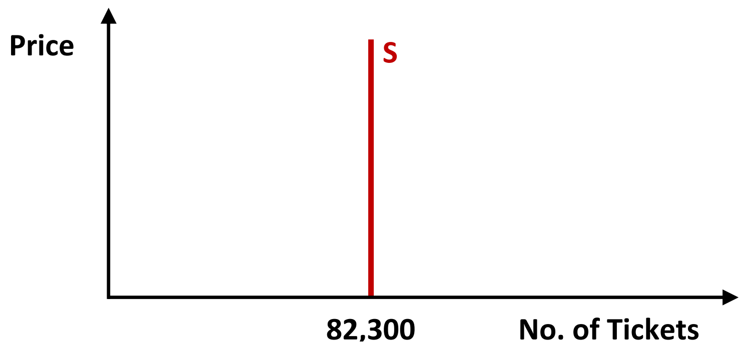
Oasis will play their first concert in Ireland in 16 years in August 2025. It will take place in Croke Park stadium, which has a maximum capacity of 82,300 people.

Adapted from the Irish Times

(i) Outline one factor, other than ticket prices, that affects a consumer's demand for tickets for this concert.

Outline:

(ii) The diagram below shows the supply curve for tickets for this event.
Explain the reason for the shape of this supply curve.



Explanation:

Section B	Extended Response Questions	300 marks

Answer 4 out of 6 questions

Question 11

(a) The image below shows a photo of a firm in the English market in Cork City.
This firm operates in **perfect competition** where there are many homogenous products.

www.expedia.com

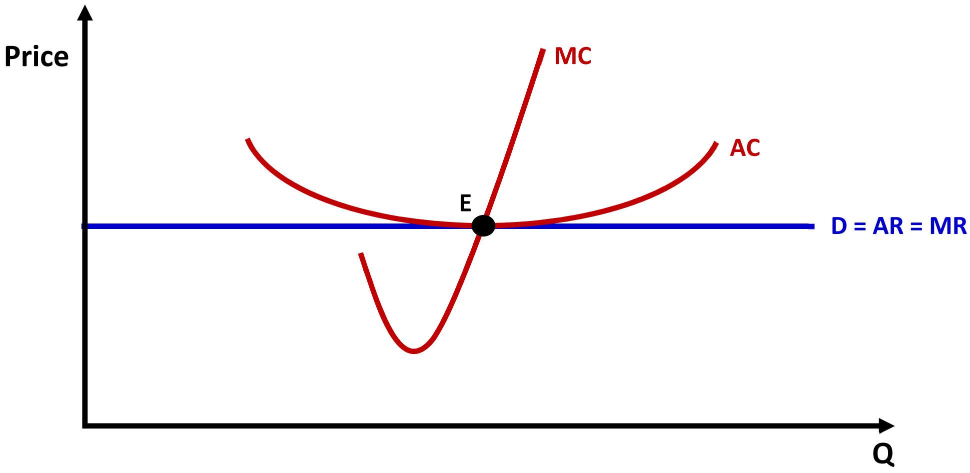
(i) Explain the economic term **homogenous product** and give one example of a homogenous product.

Explanation:
Example:

(ii) Outline two assumptions of perfect competition (other than homogenous products).

1.
2.

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



(i) Write out in full what any **three** of the following four labels represent.

MC	
Q	
D = AR = MR	
AC	

(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 $\mathbf{Q_1}$)
- The price the firm will charge for its output (use label $\mathbf{P_1}$).

(iii) As a **consumer** what, in your opinion, is the main advantage of this market structure. Explain your answer.

Advantage:
Explanation:

(c) Dublin Airport has a passenger cap of 32 million passengers (a limit on the number of passengers that can pass through the airport in any given year). This passenger cap was exceeded in 2024.

(i) Outline one reason why, in your opinion, a limit has been placed on the number of passengers who can pass through Dublin Airport.

