2026.M58

2026L034G1EL

Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate Examination 2026

Economics

Ordinary 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 Answer Questions	100 marks

Answer 8 out of 10 questions

Question 1

The Minister for Enterprise, Peter Burke, welcomed the statistics published by the CSO on goods exported from and imported to Ireland, which showed that goods exported increased to €224 billion.

Adapted from enterprise.gov.ie

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

Central	**S**	**O**

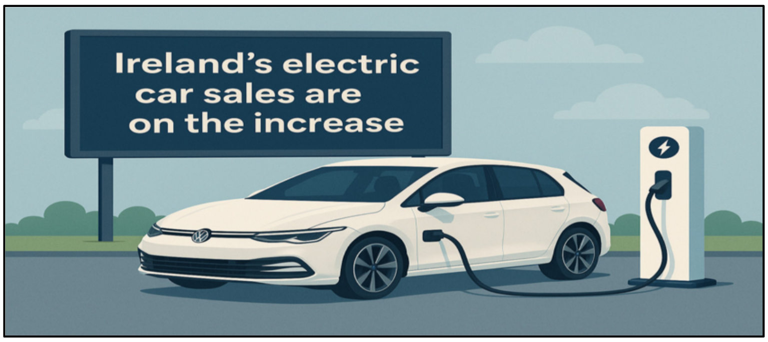
(ii) Give one example of goods that Ireland exports **and** explain one reason why Ireland exports goods to other countries.

Example of export:
Reason:

Question 2
Answer (a) or (b)

Figures from the Society of the Irish Motor Industry (SIMI) show that for the first six months of 2025 13,631 new electric cars were registered, a **27% increase** on the same time in 2024 when 10,737 electric cars were registered.

Adapted from SIMI



(a) Discuss one **private benefit** or one **social benefit** for the Irish economy if more people continue to switch to electric cars.

Indicate your choice by placing a tick (✓) in the relevant box below and justify your choice.

Private benefit: ☐ Social benefit: ☐

Justify:

OR

(b) Outline one way in which the Irish Government **or** car retailers could further encourage the **purchase** of electric vehicles by consumers.

Indicate your choice by placing a tick (✓) in the relevant box below and justify your choice.

Government: ☐ Car retailers: ☐

Justify:

Question 3
Answer (a) or (b)

Department stores including Brown Thomas recently began charging customers 60 cent for branded paper carrier bags.

Adapted from the Irish Times

(a) Outline one possible **advantage** of these stores charging customers for these branded paper carrier bags.

Advantage:

OR

(b) Outline one possible **disadvantage** of these stores charging customers for these branded paper carrier bags.

Disadvantage:

Question 4
Answer (a) or (b)

The Government is proposing the development of a **light rail system** (trams) in Cork similar to the Luas (Light rail system) in Dublin.

Adapted from National Transport Authority

(a) Do you consider this proposed spending on the light rail system in Cork **current** or **capital government expenditure**?

Indicate your choice by placing a tick (✓) in the relevant box below and explain your answer.

Current: ☐ Capital: ☐

Explain:

OR

(b) Outline one possible economic **advantage** or one possible economic **disadvantage** to the Irish economy of this proposed light rail system.

Indicate your choice by placing a tick (✓) in the relevant box below and explain your answer.

Advantage: ☐ Disadvantage: ☐

Explain:

Question 5
Ireland has an opportunity to show leadership and deliver on its commitment to allocate 0.7% of Gross National Income to Official Development Assistance (ODA).

Adapted from the Irish Times

Note: ODA is government aid that promotes and specifically targets the economic development and welfare of developing countries (OECD.org).

Discuss one possible advantage **or** one possible disadvantage of aid for **developing** countries.

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

Advantage	**Disadvantage**

Discuss:

Question 6
College fees for third level students were permanently reduced by €500 in Budget 2026 (replacing a temporary €1,000 reduction from Budget 2025).

