
**ECONOMICS - HIGHER LEVEL
(400 MARKS)**

THURSDAY, 26th JUNE 1997 - MORNING, 9.30 - 12.00

Answer not more than six questions from Section A and four questions from Section B. Credit will be given for clear, precise, relevant answering and for orderly presentation of material.

SECTION A (100 marks)

The questions in this section are on a separate sheet which also provides space for your answers. The completed sheet is to be returned with your answer books at the end of the examination.

SECTION B (300 marks)

Not more than four questions to be answered. All questions carry equal marks (i.e. 75). Note the sub-divisions in the questions.

1. (a) Outline the main factors that affect the supply of a good or service. (25 marks)
- (b) (i) Give one reason that will cause a movement along a demand curve.
(ii) Give five reasons that will cause a shift in a demand curve. (25 marks)
- (c) There is a small number of types of goods to which the Law of Demand does not apply. Discuss briefly three of these types of goods. (25 marks)
- [75 marks]

2. (a) Explain, with the aid of a diagram, the long run equilibrium position of a firm operating in perfect competition. (25 marks)
- (b) Outline the assumptions governing perfect competition. (25 marks)
- (c) (i) Why does perfect competition benefit consumers?
- (ii) Why does perfect competition benefit the economy?
- (iii) A firm operating in perfect competition is said to be a 'price taker'. Explain briefly. (25 marks)
- [75 marks]**

3. (a) The unemployment figures that are taken from the Labour Force Survey are significantly lower than those taken from the Live Register. Which do you think gives a more accurate picture of the true level of unemployment? Briefly explain. (20 marks)
- (b) List and briefly explain four factors that affect the demand for labour by a particular firm. (20 marks)
- (c) Outline three factors that explain wage differences for different occupations. (20 marks)
- (d) State two factors that determine the efficiency of labour. (15 marks)
- [75 marks]**

4. (a) Define:
- (i) The Law of Comparative Advantage.
- (ii) The Terms of Trade. (20 marks)
- (b) Explain, with the aid of an example, the Law of Comparative Advantage. (25 marks)
- (c) Discuss the reasons why the Irish economy engages in international trade. (30 marks)
- [75 marks]**

5. (a) Define the Broad Money Supply (M3). (15 marks)
- (b) Explain, with the aid of an example, how the commercial banks can create credit (money). (30 marks)
- (c) Outline the functions of the Central Bank. (30 marks)
- [75 marks]**

6. (a) List **two** factors that influence consumer spending in the economy and briefly explain how they do so. (20 marks)
- (b) List **four** factors that influence the level of investment by entrepreneurs in an economy, adding a brief explanation in each case. (30 marks)
- (c) Outline, with the aid of a diagram, how changes in the level of investment affect the level of National Income. (25 marks)
- [75 marks]

7. (a) Outline **three** reasons why the government borrows money and increases the National Debt. (20 marks)
- (b) In 1995 the balance outstanding on the National Debt was £30,209 million. Outline the negative economic consequences or problems caused by the National Debt. (30 marks)
- (c) State **three** means by which the Irish government might attempt to reduce significantly the National Debt and outline briefly the likely economic effects of each of these measures. (25 marks)
- [75 marks]

8. (a) Name **five** semi-state companies that have been privatised in recent years. (15 marks)
- (b) Set out arguments for and arguments against the privatisation of semi-state companies. (40 marks)
- (c) Do you think that privatisation of these companies would benefit
- (i) the consumer
- (ii) the taxpayer
- Briefly explain your answer in each case. (20 marks)
- [75 marks]

WARNING
You must return this paper with your answerbook, otherwise marks will be lost.

An Roinn Oideachais
Leaving Certificate Examination, 1997

M.59A

ECONOMICS - HIGHER LEVEL

SECTION A (100 marks)

Examination Number

Answer any six of the following:-

1. The Law of Diminishing Marginal Utility states

.....
.....
.....

(16 marks)

2. The 'black economy' is defined as

.....
.....
.....

(16 marks)

3. The difference between Gross National Product at factor cost and Gross Domestic Product at factor cost is

.....
.....
.....

(16 marks)

4. List three forms or methods of collusion which firms which are operating in an oligopolistic market may practise.

.....
.....
.....

(16 marks)

OVER →

5. A country is said to have an optimum population when

.....
.....
.....

(16 marks)

6. Define external economies of scale. Give two examples.

.....
.....
.....

(17 marks)

7. Define social costs. Give two examples.

.....
.....
.....

(17 marks)

8. The Purchasing Power Parity Theory states

.....
.....
.....

(17 marks)

9. State three contributions to economic thought of the monetarist economists.

.....
.....
.....

(17 marks)