Reason:

(ii) If this passenger cap remains unchanged outline the possible economic effect this may have on each of the following:

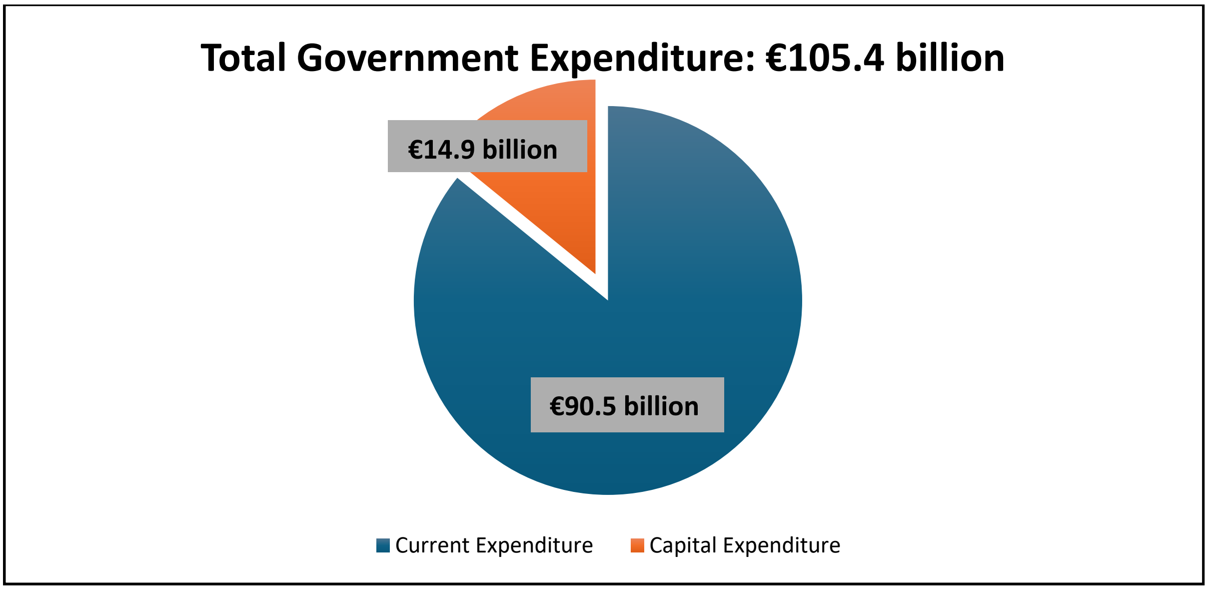
- Tourism into Ireland
- Other airports in Ireland i.e. Cork, Shannon and Ireland West Airport
- Economic growth in Ireland.

Tourism into Ireland:
Other airports in Ireland:
Economic growth in Ireland:

75 marks

Question 12

The pie chart below outlines budgeted government current and capital expenditure for 2025.



(a) **(i)** Calculate **capital expenditure** as a percentage of total government expenditure. **Show all your workings.**

Workings:
Answer:

(ii) In Budget 2025, the government is making €360 million available for walking and cycling infrastructure projects throughout the country.

Adapted from gov.ie

Indicate with a tick (✓) whether the above is an example of current **or** capital expenditure. Explain your answer.

Current Expenditure			Capital Expenditure	

Explanation:

(b) National Income is calculated using the following formula:

National Income = C + Investment + G + X - Imports

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

C	
G	
X	

(ii) The Multiplier for an open economy is:

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

Assume that MPS is 0.2 and MPM is 0.3.
Calculate, using the above formula, the size of the multiplier.
Show all your workings.

Workings:
Answer:

(iii) Ireland is a small open economy.
Explain what is meant by the economic term **open economy.**

Explanation:

(c) In October 2024, the ECB cut interest rates by a further 0.25%.

Adapted from bloomberg.com

(i) What do the initials ECB stand for?

E	**C**	**B**

(ii) Outline one **aim of the ECB**.

Outline:

(iii) Explain the economic effect these interest rate decreases could have on **each** of the following:

- Savers in Ireland
- Borrowers who are repaying mortgages.

Savers:
Borrowers repaying mortgages:

75 marks

Question 13

(a) Ireland remains close to full employment with some employers experiencing shortages of skilled labour in different sectors of the economy.

