2026.M59

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Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2026

Economics

Higher Level

Friday 19 June Morning 9:30 - 12:00

400 marks

Examination Number

Date of Birth

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

Centre Stamp

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.

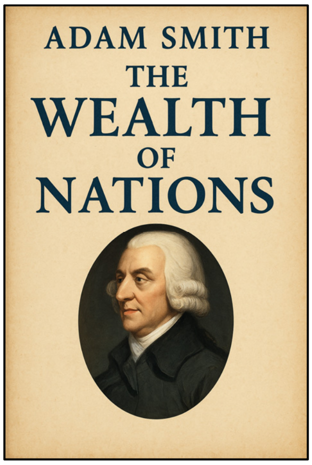
Write the make and model of your calculator here:

Section A	Short Response Questions	100 Marks

Answer 8 out of 10 questions.

Question 1

9th March 2026 marked the 250th anniversary of the publication of classical economist, Adam Smith's book, '*The Wealth of Nations*'.



(a) Smith discussed the economic concept of the specialisation of labour in *'The Wealth of Nations.'* Outline two possible benefits **for a firm which specialises its labour**.

1.
2.

(b) Compare **one** main economic characteristic of Ireland's international trade in the early 1950s *with* **one** main economic characteristic of Ireland's international trade in the present day.

In the early 1950s:
In the present day:

Question 2

The graphic below shows excerpts from a survey carried out by the Irish Music Rights Organisation (IMRO) on consumers in Ireland and music.

	
€172 is the average annual spend by adults on **music streaming**.	**€757** is the average annual spend by adults on **music events**.

Adapted from IMRO Music Report 2025: The Cultural and Economic Value of Music

(a) The data above shows consumers spend different amounts on music events and on music streaming. Which of these two types of spending is likely to have the more **price elastic demand**? Indicate your choice below by ticking (✓) the relevant box and justify your choice.

Spending on music streaming			**Spending on music events**	

Justify:

Answer either (b) or (c)

(b) In 2024, streaming platform, Spotify, posted its first annual profit since its launch in 2006.

Adapted from The Financial Times, 04 February 2025

Outline two reasons why streaming companies, like Spotify, may pursue objectives other than profit maximisation.

1.
2.

OR

(c) Outline one reason **why** large online streaming companies, such as Spotify, can operate at almost zero marginal cost every time a new user subscribes.

Reason:

Question 3

The graphic below shows the average cost for Cork and Tipperary fans in following their team through to the 2025 All-Ireland Senior Hurling Championship final.

Cork		Tipperary
€350	Match Tickets	€400
€38	Match Programmes	€43
€200	Petrol	€200
€23	Tolls	€27
€50	Parking in Dublin	€50
€334	Food and drink	€350
€995	TOTAL	€1,070

Adapted from the Irish Examiner

(a) Due to rising costs some fans called for the government to subsidise public transport for those travelling to the All-Ireland Senior Hurling and Football Championship finals.

Do you agree or disagree with this proposal?
Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Agree			Disagree	

Justify:

Answer either (b) or (c)

(b) Irish Rail has imposed €100 fines for passengers who play videos or music without headphones on its trains.

Outline one reason **why** this passenger behaviour is an example of market failure.

Reason:

OR

(c) The Connecting Ireland Rural Mobility Plan is a programme to expand bus services in rural Ireland. Passenger numbers on the plan increased by 38% between 2023 and 2024.

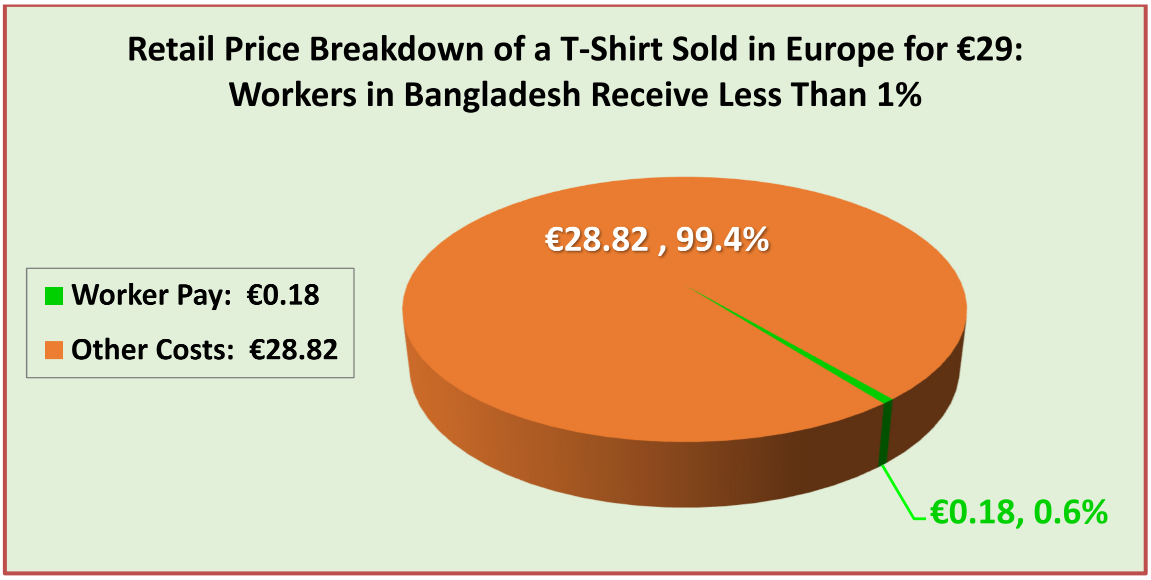
Adapted from Transport for Ireland (TFI), 04 July 2025

Outline two ways the Connecting Ireland Rural Mobility Plan **can help reduce inequality** between urban and rural households.

1.
2.

Question 4

The chart below shows that workers in Bangladesh, who make T-shirts, earn on average 18c of the final €29 retail price charged in Europe.



Adapted from cleanclothes.org

(a) Outline one reason why workers in less developed countries (LDCs) tend to earn lower wages than workers in Europe for similar work.

Reason:

Answer either (b) or (c)

(b) The global market for used clothes is now worth approx. \$100bn, up from approx. \$35bn in 2020. Second-hand clothes sales will account for 10% of the global clothing market in 2025.

Adapted from The Economist, February, 2025

Suggest two possible measures the Irish government could introduce to increase demand for second-hand clothing.

1.
2.