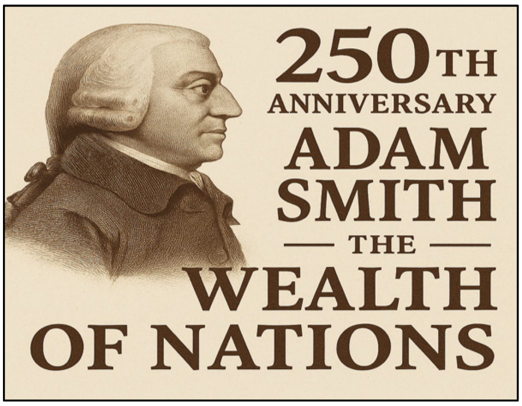
Adapted from HEA.ie

Explain one advantage **and** one disadvantage of this €500 permanent reduction in college fees.

Advantage:
Disadvantage:

Question 7

2026 marks the 250th anniversary of Adam Smith's '*The Wealth of Nations*' where he introduced the concept of the four **canons of taxation**.



Match the canon of taxation with its appropriate explanation in the table below.
Convenience (A) is completed for your benefit.

Canon	**Explanation**
A. Convenience	**1.** The system of taxation should take a higher proportion of income in tax as income rises/the ability of each person to pay tax must be considered.
B. Certainty	**2.** Tax should be levied at a convenient time and manner for the taxpayer.
C. Economy	**3.** The amount paid should be clear and straightforward.
D. Equity	**4.** The amount of revenue collected should be greater than the cost of collection.

Canon	**A**	**B**	**C**	**D**
Explanation	**2**			

Question 8

The National Transport Authority paid €753,500 (€500,000 above the original estimated price) to construct 14 steps and a ramp at Deer Park in Mount Merrion Dublin.
This represents a waste of public money.

Adapted from the Irish Times

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

Agree: ☐ Disagree: ☐

Justify:

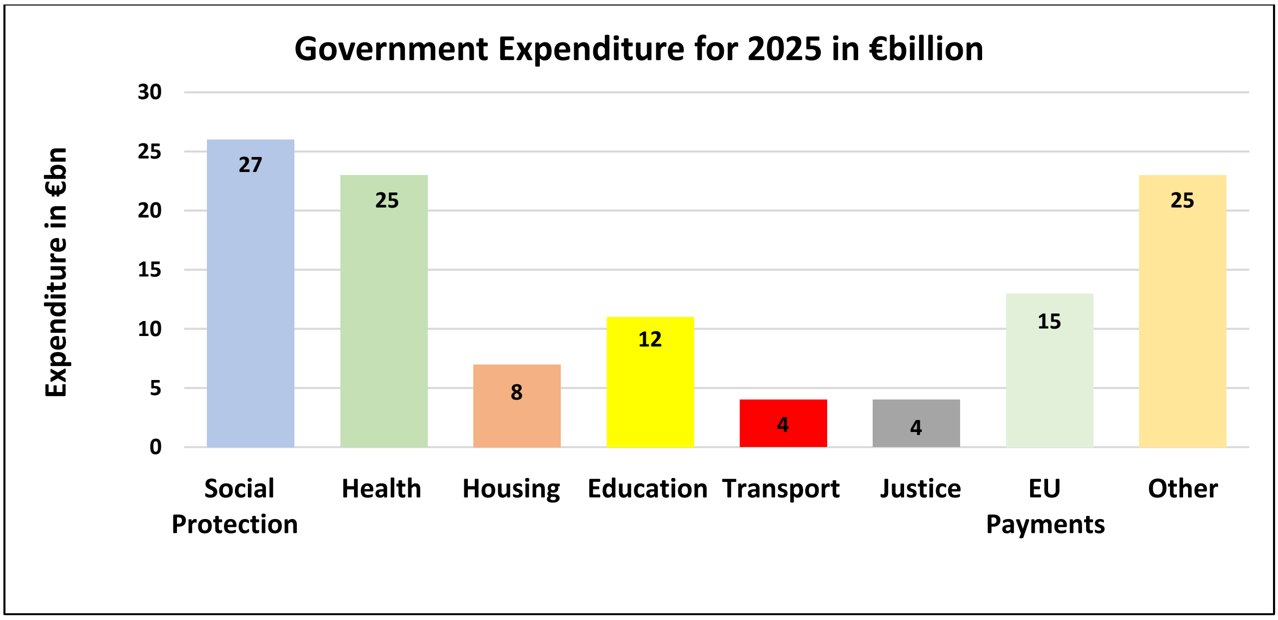
Question 9
Although employment growth in Ireland has been up and down, **employment has been growing in Ireland since 2023.**

Adapted from the Irish Fiscal Advisory Council (IFAC)

Outline one possible economic advantage **and** one possible economic disadvantage of this increase in the number of people **employed** to the Irish economy.