(i) Explain the factor of production **labour**.

Explanation:

(ii) State two sectors of the Irish economy which are currently experiencing a shortage of skilled labour.

1.
2.

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

Place a tick (✓) in the relevant box below which one you are answering.

Irish government	**Employers**

Economic measure:

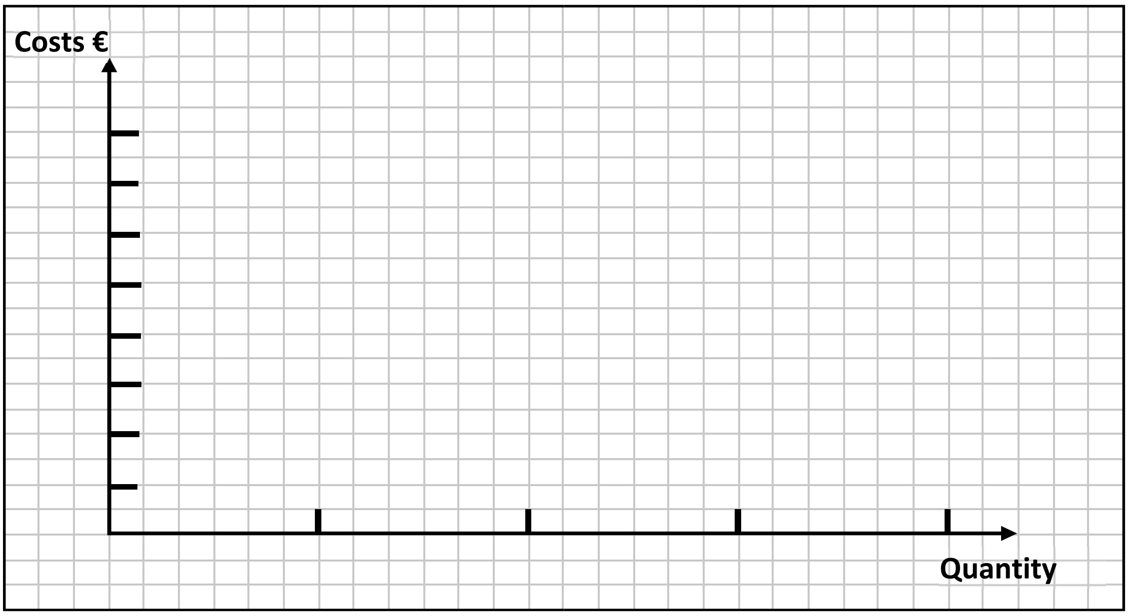
(b) **(i)** You have been given the data below for a firm.

On the graph paper provided below, draw and label:

- the average costs (**AC**) for this firm.
- the marginal costs (**MC**) for this firm.
- the marginal revenue (**MR**) for this firm.

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

Quantity (units of output)	**1**	**2**	**3**	**4**
Average Costs (AC) in €	**300**	**250**	**200**	**300**
Marginal Costs (MC) in €	**150**	**100**	**200**	**400**
Marginal Revenue (MR) in €	**200**	**200**	**200**	**200**



(ii) Explain the meaning of either of the following terms:
marginal cost **or** marginal revenue.
Place a tick (✓) in the relevant box below which one you are answering.

Marginal Cost	**Marginal Revenue**

Explanation:

(c) A new city and reunification of Ireland are among the public's suggestions for using the €14 billion Apple tax money.

Adapted from RTE.ie

(i) State two other multinational companies operating in Ireland, other than Apple.

1.
2.

Apple tax money 'cannot be used for day-to-day spending', says Taoiseach.

Adapted from RTE.ie

(ii) Outline two areas of public infrastructure the Government could invest this €14 billion Apple tax money (other than a new city and reunification of Ireland). Justify your choice in each case.

1.
Justify:
2.
Justify:

75 marks

Question 14

(a) Ireland reaps €700m Brexit bonanza from customs duties.

Adapted from The Guardian 2024

(i) Explain the economic term **customs duties**.