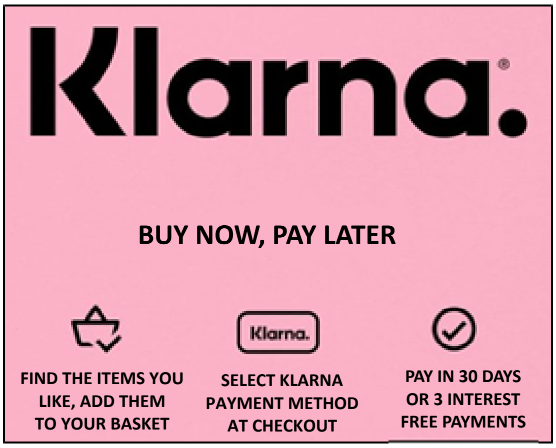
OR

(c) Outline two ways the use of online second-hand clothing apps, like Vinted and Depop, may benefit consumers of second-hand clothing.

1.
2.

Question 5

Some financial companies, such as Klarna, offer buy now, pay later (BNPL) agreements for some online purchases in Ireland. These agreements allow consumers to either pay upfront or to spread the cost over time, sometimes with excessive added interest.



Adapted from droidvenue.com

(a) Do you think BNPL companies, such as Klarna, encourage rational consumer behaviour or irrational consumer behaviour?
Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Rational consumer behaviour		Irrational consumer behaviour	

Justify:

(b) Rational consumer behaviour is one assumption used in economics.

Outline two **other** key assumptions about consumer behaviour used in economics.

1.
2.

Question 6

China's first Legoland theme park opened in Shanghai in July 2025. The park is home to 75 rides across eight areas and structures built from millions of plastic bricks.

Adapted from the BBC

Source: The South China Morning Post

(a) Theme parks, such as Disney, Lego and Universal, are part of the services industry, as they provide entertainment and experiences.

The spread of such theme parks around the world shows the concept of **globalisation.**

Explain the term **globalisation**.
Outline one economic benefit to a company of investing in theme parks.

Explain:
Benefit:

(b) Ireland’s main theme park is Emerald Park in Co. Meath.

Outline two economic benefits of the operation of theme parks within a country.

1.
2.

Question 7

Ireland generates more plastic packaging waste per person than any other EU country.

Adapted from the Irish Independent, July 2025

(a) In your opinion, which of the following fiscal policy tools should the Irish government use to reduce plastic packaging waste:

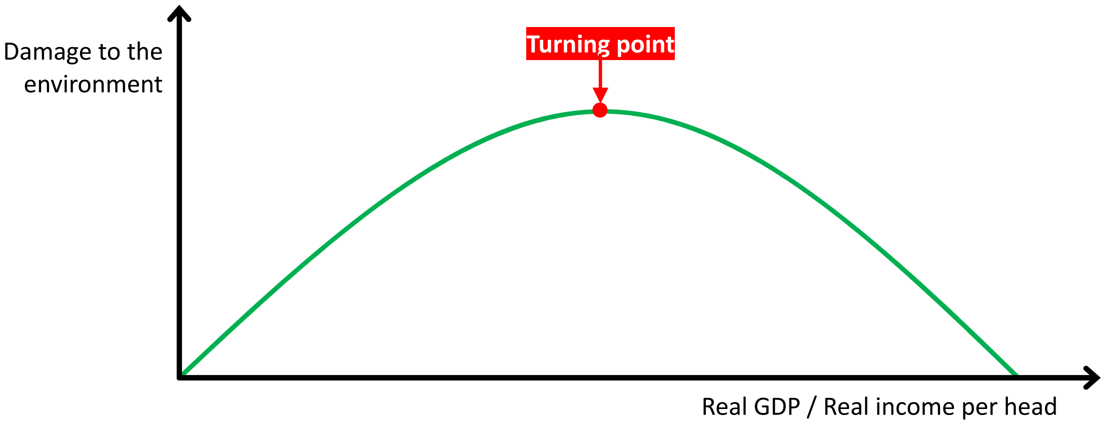
- a subsidy for firms using biodegradable packaging?
- a tax on firms using plastic packaging?

Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Subsidy for firms		Tax on firms	

Justify:

(b) The diagram below shows the Environmental Kuznet's Curve (EKC). It suggests that **as real income per capita rises, environmental damage initially increases, reaches a turning point, and then declines.**



In your opinion, is the above curve relevant in today's world in explaining the relationship between economic growth per capita and environmental damage?

Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Yes (relevant)		No (not relevant)	

Justify:

Question 8

One-third of farmers in Ireland are aged over 65 and the average farmer is 58 years old.

Adapted from the Teagasc National Farm Survey 2024 (June 2025)

(a) Farming may be seen as an unattractive career choice for many younger people in Ireland today.

Outline two factors which may discourage younger people from becoming farmers.

1.
2.

(b) Cattle input costs have surged recently due to significant increases in the cost of feed, fertiliser, fuel, and veterinary medicines.

Adapted from the Irish Independent

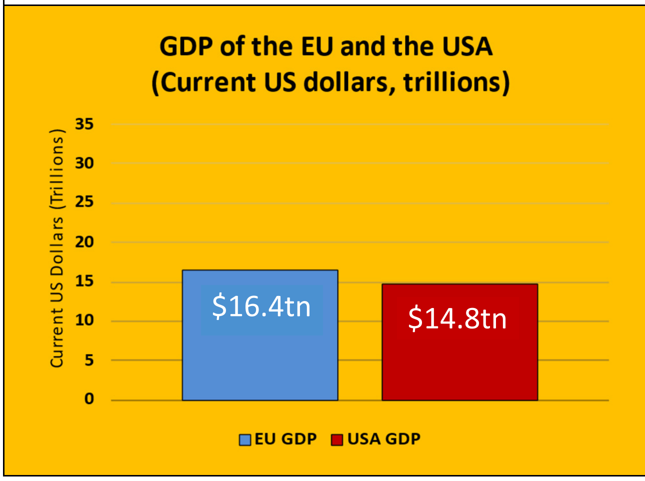
Outline two ways in which this development may affect **other businesses in the local economy**.

1.
2.

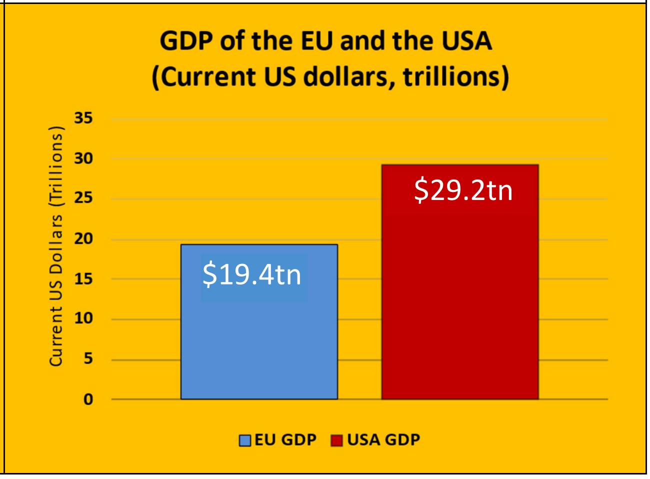
Question 9

The charts below shows the total Gross Domestic Product (GDP) of the European Union (EU) and the United States (USA) in 2008 and 2024, measured in current US dollars (trillions).