Economic advantage:
Economic disadvantage:

Question 10
Adapted government expenditure figures for 2025 is outlined in the graph shown below.
Total government expenditure is €120 billion.



Adapted from whereyourmoneygoes.gov.ie

(i) Using the information above, answer the following questions:

State the area in which government expenditure is **highest**.	
State one of the areas in which government expenditure is **lowest**.	

(ii) State one example of spending by the government in **each** of the following areas.

Social Protection:	
Health:	

Section B	Extended Response Questions	300 marks

Answer 4 out of 6 questions

Question 11

(a) The image below shows the new DART fleet unveiled by Irish Rail, who run the railway network of Ireland.

Adapted from Irishrail.ie

(i) Is Irish Rail an example of a **monopoly**? YES: NO:
Justify your answer.

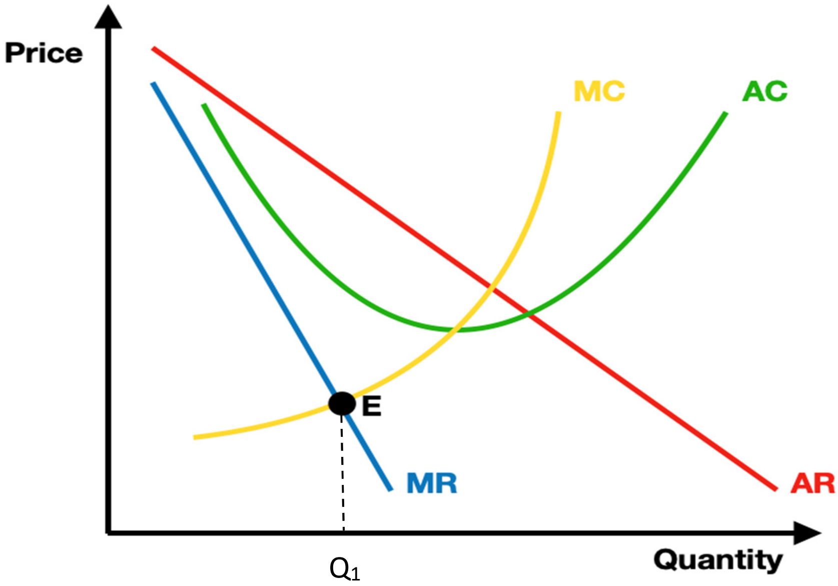
Justify:

(ii) A monopoly may present possible disadvantages to consumers but also possible advantages.

Outline one possible **economic disadvantage** and one possible **economic advantage** of a monopoly market structure to Irish consumers and/or the Irish economy.

Disadvantage:
Advantage:

(b) The diagram below represents the long-run equilibrium position of a firm in a **Monopoly** market.



(i) Write out in full what each of the following labels represent.
AC has been completed for your benefit.

Label	Answer
MC	
AC	**Average Cost**
AR	
MR	

(ii) Equilibrium occurs at **point E** on the diagram above and the output the firm produces is shown as $\mathbf{Q_1}$.
Clearly show and label on the above diagram:

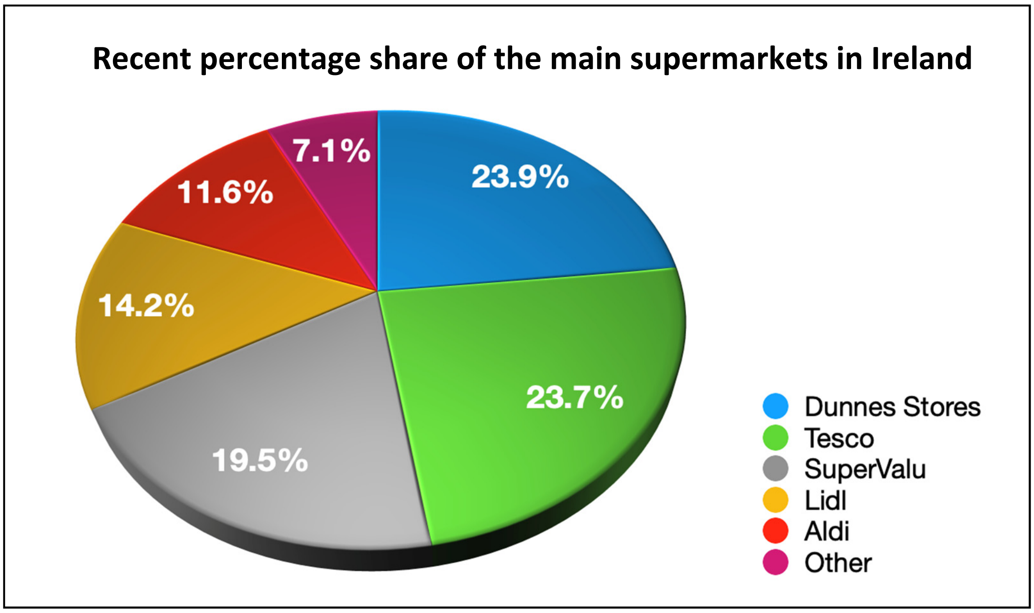
- The price the firm will charge for its output (use label $\mathbf{P_1}$)
- The average cost (AC) of producing this output (use label $\mathbf{AC_1}$)