Explanation:

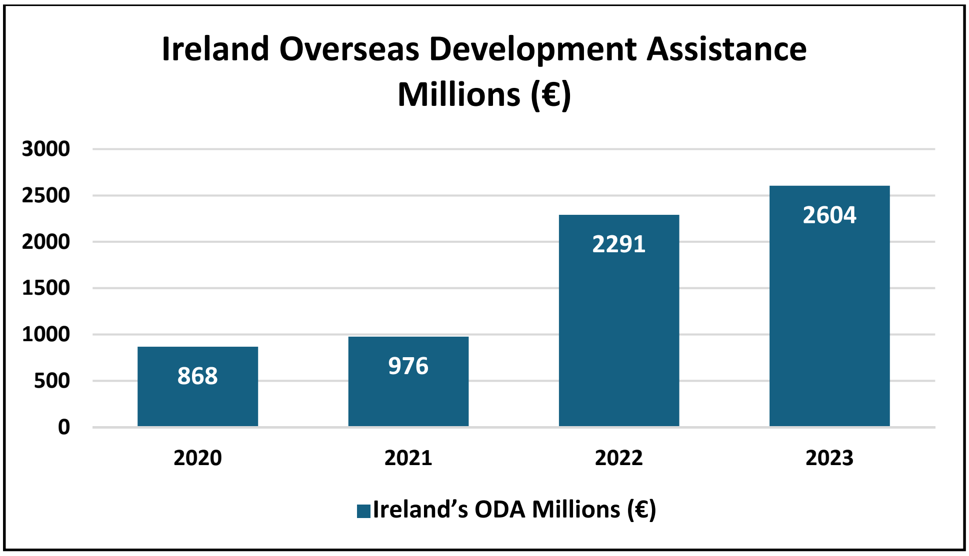
(ii) Outline two reasons why **imports** are important to the Irish economy.

1.
2.

(iii) Ukraine and Moldova have applied for membership of the European Union (EU). Outline one reason why Ireland is supporting **their membership of the EU**.

Reason:

(b) The graph below shows the amount of Overseas Development Assistance (ODA) that Ireland has sent to Less Developed Countries (LDCs) from 2020 to 2023.



Adapted from ireland.ie

(i) Comment on the overall trend of Irish ODA to LDCs between 2020 and 2023, using figures from the graph above.
In your opinion, is this trend a positive development or a negative development? Explain your answer.

Comment:
Is this trend a Positive development ☐ **or** a Negative development ☐
Explain:

(ii) Governments of LDCs who receive this aid use it to benefit their citizens.
Suggest two actions these governments can take to improve their citizens welfare.

Action 1:
Action 2:

(c) The data below is extracted from Ireland's Human Development Index (HDI) in 2003 and 2022.

Adapted from hdr.undp.org

Ireland	**2003**	**2022**
Gross National Income Per Capita (US $)	44,194	87,467
Life Expectancy at Birth (in years)	77.6	82.7
Expected Years of Schooling (in years)	16.8	19.1
HDI Figure	**0.87**	**0.95**

(i) Based on the data in the table above, state if Ireland's HDI position has improved or disimproved.

Indicate with a tick (✓) in the relevant box below. Justify your decision.

Improved	**Disimproved**

Justify:

(ii) Suggest one measure a country can take to help it improve its HDI score.

One measure:

75 marks

Question 15

(a) Entrepreneurs are vital to the success of the Irish economy. The continued growth of the Irish economy is highly dependent on entrepreneurs.

Adapted from enterprise.gov.ie

(i) Explain the term **entrepreneur**.

Explanation:

(ii) An entrepreneur must control their costs of production.
Do you agree or disagree with this statement?
Indicate your choice with a tick (✓) in the corresponding box below.
Justify your answer.

Agree	**Disagree**

Justify:

(iii) More than 570 restaurants, cafes, and other food businesses have permanently shut their doors in the last year, as entrepreneurs leave the hospitality industry.