2008



2024



Adapted from World Bank Open Data

(a) The increase in GDP for the EU between 2008 and 2024 is **18.3%**.

Calculate the percentage change in GDP for the USA between 2008 and 2024.
Show all your workings.
Comment on **the change** in economic growth between both regions.

Workings:

Answer:

Comment:

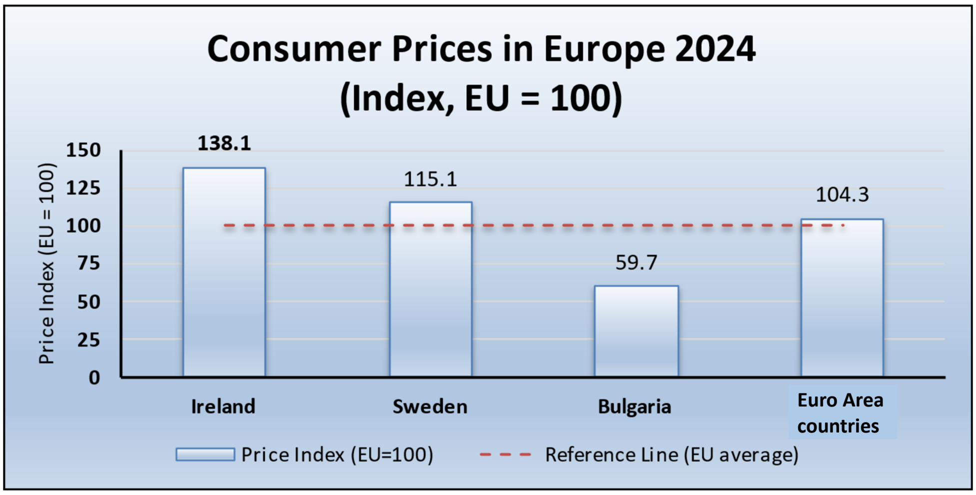
(b) The data in the charts above create economic concerns for EU governments.
What in your opinion are two economic concerns presented by the above data for EU governments.

1.

2.

Question 10

The diagram below compares the prices of consumer goods and services across Europe in 2024. Prices are presented as an index with the EU average = 100.



Adapted from Eurostat

The chart above shows that the average price of goods and services in Ireland was over 38% higher than the EU average in 2024.

(a) Outline two economic effects of higher prices on the Irish economy.

1.
2.

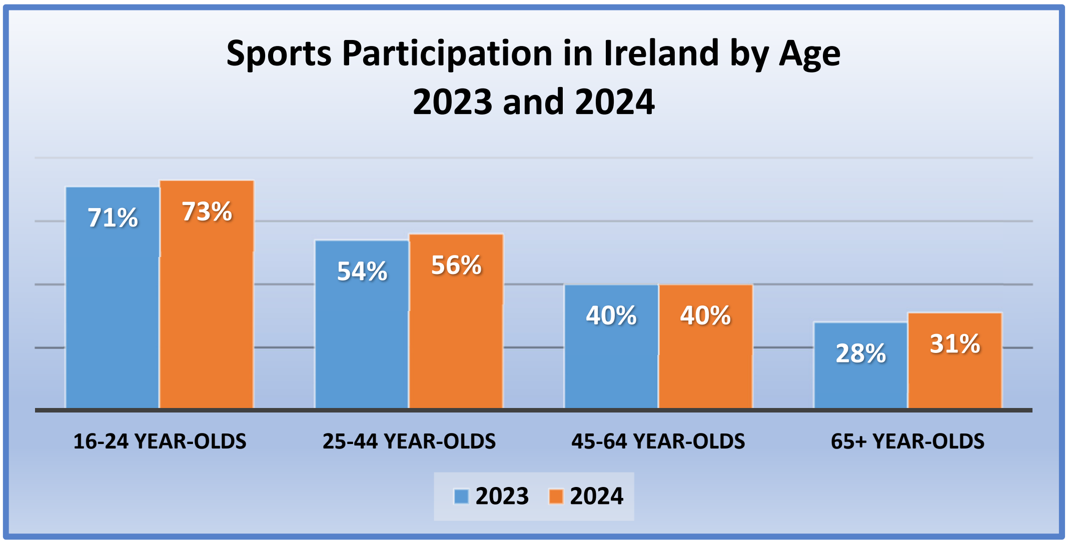
(b) Outline two ways in which rising food prices **do not affect all consumers equally**.

1.
2.

Section B — Extended Response Questions — 300 marks

Answer 4 out of 6 questions

Question 11
The chart below shows the percentage of people in Ireland who participated in sport during the previous seven days in 2023 and in 2024.



Adapted from Sport Ireland: "Irish Sports Monitor 2024"

(a) **(i)** Suggest one measure which **local authorities in Ireland** could take to help increase the sports participation rate of those aged 45 and over.

Measure:

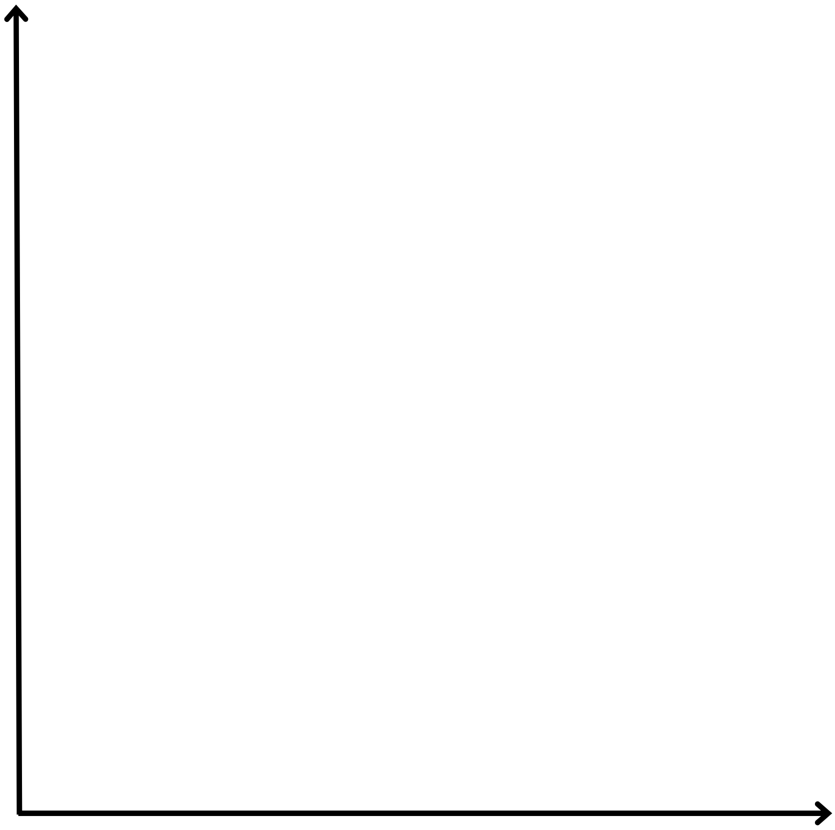
(ii) Outline two ways in which **increasing participation in sports** across all age-groups benefits society in Ireland.

