



**Economics
Leaving Certificate
Higher Level**

**Past Exam Questions on
The Irish Economy**

Q4 Section B 2013

4. (a) 'The Exchequer deficit in December 2012 was €14.89bn'.
(Department of Finance, January 2013)
- (i) Discuss four possible economic consequences of the Government Current Budget Deficit for the Irish economy.
 - (ii) Explain how a government budget could be used to reduce income inequalities in an economy. (30)
- (b) (i) State and explain two reasons why the government increased taxes on cigarettes and alcohol in its most recent budget.
- (ii) Outline three economic impacts for the Irish economy of an increase in Motor Tax. (30)
- (c) 'The Public Capital Programme must make a further contribution to budgetary consolidation'.
(Infrastructure and Capital Investment, 2012 – 2016)

As an Advisor to the Minister for Public Expenditure and Reform, discuss two economic arguments in favour of a reduction in capital expenditure in the Budget.

(15)

[75 marks]

Q6 Section B 2013

6. (a) (i) Explain, using a numerical example, how banks create credit in an economy.
- (ii) Outline two factors which limit the ability of banks to create credit during recessionary times. (30)
- (b) Some central banks have responded to the global financial crisis by introducing the monetary policy measure of 'Quantitative Easing' (i.e. buying financial assets from financial institutions using new money it has created).
- (i) Outline two possible economic effects of this measure for an economy.
- The European Central Bank (ECB) reduced interest rates in 2012.
- (ii) Discuss two possible economic benefits of falling interest rates for the Irish economy. (20)
- (c) The monetary policy of the ECB aims to maintain the annual euro area inflation rate at a very low level.
- (i) State the rate of inflation in Ireland during 2013, as measured by the Consumer Price Index (CPI).
 - (ii) Outline two uses of the CPI, other than as a measure of the rate of inflation.
 - (iii) Discuss the possible limitations of the CPI as an accurate measure of changes in the cost of living in Ireland. (25)

[75 marks]

Q7 Section B 2013

7. (a) 'The Balance of Payments figures give the most detailed information on Ireland's large and rapidly growing internationally traded services sector' (*The Irish Times*, September 2012).
- (i) Explain the term Balance of Payments Current Account.
 - (ii) Explain two economic consequences of a surplus on the Balance of Payments Current Account.
 - (iii) Describe how foreign firms operating in Ireland may affect Ireland's Balance of Payments Current Account. (30)
- (b) Discuss the possible economic effects for the Irish economy of the euro rising in value relative to many other international currencies. (25)
- (c) 'Exporting businesses need to become the engine of economic growth.'
(Statement of Strategy 2011-2014, Department of Jobs, Enterprise and Innovation)
- Discuss the key challenges for Irish businesses on international markets. (20)

[75 marks]

Q8 Section B 2013

8. (a) 'The rate of unemployment among 15-24 year olds in Ireland has increased by 74% between 2006 and 2011' (*Profile 3 At Work*, Central Statistics Office, July 2012).
- (i) Explain three economic consequences of a high rate of youth unemployment on the Irish economy.
 - (ii) Discuss three measures which the Irish government may introduce to reduce the problem of youth unemployment. (30)
- (b) 'Ireland's National Debt was €137.6bn at the end of December 2012'.
(National Treasury Management Agency)
- (i) Discuss the disadvantages for Ireland of having a high National Debt.
 - (ii) Outline two means by which Ireland's National Debt may be made more sustainable. (30)
- (c) Ireland, in common with many developed countries, is facing the challenges of an ageing population.
- Discuss the possible economic consequences of an ageing population for the Irish economy. (15)

[75 marks]

Q3 Section A 2012

3. Outline two reasons for the growth of the 'Black Economy' and state two effects for the Exchequer.

Reason 1: _____

Reason 2: _____

Effect 1: _____

Effect 2: _____

(16 marks)

Q7 Section A 2012

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

(i) _____

(ii) _____

(iii) _____

(17 marks)

Q3 Part (c) Section B 2012

- (c) 'There are 200,000 small firms in Ireland employing 655,000 people'.

(Small Firms Association, December 2011)

Discuss the reasons why small firms survive in the Irish economy. (20)

[75 marks]

Q7 Part (c) Section B 2012

- (c) 'Euro area growth is forecast to slow down from 1.6% in 2011 to 0.2% in 2012'.

(OECD, 2011)

Discuss the possible effects on the Irish economy of the slowdown in the growth rate in the euro area. (20)

Q8 Part (b) Section B 2012

- (b) (i) State the rate of unemployment in Ireland during 2012, as indicated by the Live Register.
(ii) Outline the limitations of the Live Register in measuring the rate of unemployment in the Irish economy. (20)

Q1 Section A 2010

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

(i) _____

(ii) _____

(iii) _____

(16 marks)

Q4 Part (c) Section B 2010

- (c) At end of December 2008 the Irish National Debt amounted to approximately €50.4bn and at the end of December 2009 it was approximately €75bn.

State and explain **four** problems associated with the Irish National Debt.

(20 marks)

Q8 Part (a) Section B 2010

8. (a) Outline, using appropriate figures, how the Irish economy has performed, in the past twelve months, in each of the following areas:

- (i) Price levels;
- (ii) Economic growth;
- (iii) Government current budgetary position;
- (iv) Employment/unemployment.

(25 marks)

Q3 Section A 2009

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

Explanation: _____

Advantage: _____

Disadvantage: _____

(16 marks)

Q4 Part (c) Section B 2009

- (c) Outline how the recent tightening (reduction) in the availability of credit may affect:

- (i) The Irish Motor Industry;
- (ii) Inflation;
- (iii) Ireland's Balance of Payments.

(20 marks)

Q8 Part (c) Section B 2009

- (c) (i) Outline the major causes of the recent increases in unemployment in the Irish economy.
(ii) Discuss economic policies which the Irish government might pursue in order to reduce the level of unemployment.

(40 marks)

Q2 Section A 2008

2. "It is estimated that the 'Black Economy' costs the Irish Economy over €1 billion per month".
(Irish Small and Medium Enterprises (ISME), August 2007).

Explain the underlined term and state **one** method by which the government could discourage this activity.

Explanation: _____

Method: _____

(16 marks)

Q4 Part (c) Section B 2008

- (c) The Central Bank of Ireland has predicted a slower rate of economic growth for the Irish economy in 2008.

Discuss the economic consequences of a slower rate of economic growth for Ireland.

(25 marks)

Q8 Section B 2007

8. (a) Outline, using appropriate figures, how the Irish economy performed in the past twelve months in each of the following areas:

- (i) employment;
(ii) interest rates;
(iii) price inflation;
(iv) government taxation.

(20 marks)

Q8 Part (c) Section B 2007

- (c) 'The National Debt / GDP ratio has fallen from over 90% during the first half of the 1990's to an estimated 25.1 % at the end of 2006'. (National Treasury Management Agency)

- (i) Briefly explain each of the underlined terms.
(ii) Outline the economic benefits of this changed situation for the Irish economy.

(30 marks)