Adapted from irishexaminer.com

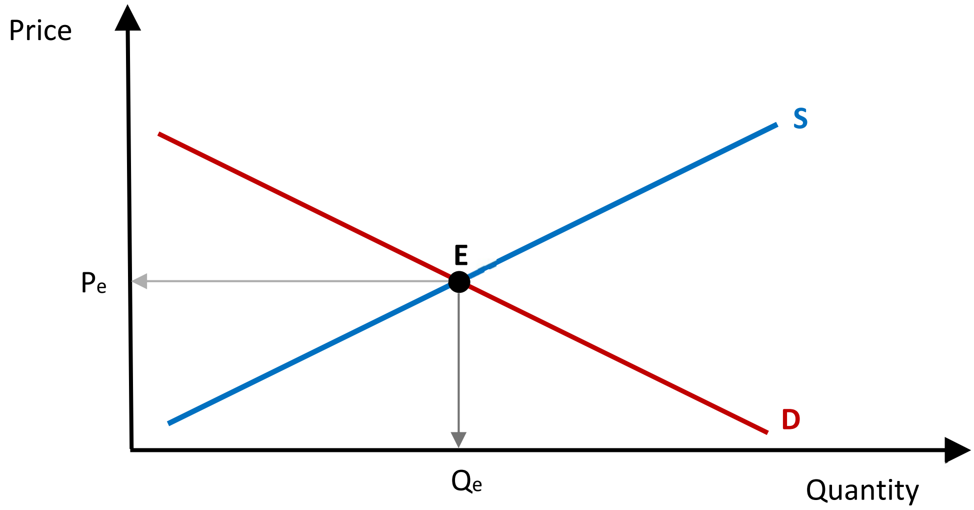
Discuss one effect this development may have on **local communities**.

Effect:

(b) It is forecasted that Ireland's population will grow to 5.9 million by 2030.

Adapted from the Irish Times

The diagram below shows the market demand curve and market supply curve for housing in Ireland.



(i) The forecasted increase in population is expected to affect the demand for housing. Show the effect of this development **on the diagram above**.

(ii) Explain your answer.

Explanation:

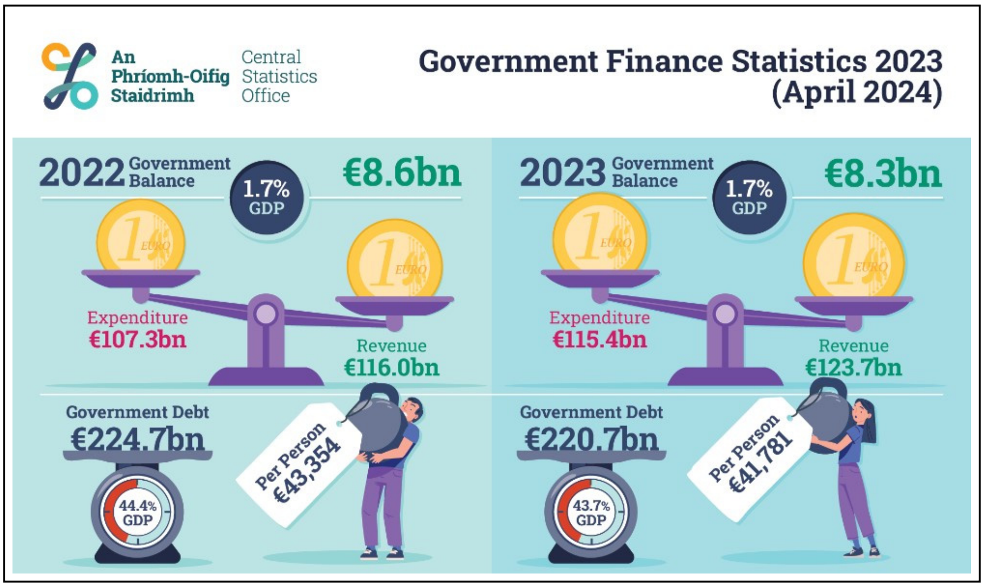
(iii) Restrictions were introduced limiting the movement of cars beyond a certain point on the Quays in Dublin City centre in September 2024.