1.
2.

(b) There are approximately 1,100 gyms and fitness centres operating in Ireland, with 750,000 members.

Adapted from irelandactive.ie

(i) Explain, with the aid of a clearly labelled diagram (including axes), the **short-run equilibrium** position of a gym operating under monopolistic competition in Ireland.



Explain:

(ii) Some gyms in Ireland operate under oligopolistic competition.

Outline how conditions for gym members may differ between **oligopolistic competition** and **monopolistic competition** under each of the following headings:

- Choice of gyms
- Cost of gym membership

Choice of gyms:
Cost of gym membership:

(c) **(i)** When Cian's weekly income is **€400** he goes to the gym **twice a week.** When his income increases to **€500** he goes **three times a week.**

Assuming Cian pays per gym visit, calculate Cian's income elasticity of demand (YED). **Show all your workings** and explain your answer.

Workings:
Answer:
Explain:

(ii) Recently, some politicians proposed that gym memberships should qualify for tax relief.

Do you agree or disagree, that gym memberships should receive tax relief?
Indicate your opinion below by ticking (✓) the relevant box and justify your choice.

Agree		Disagree	

Justify:

A knowledge of price elasticity of demand (PED) may help gym operators maximise their total revenue from clients.

(iii) Explain the term price elasticity of demand and discuss one measure a gym operator, using this knowledge of PED, could take to maximise revenue from clients.

Explain:
Discuss measure:

(75 marks)

Question 12

(a) The chart below shows the value of Ireland’s total goods imports and total goods exports for May 2024 and May 2025.

Adapted from the CSO

(i) Outline the overall trend in the value of Ireland’s total goods imports **or** total goods exports for May 2024 and May 2025, **using data from the chart above**.
Indicate which overall trend you are commenting on by ticking (✓) the relevant box:

Total goods imports		Total goods exports	

Overall trend:

(ii) In your opinion, do the changes, shown in the chart above, bring benefits or challenges to the Irish economy?

Indicate your opinion below by ticking (✓) the relevant box and justify your opinion.

Economic benefit		Economic challenge	

Justify:

(iii) The European Commission has warned China that the European Union will not tolerate "dumping" of Chinese electric vehicles in the EU.

Adapted from the Irish Times

Explain what you understand by the economic term **dumping** in international trade.

Dumping:

(b) A trade agreement between the European Union (EU) and the United States (US) came into force in August 2025, which introduced a 15% US tariff on most EU goods.

(i) Explain what you understand by the economic term **tariff**.

Explain:

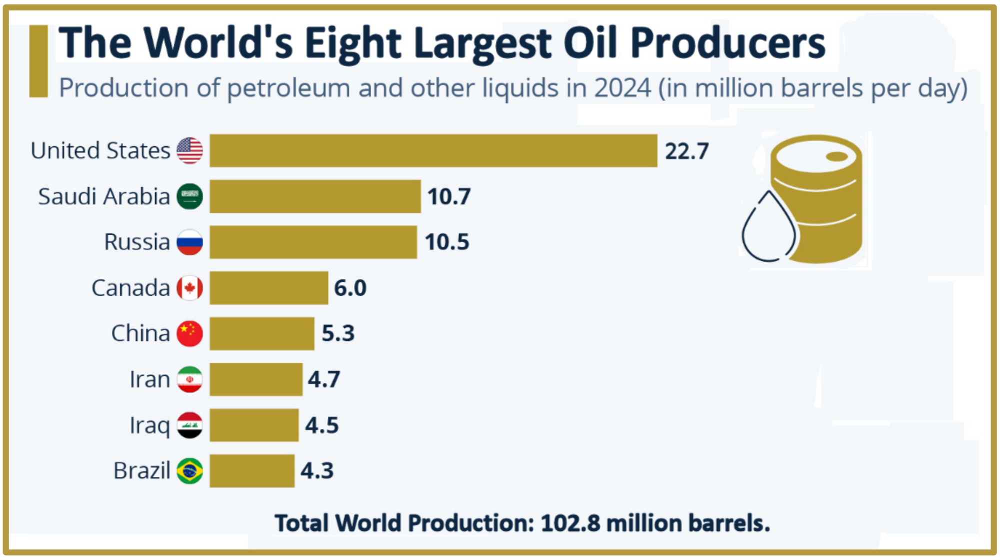
(ii) Outline two economic implications that Irish exporters may face in the US market following the introduction of the 15% US tariff on most EU goods.

1.
2.

(iii) Outline one economic benefit and one economic challenge for a country when it engages in **trade protectionism**.

Economic benefit:
Economic challenge:

(c) The graphic below shows the eight leading oil-producing countries in the world in 2024.



Adapted from Statista, June 2025

(i) Using the data above, calculate the **combined** percentage share of total world oil output (102.8m barrels) held by the **top three** producers in 2024. **Show all your workings**.

Outline how this concentration of production may influence global oil prices.

Workings:
Influence on global oil prices:

(ii) According to the Energy Institute, fossil fuels accounted for 81.4% of overall energy consumption in Ireland in 2024, an increase of 0.7% on the 2023 figure.

In your opinion, which government intervention option would be more effective in reducing Ireland's use of fossil fuels?

- **Option A** — A larger annual increase in the carbon tax
- **Option B** — Subsidies for renewable energy alternatives (e.g. home insulation, heat pumps, solar panels, electric vehicles etc.)

Indicate your opinion below by ticking (✓) the relevant box and justify your opinion.

Option A		Option B	

Justify:

(iii) The Irish Government plans to end ESB Networks' monopoly on electricity lines and allow private firms to install lines between renewable generators and large business users.

