Coimisiún na Scrúduithe Stáit
State Examinations Commission

Leaving Certificate 2026

Marking Scheme

Economics

Ordinary Level

Note to teachers and students on the use of published marking schemes

Marking schemes published by the State Examinations Commission are not intended to be standalone documents. They are an essential resource for examiners who receive training in the correct interpretation and application of the scheme. This training involves, among other things, marking samples of student work and discussing the marks awarded, so as to clarify the correct application of the scheme. The work of examiners is subsequently monitored by Advising Examiners to ensure consistent and accurate application of the marking scheme. This process is overseen by the Chief Examiner, usually assisted by a Chief Advising Examiner. The Chief Examiner is the final authority regarding whether or not the marking scheme has been correctly applied to any piece of candidate work.

Marking schemes are working documents. While a draft marking scheme is prepared in advance of the examination, the scheme is not finalised until examiners have applied it to candidates' work and the feedback from all examiners has been collated and considered in light of the full range of responses of candidates, the overall level of difficulty of the examination and the need to maintain consistency in standards from year to year. This published document contains the finalised scheme, as it was applied to all candidates' work.

In the case of marking schemes that include model solutions or answers, it should be noted that these are not intended to be exhaustive. Variations and alternatives may also be acceptable. Examiners must consider all answers on their merits, and will have consulted with their Advising Examiners when in doubt.

Future Marking Schemes

Assumptions about future marking schemes on the basis of past schemes should be avoided. While the underlying assessment principles remain the same, the details of the marking of a particular type of question may change in the context of the contribution of that question to the overall examination in a given year. The Chief Examiner in any given year has the responsibility to determine how best to ensure the fair and accurate assessment of candidates' work and to ensure consistency in the standard of the assessment from year to year. Accordingly, aspects of the structure, detail and application of the marking scheme for a particular examination are subject to change from one year to the next without notice.

Marking Scheme and **Support Notes**

In considering the marking scheme and the support notes the following points should be noted:

- The support notes presented are neither exclusive nor complete and further relevant points of information presented by candidates are rewarded on their merits.
- They are not model answers but rather a sample of possible responses.
- The support notes in many cases may contain key phrases which must appear in the candidate's answer in order to merit the assigned marks.
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer in the examination paper. Requirements may therefore vary from year to year.
- Words, expressions or phrases must be correctly used in context and not contradicted, and where there is evidence of incorrect use or contradictions the marks may not be awarded.
- This marking scheme used descriptor marking to allocate marks for certain parts of some questions for the development of a point/points. Copies of the descriptor marking that were used are in the tables below. The descriptor mark that was used was dependent on the mark allocation for that particular part of the question. Questions with allocation of 6/5/4 marks – use the tables below.

Excellent	Very Good	Good	Fair	Poor	Weak	Zero
6	5	4	3	2	1	0
• In-depth knowledge • Relates to question • Concise • Logical	• Very good knowledge • May not relate to specific Q asked	• Some knowledge • Limited development	• Vague knowledge	• Confusing or contradictory knowledge	• Very little knowledge	• No knowledge • Repitition of statement

4	3	2	1	0
Excellent	Very Good	Fair	Poor	Weak
• In-depth knowledge • Relates to question • Concise • Logical	• Some • knowledge • Limited development	• Vague knowledge	• Confusing or • Contradictory knowledge	• No knowledge • Repetition of statement

3	2	1	0
Excellent	Good	Fair	Weak
• In-depth knowledge • Relates to question • Concise • Logical	• Some knowledge • Limited development	• Vague knowledge	• No knowledge • Repetition of statement

The table below contains information about annotations used for marking throughout the exam paper.

Annotation	USE	Marks (if applicable)
✓ 1	Valid information	1
✓ 2	Valid information	2
✓ 3	Valid information	3
✓ 4	Valid information	4
✓ 5	Valid information	5
✓ 6	Valid information	6
✓ 7	Valid information	7
✓ 8	Valid information	8
✓ 9	Valid information	9
✓ 10	Valid information	10
✓ 11	Valid information	11
✓	Surplus answer or part of answer	N/A
0	Incorrect answer	0
	Page seen by examiner / information not valid	N/A

INDEX TO QUESTIONS

SECTION A (75 marks)

<table>
<tr><th>Q</th><th></th><th>Possible responses</th><th>Max Mark</th></tr>
<tr><td>1</td><td>(i)</td><td>What do the initials CSO stand for? C is completed for your benefit.