(iii) A firm wishing to enter a **Monopoly** industry may face barriers to entry.
Outline one possible **barrier to entry**.

Outline:

(c) The supermarket industry in Ireland represents a market structure which is described as an **oligopoly** market.

The infographic below shows the percentage share of the main supermarkets in Ireland.



Source: RTÉ.ie

(i) Using the data in the above infographic name the **two** supermarkets who have the **largest market share** in Ireland.

1.
2.

(ii) An oligopoly market with a small number of major firms may **not** benefit consumers.

Do you agree or disagree with this statement? Agree: ☐ Disagree: ☐

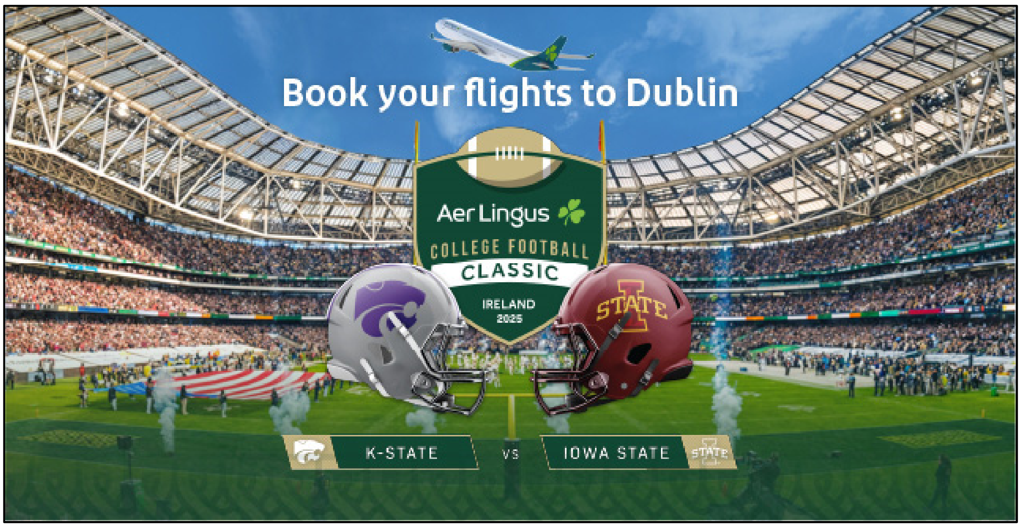
Give a reason for your answer.

Reason:

75 marks

Question 12

(a) Aer Lingus had a successful advertising campaign for the Annual College American Football Classic held in Croke Park in August 2025.



Aerlingus.com

(i) Outline **one** factor other than an advertising campaign, that can affect the demand for international flights **to Ireland**.

Outline:

(ii) If Ryanair were to enter the market for transatlantic flights, explain how this development may affect the number of **people flying to Ireland**.

Explain:

(b) Government Minister James Browne announces €74 million capital investment funding for water services.

Adapted from gov.ie

(i) In your opinion, outline why investment in **water services** in Ireland is necessary.

Outline:

(ii) Investing in infrastructure like water is an economic aim of the government.

Suggest two **other** current economic aims of the government.
Justify your answer in each case.