Adapted from the Irish Times, July 2025

Outline how this change may affect **each** of the following:

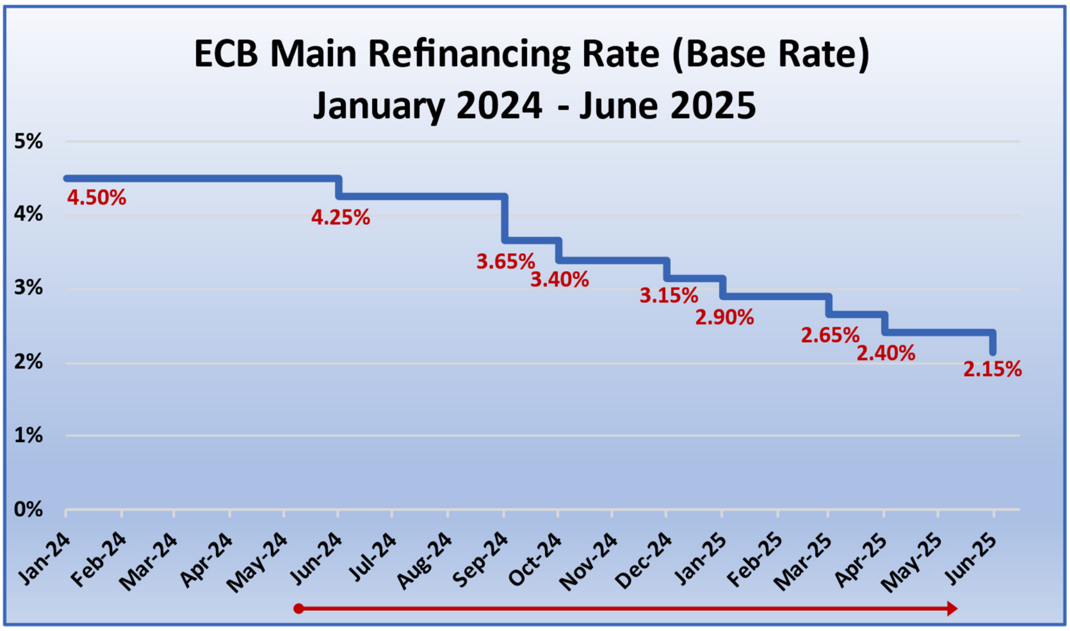
- Employment levels in the electricity sector
- Electricity prices for large businesses in the Irish economy

Employment levels in the electricity sector:
Electricity prices for large businesses in the Irish economy:

(75 marks)

Question 13

The chart below shows changes in the European Central Bank (ECB) Main Refinancing Rate (also known as the base rate) from January 2024 to June 2025.



Adapted from the European Central Bank

(a) **(i)** Outline one economic factor which may have influenced the ECB's decision to reduce the Refinancing Rate between June 2024 and June 2025, as indicated with the red arrow in the above chart.

Outline:

(ii) 60,770 personal loans worth €683 million were drawn down in Ireland in Q1, 2025. This was an annual increase of over 20%.

Adapted from the Banking & Payments Federation Ireland

Outline two factors, other than interest rates, which may increase the demand for credit/loans in the Irish economy.

1.
2.

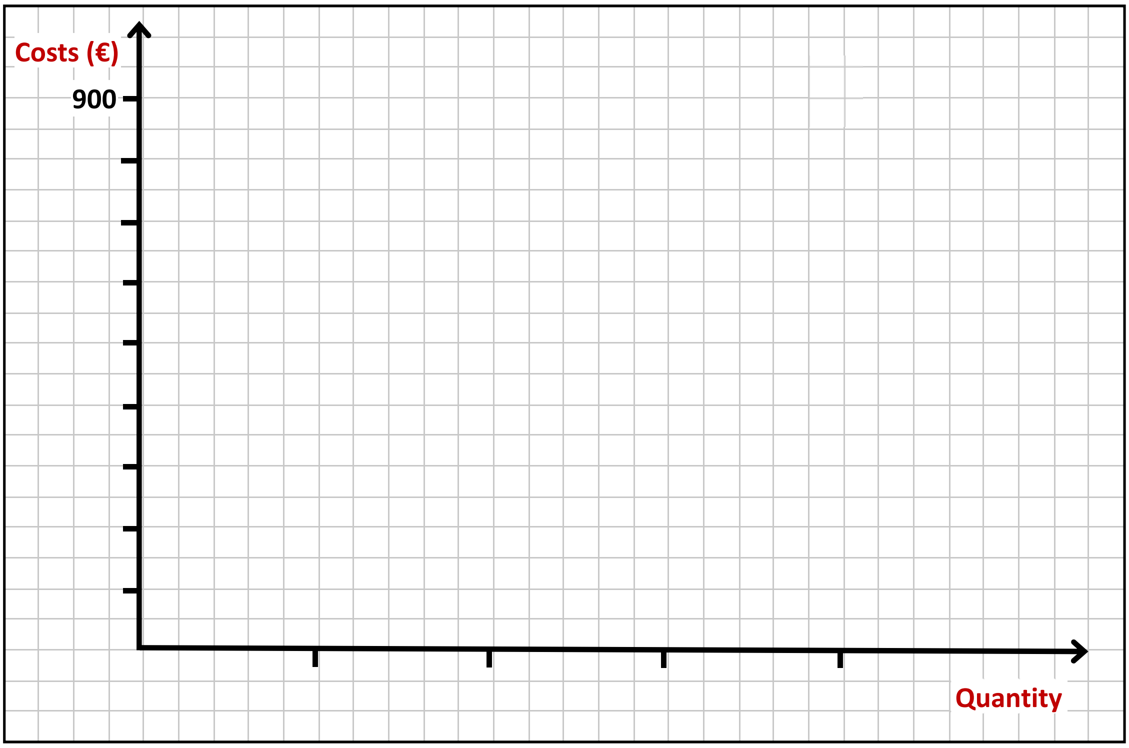
(b) *Surfriders*, a surf school in Bundoran, Co. Donegal, operates during the summer season. The table below shows its daily output (number of lessons), total fixed costs, total variable costs, and total costs.

Daily Output (Number of Lessons)	Total Fixed Costs (€)	Total Variable Costs (€)	Total Costs (€)
0	300	0	300
10	300	120	420
20	300	210	510
30	300	360	660
40	300	600	900

(i) Explain the terms **fixed costs** and **variable costs** and provide one example of a fixed cost and one example of a variable cost **for the surf school**.