Outline one positive effect **or** one negative effect of the above measure for those people who live in Dublin. Indicate your choice with a tick (✓) in the corresponding box below. Justify your answer.

Positive	**Negative**

Justify:

(c) The infographic below outlines government debt and government debt per person in 2022 and 2023. Both the overall government debt and debt per person **is decreasing**.



www.cso

(i) Outline one economic benefit for **each** of the following of this reduction in overall debt:

- the Irish government and
- citizens in Ireland.

Irish government:
Citizens in Ireland:

(ii) Ireland is considered a mixed economy.
Explain the meaning of the term **mixed economy**.

Explanation:

75 marks

Question 16

(a) In Budget 2025 the government announced a €1 Increase in excise duty and VAT on a pack of 20 cigarettes.

www.gov.ie

(i) Indicate with a tick (✓) below whether excise duty and VAT are examples of a direct tax **or** an indirect tax. Explain your choice.

Direct tax	
Indirect tax	

Explanation:

(ii) Excise duty is charged on certain goods such as alcohol, tobacco and petrol.

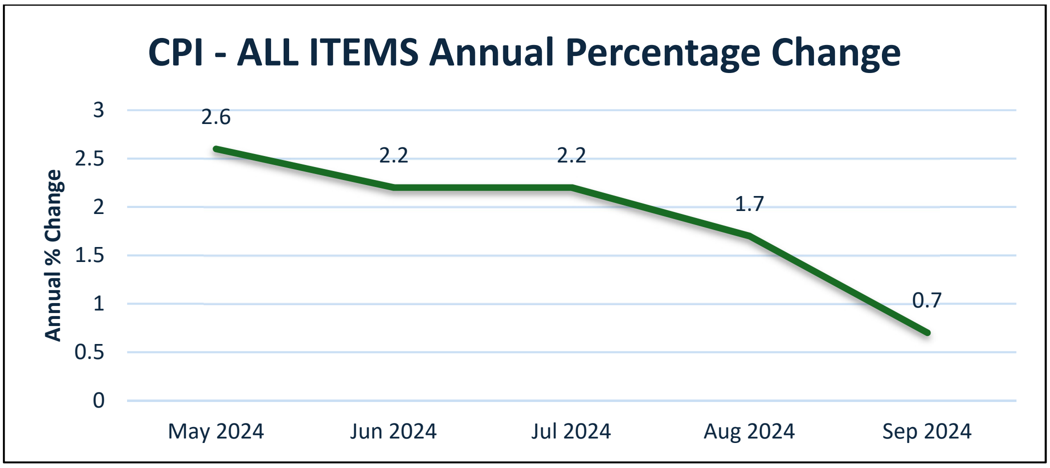
Explain one reason why the government places taxes on goods such as alcohol and cigarettes.

Explanation:

(iii) Outline one possible **negative** economic effect for the Irish economy if the government continues to increase the rate of VAT on alcohol and tobacco.

Economic effect:

(b) The chart below shows Ireland's CPI annual percentage change in price inflation from May 2024 to September 2024.



Adapted from CSO

(i) What do the letters CPI stand for? **I** is completed for your benefit.

C	**P**	**Index**

(ii) Identify the overall trend of price Inflation in Ireland between May 2024 and September 2024, using figures from the graph above.

Trend:

(iii) Discuss two possible economic effects which **falling price inflation** may have on Irish **consumers**.

1.
2.

(c) Large cuts in carbon emissions are needed as soon as possible to avoid the risk of an unliveable planet this century. UN Environment Programme

13 CLIMATE ACTION

(i) Identify one action that **each** of the following sectors of the Irish economy could take to reduce the effects of climate change. Justify your answer.

Agricultural Sector
Action:
Industrial Sector
Action:
Justify:

(ii) One of the aims of the Irish government is to promote **Balanced Regional Development** throughout Ireland.

Suggest one measure the Irish government could take to help achieve this aim.

Suggestion:

75 marks

Optional additional page.

Indicate clearly the number and part of the question(s) you are answering

Optional additional page.
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