Aim 1:
Justify:
Aim 2:
Justify:

(c) The number of people using the Revolut banking app in Ireland increased to over 3 million last year, an increase of over 14%.

Adapted from RTÉ.ie

(i) Discuss one reason why more people in Ireland are using the Revolut banking app.

Discuss:

(ii) Name **two** financial institutions, other than Revolut, that provide financial services to Irish citizens.

1.
2.

(iii) All financial institutions in Ireland, including Revolut, must be regulated by the Central Bank of Ireland.

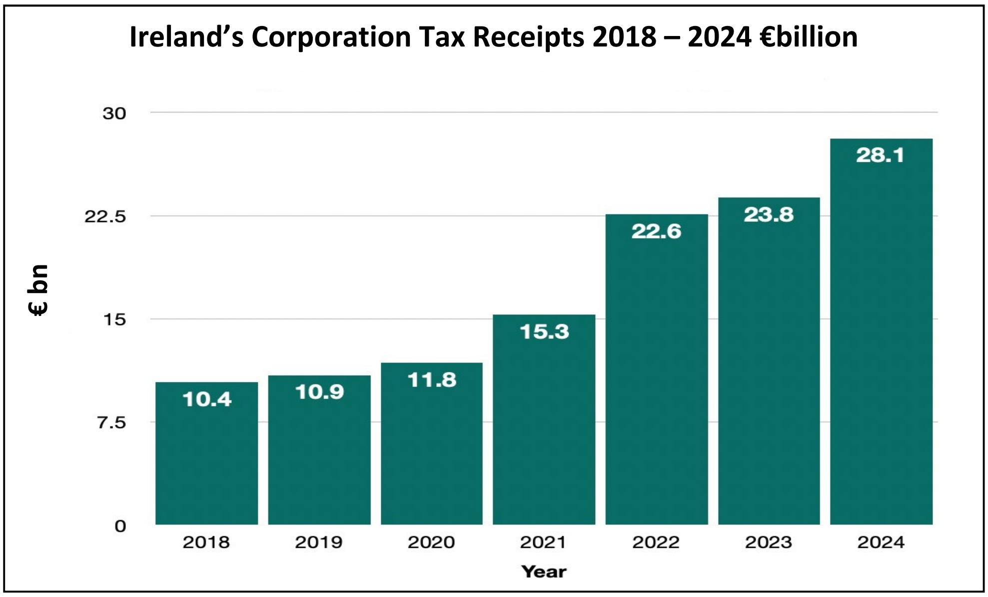
Outline one reason **why** it is important that financial institutions are regulated.

Outline:

75 marks

Question 13

(a) The graph below shows Ireland's corporation tax receipts from 2018 to 2024.



Source: Department of Finance

(i) Explain the term **corporation tax**.

Explain:

(ii) Comment on the **overall trend** in Ireland's corporation tax receipts **using figures from the graph above**. In your opinion, is this trend a positive development or a negative development? Indicate with a tick (✓) and explain your answer.

Trend:		
Is this trend a positive development: ☐	**OR**	a negative development: ☐
Explain:		

(iii) Outline one possible reason why Ireland's corporation tax receipts have increased since 2018.

Reason:

(b) The Irish government is expected to have a budget surplus of €7 billion for 2026. As a result, there is pressure on the government to reduce taxes.

Adapted from IFAC

(i) Discuss one **benefit** to either households **or** the economy if the government reduce taxes.
Place a tick (✓) in the relevant box below which one you are answering.

Households: ☐ Economy: ☐

Discuss:

(ii) Outline one economic argument **against** reducing taxes.

Argument **against**:

(iii) In Budget 2026 the government increased social welfare payments including those on Jobseekers allowance/benefit and disability allowance by €10 a week.

Do you agree or disagree with this increase?
Indicate your choice with a tick (✓) in the relevant box below. Justify your answer.

Agree	**Disagree**

Justify:

(c) Many Multi National Corporations (MNCs) who have their European headquarters in Ireland have reported the lowest levels of hiring employees in 6 years.

A reduction in the hiring of employees by MNCs will have effects on the Irish economy.

Adapted from RTÉ.ie

(i) Discuss one possible economic effect a **reduction** in the hiring of employees by MNCs may have on the Irish economy.

Economic effect:

Recently some American multi-national corporations say they are considering relocating back to the USA.