Fixed costs:
Example of a fixed cost:
Variable costs:
Example of a variable cost:

(ii) Using data from the table above draw a clearly labelled diagram below to show the total fixed cost (TFC) curve, the total variable cost (TVC) curve, and the total cost (TC) curve. **Note: You must complete/fill in the cost axis and the quantity axis.**



(iii) When the surf school provides 40 lessons per day, what is the minimum price the owner must charge per lesson, in order to earn profit of €100 per day?
Use data from the table on page 23 and show all your workings.

Workings:
Answer:

(c) The government's new housing plan, "Delivering Homes, Building Communities 2025-2030", aims to tackle vacancy and dereliction in town centres.

(i) Discuss one economic benefit and one economic challenge of revitalising town centres.

Benefit:
Challenge:

(ii) Outline two possible implications of Ireland's EU membership when addressing labour shortages in the Irish housing construction sector.

1.
2.

(iii) The Irish Government's new Housing Plan will allow local authorities to compulsorily (by law) buy properties which have become derelict.

Adapted from RTÉ News

Do you agree or disagree with local authorities being allowed to compulsorily buy derelict properties?

Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Agree		Disagree	

Justify:

(75 marks)

Question 14

(a) **(i)** Ireland's GDP was €153.4 billion in Q1, 2025.
In the same period Ireland's GNP was €107 billion.

Calculate Ireland's net factor income from abroad (NFIA). **Show all your workings.**

Workings:
Answer:

(ii) Outline two limitations of gross domestic product (GDP) **as a measure of Ireland's economic welfare**.

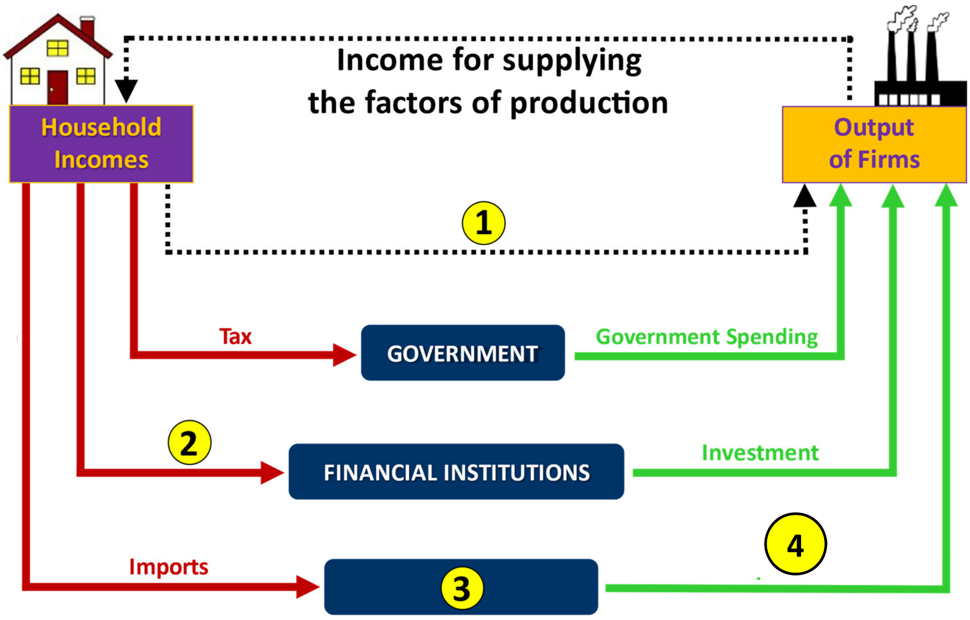
1.
2.

(iii) National income accounts do not record economic activities in the hidden economy.

Outline one *economic impact* **and** one *social impact* of hidden economic activities.

Economic impact:
Social impact:

(b) The diagram below shows the circular flow of income in an open economy.



(i) Complete the diagram above by inserting the correct terms for the missing components numbered 1 to 4 in the table below.

1	
2	
3	
4	

(ii) Explain the term **imports** in the circular flow of income diagram and outline two factors which currently influence the level of imports in the Irish economy.

Imports:
1.
2.

(iii) 301,000 households in Ireland owed arrears to electricity companies totalling €142 million in May 2025.

Adapted from the Irish Independent

The Government should pay €142m to these companies and clear these arrears.

Do you agree or disagree with this proposal?

Indicate your answer below by ticking (✓) the relevant box and justify your answer.

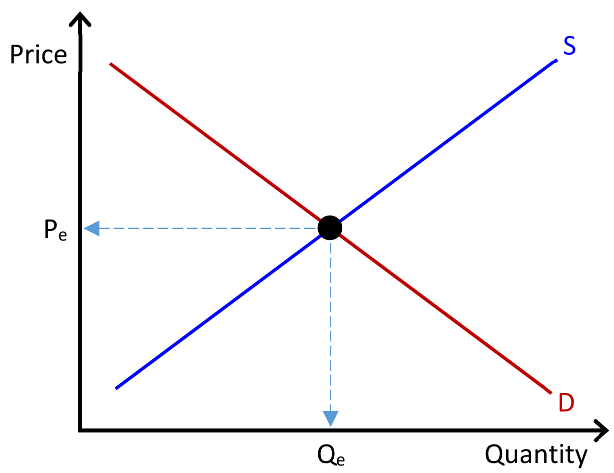
Agree		Disagree	

Justify:

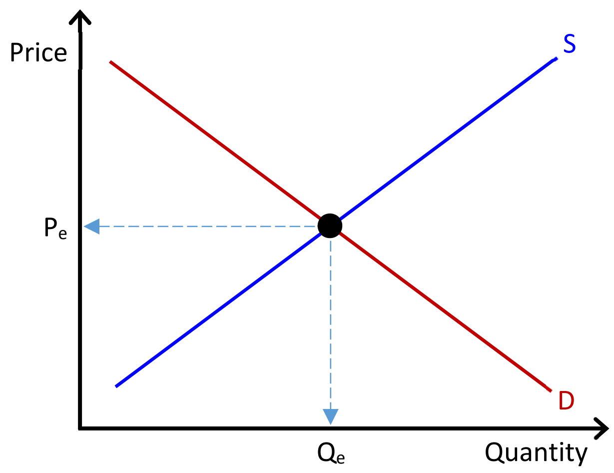
(c) Complete each diagram below to show how each of the following events will most likely change the market equilibrium for Sony PlayStation 5 (PS5) consoles in Ireland.

Explain your answer in **each** case.