<table><tr><td>Central</td><td>Statistics</td><td>Office</td></tr></table></td><td>1st x 4
2nd x 2</td></tr>
<tr><td></td><td>(ii)</td><td>Give one example of goods that Ireland exports and explain one reason why Ireland exports goods to other countries.

Example:

Pharmaceuticals & medicines – Ireland is one of the world's largest exporters of medical products.
Organic chemicals – including ingredients used in making medicines and industrial products.
Computers & electronic equipment – like semiconductors, processors, and medical devices.
Dairy products – especially milk powder, butter, and cheese.
Meat – particularly beef and pork.
Alcoholic beverages – whiskey, beer, and cream liqueurs (like Baileys).
Medical devices – such as surgical instruments, implants, and diagnostic equipment.

Reason:

To earn income for the economy / achieve economic growth – Exports bring money into Ireland from other countries, helping businesses grow and supporting government revenue through taxes.

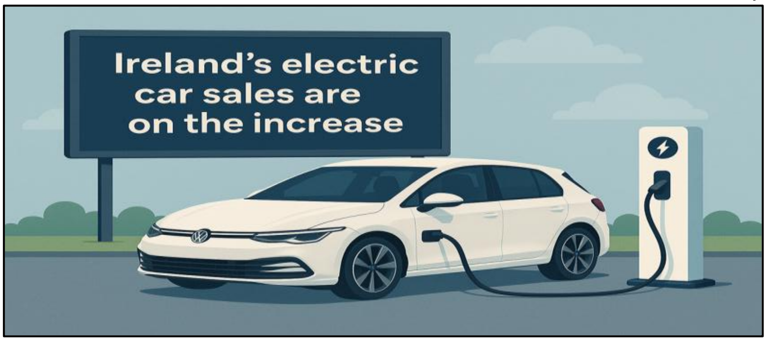
To create jobs – When Irish companies sell abroad, they expand production and employ more workers, reducing unemployment.

To use Ireland's strengths – Ireland is strong in sectors like pharmaceuticals, technology, and food. Exporting allows the country to specialise in what it does best.

To access larger markets – Ireland's population is small (about 5 million), so exporting lets businesses reach millions more customers worldwide.

To improve balance of payments – Selling goods and services abroad helps Ireland reduce trade deficits and keep its economy stable.

To help build /improve international relationships – trade between countries improves international links/connections – possibly helping to avoid conflict.</td><td>1st x 4
2nd x 2</td></tr>
</table>

2		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. **Private Benefits:** **Lower running costs** - Electric cars cost less per kilometre to run than petrol or diesel cars because electricity is cheaper and EVs have fewer moving parts, reducing maintenance costs. **Government financial incentives** - Individuals may benefit from grants, lower motor tax, reduced VRT, and other incentives, which reduce the overall cost of owning an electric car. **Convenience of home charging** - Electric cars can be charged at home overnight, saving time and eliminating frequent trips to petrol stations. **Reduced fuel price uncertainty** - EV owners are less exposed to fluctuations in oil and fuel prices, making personal transport costs more stable and predictable. **Quieter and smoother driving experience** - Electric cars are quieter and provide smoother acceleration, improving comfort and driving satisfaction for the individual. **Social Benefits:** **Cleaner air** – Electric cars produce no exhaust fumes, which reduces air pollution and improves people's health. **Less noise pollution** – EVs are quieter than petrol or diesel cars, creating calmer and healthier towns and cities. **Lower health costs** – With fewer pollution-related illnesses (like asthma), the government spends less on healthcare. **Supports climate goals** – Reducing emissions helps Ireland meet its climate change targets, benefiting society in the long run. **Energy independence** – Using more renewable electricity instead of imported oil makes Ireland less dependent on other countries. **Encourages innovation and jobs** – Growth in EV use supports new industries (charging stations, battery tech), creating employment and opportunities.	12 OR 12