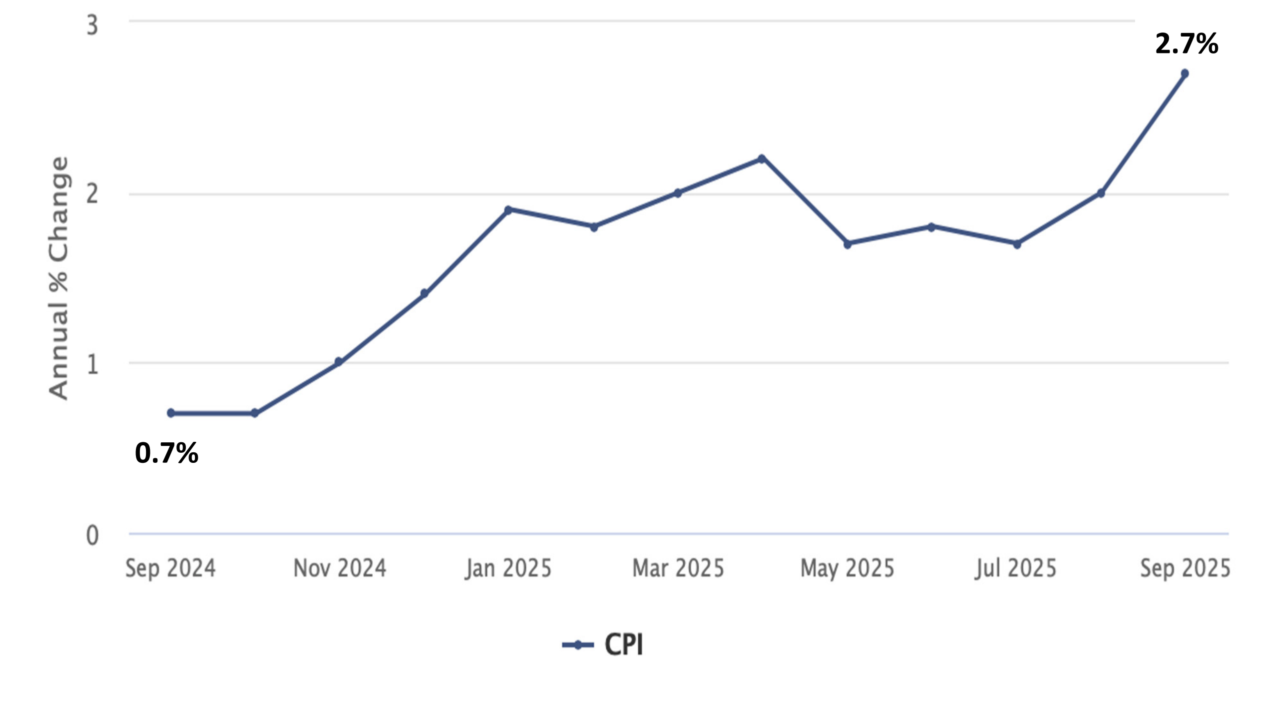
(ii) Outline two possible reasons why these corporations may relocate back to the USA.

1.
2.

75 marks

Question 14
The diagram below shows the changing rate of price inflation in Ireland from the Consumer Price Index (CPI) from September 2024 to September 2025.

Rate of price inflation in Ireland from the CPI



CSO.ie

(a) **(i)** Explain the term **price inflation**.

Explanation:

(ii) The level of price inflation in Ireland **increased** during the above period of time.

In your opinion does this benefit consumers in Ireland? YES: ☐ NO: ☐

Explain your answer.

Explanation:

(b) On 1st January 2026, the Irish government introduced an auto-enrolment pension scheme for employees, who do not have a private pension. This means that for every €3 an employee puts into their pension, €4 more will be added to it: €3 by their employer and €1 by the State.

(i) Outline one possible **economic advantage to the employee** *or* one possible **economic disadvantage to the employer** of this scheme.

Indicate which one you are answering by ticking (✓) the relevant box below.

Advantage to the employee: ☐ Disadvantage to the employer: ☐

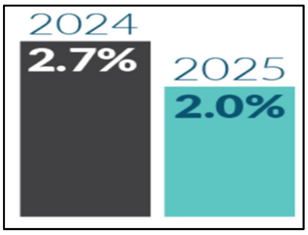
Outline:

(ii) The auto enrolment pension scheme was introduced to cater for Ireland's ageing population. Suggest **one other area** that the Irish government should invest in to cater for Ireland's ageing population. Justify your answer.