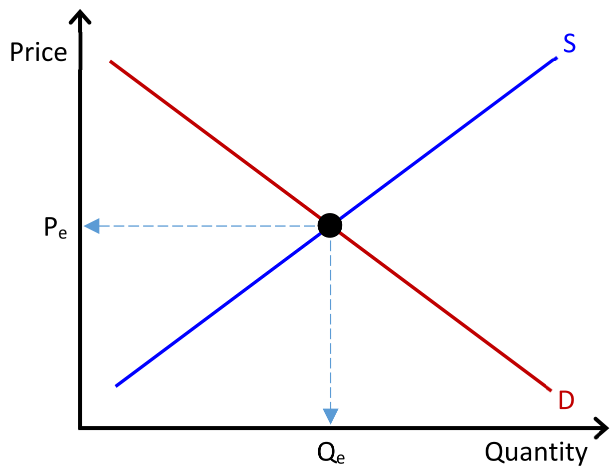
(i) A viral TikTok clip features influencers playing a new game exclusive to PlayStation.

Diagram	Explanation
	

(ii) Sony shifts more PS5 production to Vietnam, where wages are lower than in China.

<table>
<tr><th>Diagram</th><th>Explanation</th></tr>
<tr><td>
</td><td></td></tr>
</table>

(iii) Global shipping insurance premiums rise due to increased piracy attacks in the Red Sea.

<table>
<tr><th>Diagram</th><th>Explanation</th></tr>
<tr><td>
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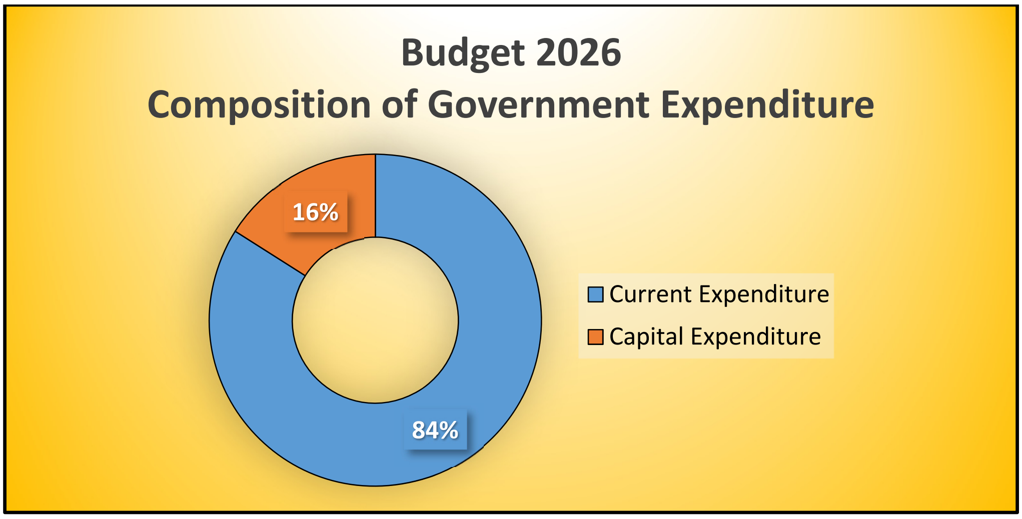
(75 marks)

Question 15

The chart below shows the Irish exchequer's current expenditure and capital expenditure in Budget 2026.



Adapted from the Department of Finance

(a) **(i)** Explain the difference between current government expenditure and capital government expenditure and state one example for each type of expenditure.

Current government expenditure:
Example:
Capital government expenditure:
Example:

In Budget 2026, capital spending made up a larger proportion of total government expenditure than in Budget 2025.

(ii) Why, in your opinion, is the government planning to increase the proportion of its spending on capital expenditure?

Reason:

In Budget 2026, the Irish government ended general once-off payments for the cost-of-living crisis. Instead, it announced more **targeted supports** for citizens.

(iii) Outline one reason why the government took the step to introduce more targeted supports for citizens.

Reason:

(b) The Irish government has a narrow tax base and has essentially sat on its hands in the face of calls to broaden it.

Adapted from the Irish Times, September 2025

(i) Explain what you understand by the term **to broaden the tax base**.

Explain:

(ii) Outline two possible benefits to the Irish economy of broadening the tax base.

1.
2.

(iii) The government plans to reduce value-added tax (VAT) for some of the hospitality sector from 13.5% to 9% in July 2026, at a cost of €681 million over a full year.

Do you agree or disagree with this VAT reduction for some of the hospitality sector? Indicate your answer below by ticking (✓) the relevant box and justify your answer.

Agree		Disagree	

Justify:

(c) The graphic below shows the levels of labour productivity in the foreign-dominated sector and in the domestic-dominated sector in Ireland for Quarter 4, 2024.

Adapted from the CSO (April, 2025)

(i) Explain what you understand by the term **labour productivity**.
State one example of a foreign-dominated sector and one example of a domestic-dominated sector in Ireland.

Labour productivity:
Foreign sector example:
Domestic sector example:

(ii) Increasing labour productivity is important for an economy.

Outline one reason **why** increasing labour productivity is important for the Irish economy **and** outline one strategy an employer could take to increase labour productivity.

Reason:
Strategy:

(iii) Artificial Intelligence (AI) is expected to add €250 billion to Ireland's economy by 2035.

Adapted from the Trinity Business School

In your opinion, will AI narrow or widen the productivity gap between the domestic and foreign-dominated sectors in Ireland?

Indicate your choice below by ticking (✓) the relevant box and justify your choice.

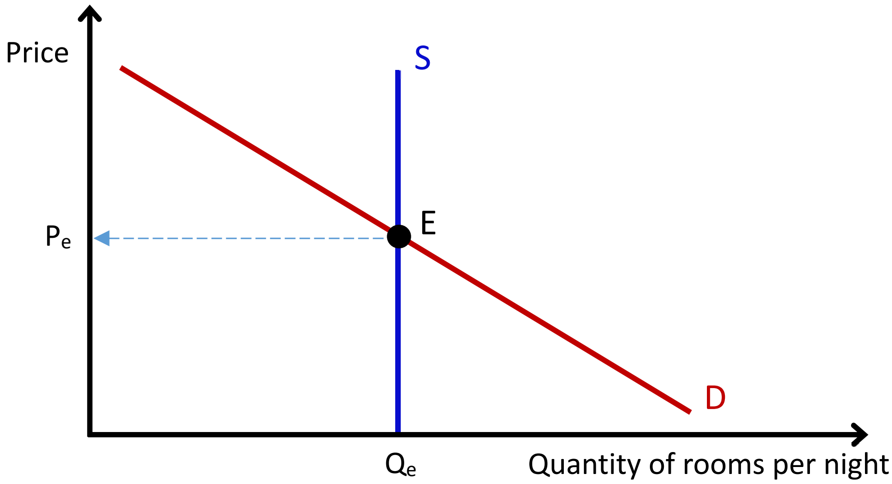
Narrow the gap		Widen the gap	

Justify:

(75 marks)

Question 16

The diagram below shows the market equilibrium for hotel rooms per night in Irish '*coolcation*' destinations during the summer season. '*Coolcations*' are holidays taken in cooler climates, like in Ireland, rather than in warmer destinations.