	(b)	Outline one way in which the Irish Government **or** car retailers could further encourage the **purchase** of electric vehicles by consumers. **Irish Government:** **Increase grants towards the purchase of EVs** – Provide bigger subsidies or grants to reduce the upfront cost of buying an EV. **Tax changes** – Lower Vehicle Registration Tax (VRT), motor tax, or VAT on electric cars to make them cheaper than petrol/diesel models. Tax increases on petrol/diesel models so as to make the purchase of EVs more attractive and encourage their purchase. **Expand charging infrastructure** – Invest in more public charging points, especially in rural areas, so people feel confident about charging anywhere. **Offer trade-in schemes** – Give extra financial support to people who swap old petrol/diesel cars for new electric ones. **Provide non-financial perks** – Allow EVs to use bus lanes, give free or cheaper parking, or offer toll discounts to make driving EVs more attractive. **Car retailers:** **Offer price discounts or attractive finance options** - Retailers can reduce the upfront cost through discounts, low-interest loans, or hire-purchase deals, making electric cars more affordable for consumers. **Provide free or discounted home charging installation** - Including a home charger in the purchase reduces inconvenience and reassures buyers about charging access. **Educate customers through demonstrations and test drives** - Retailers can explain running-cost savings and allow test drives so customers experience the smooth and quiet performance of electric cars. **Offer trade-in bonuses for petrol or diesel cars** - Extra trade-in value encourages consumers to switch from traditional cars by lowering the effective purchase price of an electric vehicle.	12
3	**(a)**	Department stores including Brown Thomas recently began charging customers 60 cent for branded paper carrier bags. Outline one possible **advantage** of these stores charging customers for these branded paper carrier bags. **Encourages Sustainable Consumer Habits** - The primary goal of the charge is to change consumer behaviour. When a bag costs even a small amount, it encourages shoppers to bring their own reusable bags, reducing the demand for single-use items.	12

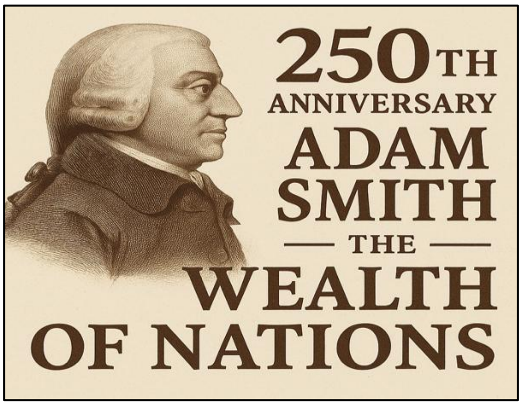
		Reduces Environmental Impact - While paper is biodegradable, its production is resource-intensive. Charging for bags helps lower the volume produced, which addresses deforestation, water usage and carbon emissions. **Enhances Brand Perception** - In 2026, consumers are highly sensitive to corporate social responsibility (CSR). A shop that charges for bags signals that it prioritises environmental ethics over convenience. This can build brand loyalty among eco-conscious consumers who view the charge as a sign of a "principled" business. **May Generate Funds for Charity** - Many retailers choose to donate the proceeds from bag charges to environmental or local community charities. **Offsets High Production Costs** - Paper bags, especially sturdy branded ones with reinforced handles, are significantly more expensive to produce than plastic bags (a high-quality paper bag can cost a retailer 5 to 10 times more than a standard plastic film bag.) By charging for them, retailers can recover these costs rather than absorbing them into the price of their products.	
	(b)	Outline one possible **disadvantage** of these stores charging customers for these branded paper carrier bags. **Perceived "penny pinching" -** The most immediate downside is the impact on customer sentiment. When a shopper spends a significant amount of money on premium goods, being asked to pay an extra 60c for a bag can feel petty. The customer may feel that the brand is prioritising profits over a seamless luxury or high-street experience. **Loss of "Walking Advertisements" -** Branded bags are essentially mobile advertising. When a customer carries a beautifully designed, branded paper bag through a shopping center, they are providing free marketing for the store. If the charge discourages people from taking a bag—or leads them to hide the purchase inside a generic reusable tote—the shop loses out on that high-visibility brand exposure. **Durability Issues -** Unlike plastic, paper is vulnerable to moisture and heavy weights. If a customer is forced to pay for a paper bag and it breaks due to rain or a heavy item, the level of frustration is much higher than if the bag had been free. **Operational Delays at Checkout -** In a fast-paced retail environment, adding the "do you want a bag question" to every transaction slows down the queue. This adds seconds to every transaction which can lead to noticeably longer wait times. **Possible Increased Risk of Shoplifting -** When shops charge for bags, more customers walk out of the store carrying items loosely in their hands or tucked under their arms. This makes it much harder for security staff or floor associates to distinguish between a paying customer who declined a bag and a shoplifter attempting to walk out with unpaid merchandise.	**OR** **12**