Other Area:
Justify:

The percentage change in Ireland's Modified Domestic Demand for 2024 and 2025 is shown below.

Note: This is a measure of domestic economic activity **within** a country which includes spending by individuals, government spending and investment.



Centralbank.ie

(iii) Outline one possible reason why the growth of Modified Domestic Demand **declined** between 2024 to 2025.

Outline:

(c) The price elasticity of demand (PED) for electricity is shown below.

PED for electricity = - 0.5

(i) Discuss **why** the demand for electricity is **price inelastic**.

Discuss:

The number of households in arrears on their energy bills has hit a record high of over 319,450 as prices continue to rise in Ireland.

Adapted from RTÉ.ie

(ii) The price of electricity in Ireland has increased dramatically since 2020. Outline one possible reason for this increase in the price of electricity.

Reason:

(iii) Suggest one **measure** that Irish households could take to reduce the cost of their electricity bills.

Suggestion:

75 marks

Question 15

(a) Through the National Sports Policy, the Government is committed to increasing its annual funding for sport, from €112 million in 2018 to €220 million in 2027. Spending on sports (facilities) brings many benefits for the economy.

Adapted from KPMG

Rialtas na hÉireann
Government of Ireland

National Sports Policy 2018 – 2027

(i) Outline one possible private benefit **and** one possible social benefit of this increased spending on sport.

Private benefit:
Social benefit:

Malcolm Byrne TD has suggested the government subsidise the cost of the use of gyms for individuals.

(ii) Do you agree or disagree with this statement?
Tick (✓) the box below and justify your answer.

Agree	**Disagree**

Justify:

(b) *Castore* (a sports and athletic clothing manufacturer) supply the official jersey for the Irish soccer teams.

CASTORE

(i) State one other **manufacturer** of sports and athletic clothing.

(ii) Outline one advantage to a **manufacturer** of sports and athletic clothing if they enter into a contract to be the sole supplier of clothing to a sports team/country.

Advantage:

Castore produces Ireland jerseys each week and it receives €100,000 in revenue from total sales. Castore pays the following costs each week in producing these Ireland jerseys:

Wages: €5,000 Raw materials: €25,000 Light and Heat: €2,000 Rent: €3,000

(iii) Calculate the total weekly cost and the total weekly profit of Castore from producing the Ireland jersey.
Show all of your workings.

Total Cost:	**Profit:**
Workings:	Workings:
Answer:	Answer:

(c) Castore is concerned that there might be other companies/individuals engaged in the hidden economy supplying unofficial jerseys.

(i) Explain the term **hidden economy.**
Give one other example of an activity in the hidden economy.

Hidden economy:
Example:

(ii) Outline one economic effect hidden economic activities have on businesses in Ireland **and** on the Irish government.

Businesses:
Government:

75 marks

Question 16

(a) Sony is increasing the price of the Playstation 5 video game console by $50 due to US President Donald Trump's decision to impose higher tariffs.

Adapted from RTÉ.ie

(i) Explain the economic term **tariff**.

Explain:

(ii) Outline one possible economic reason why Donald Trump **increased** tariffs in 2025.

Outline:

(iii) Outline one possible economic effect of this increase in tariffs by the USA **on the Irish economy.**

Outline:

(b) Entrepreneurs take a risk in organising the other factors of production to produce a good or a service.

(i) Name any two factors of production **other** than enterprise.

1.
2.

(ii) Explain one of the factors of production you named above in part **(i)**.

The factor of production I will explain:
Explain:

(iii) Suggest one measure the Irish government could take to encourage more people to become entrepreneurs.

Measure:

(c) The government increased the level of the minimum wage to €14.15 per hour in Budget 2026 even though Small and Medium Enterprises (SMEs) complained.

Adapted from RTÉ.ie

(i) Explain **why** increasing the minimum wage is important to some employees.

Explain:

(ii) Outline one economic argument **against** any further increase in the minimum wage in Ireland.

Outline:

(iii) Suggest one other measure that an **employer** could take to reward their employees for their loyalty, other than a wage increase.

Measure:

75 marks

Optional additional page.

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

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Economics

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