(a) **(i)** Using the diagram above, **show** how the increasing popularity of '*coolcations*' in Ireland among foreign tourists affects the market equilibrium for hotel rooms per night in the short run. **Clearly label all changes to the diagram**.

(ii) Prices for hotel rooms in Dublin rise sharply in the lead-up to large concerts / events. Explain **why** hotels can charge increased prices for their rooms during such concerts / events.

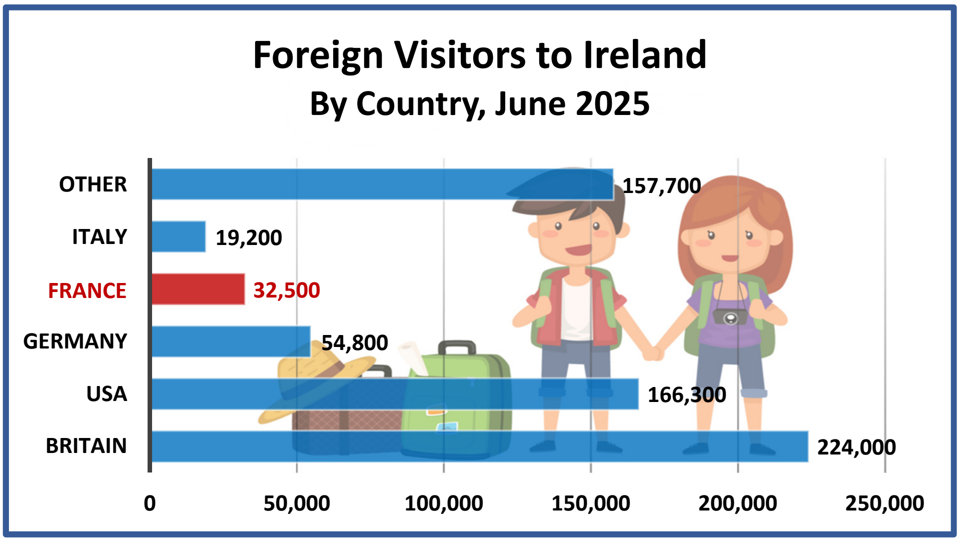
Explain:

(iii) Local authorities in County Dublin have discussed the possible introduction of a tourist tax on overnight stays in hotels, hostels, Airbnbs.

Outline two ways the local authorities could use revenue from a possible tourist tax to improve the lives of citizens in Dublin.

1.
2.

(b) The chart below shows the main countries of origin for the **654,500** foreign visitors who arrived in Ireland in June 2025.



(i) Using data from the chart above, calculate the percentage of total foreign visitors to Ireland in June 2025, which came from **France**. **Show all your workings.**

Workings:
Answer:

(ii) In the months leading up to June 2025, the dollar depreciated against the euro. **This means that one dollar bought less euro.**

Outline one way this development may have influenced visitor numbers from the USA to Ireland in June.

Outline:

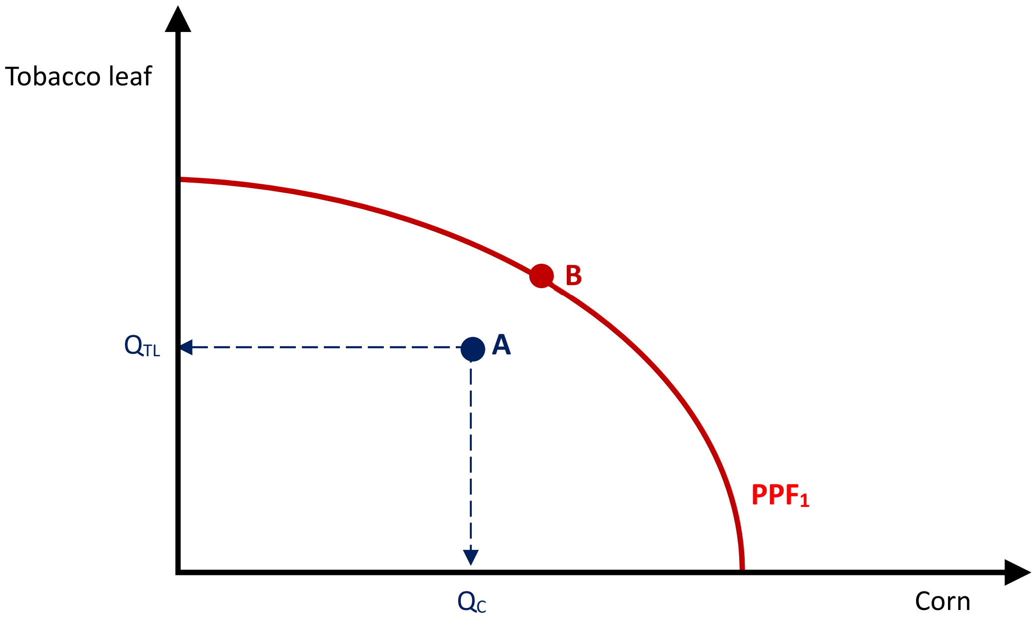
(iii) About 40 million people used Irish airports in 2024, with 84% of the total passing through Dublin Airport.

Adapted from the Sunday Independent, August 2025

Outline two ways the Irish government could use its ownership of Dublin, Shannon, and Cork airports to promote balanced regional development.

1.
2.

(c) The production possibility frontier (PPF) below shows the possible combinations of **tobacco leaf** and **corn** that Malawi could produce if it devoted all of its resources to producing only these two crops.



(i) Explain what the blue point (labelled A) in the diagram above shows about Malawi's current use of its resources.

Explain:

(ii) Severe flash floods in Malawi can affect the crops of tobacco leaf and corn.

Show in the diagram above how this development in Malawi would affect the PPF. **Clearly label any changes you make**. Explain your answer.

Explain:

In January 2025 the United States (US) reduced its foreign aid programmes.
It is estimated that US assistance to Malawi a LDC (Least Developed Country) may **decline** by around 59% in 2025 relative to 2024.

Adapted from the International Food Policy Research Institute (IFPRI)

(iii) Outline one economic challenge **and** one social challenge that Malawi may face as a result of this decline in US foreign aid.

Economic:
Social:

(75 marks)

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

Optional additional page.

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

Do not write on this page

Leaving Certificate – Higher Level

Economics

Friday 19 June

Morning 9:30 - 12:00