4	(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: ✓ Capital expenditure is spending by the government on items that are not used up during the year / expenditure which is once off expenditure / benefits accrue for the long term / increase the productive capacity of the country.	12
	(b)	Outline one possible economic advantage or one possible economic disadvantage to the Irish economy of this proposed light rail system. **Advantage:** **Job creation** – Construction and operation of the light rail will create employment in building, engineering, and transport services. **Boost to local businesses** – Easier transport could bring more shoppers, tourists, and workers into Cork city, increasing sales for shops, restaurants, and services. **Easier / more accessible transport** – the new light rail system will make transport around Cork city easier for those who do not drive / do not have a bus route. **Improved productivity** – Faster, more reliable transport reduces commuting time, helping workers and businesses operate more efficiently. **Attracts investment** – Modern infrastructure makes Cork more attractive to investors and companies considering setting up in the region. **Environmental benefits with economic impact** – Reduced traffic congestion and emissions lower health costs and make the city more sustainable. **Disadvantage:** **High construction costs** – Building a light rail system would require billions of euros, placing further pressure on government finances. **Disruption during construction** – Road closures and building works could harm local businesses in the short term by reducing customer access. **Risk of overspending** – Large projects often go over budget, creating long-term financial burdens for future taxpayers. **Maintenance and operating costs** – Running the system will require ongoing subsidies if ticket sales don’t cover expenses. **Uneven benefits** – People living far from the rail line may not benefit, while still contributing through taxes, raising fairness / equity concerns.	OR 12

5		Discuss one possible advantage **or** one possible disadvantage of aid for **developing** countries. **Advantage:** **Promote economic development –** Aid should have a positive impact in improving the welfare of the citizens. **Humanitarian reasons -** Aid provides help in times of urgent need and prevent deaths. **Reduce poverty/hunger –** Aid helps citizens survive especially in times of famine. **Clean water –** Aid can help provide access to clean water and sanitation. This can help contain the spread of unnecessary disease. **Improve access and quality of education –** Aid can improve the provision of/and access to education for all so that poverty can be reduced. **Support citizens –** Aid can help support citizens cope with the impact of climate change as they do not have the necessary resources. **Meet UN target of 0.7% of GNI to ODA –** This is a stated aim of the Irish government and it may boost international opinion of the government if they meet this aim. **Disadvantage:** **Creation of Aid Dependency** - One of the most significant risks is that a country becomes "addicted" to foreign capital. If a government relies on aid to fund its basic services (like healthcare or education), it may not develop its own tax collection systems or diversified economy. This makes the developing nation highly vulnerable; if donor countries face an economic downturn and cut their budgets, the recipient nation's essential services could collapse. **Risk of Corruption and Misuse** - In countries with weak governance or a lack of transparency, aid money can be diverted away from the people who need it most. **Stifling of Local Industry** - When large quantities of free goods (like clothing or grain) are flooded into a developing country, it can inadvertently destroy the local economy. **"Tied Aid" and Donor Self-Interest** - Often, aid comes with "strings attached," known as tied aid. A donor country might provide a loan or grant on the condition that the money is spent on goods or services from the donor's own companies.This prevents the recipient country from shopping around for the best value. **Economic Distortions** - A large influx of foreign currency can actually hurt a developing country’s export economy. The surge of foreign aid can cause the local currency to appreciate (increase in value). While this sounds good, it makes the country's own exports (like coffee, minerals, or manufactured goods) more expensive and less competitive on the global market, potentially slowing down industrial growth.	12

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:** **Increased Financial Predictability** - Unlike the "once-off" reductions of €1,000 seen in 2023 and 2024, a permanent €500 cut allows students and their families to plan their finances for the entire duration of a degree. **Widened Access for "Middle-Income" Families** - Many students come from households that earn too much to qualify for a full grant but too little to easily afford €3,000 upfront. Reducing the baseline fee by €500 lowers the "entry bar" for these middle-income students, making third-level education more inclusive. **Mitigation of "Cost of Living" Pressures** - While €500 is only a fraction of the total cost of college it represents a significant cash saving especially considering the cost of living pressures currently faced. **Reduced Student Debt and Work Pressure** - Many students in Ireland work part-time jobs specifically to cover their contribution charge. A €500 saving reduces the number of hours a student must work to stay in college.This allows for more time dedicated to lectures, study, and extracurricular activities, potentially improving overall academic performance and mental well-being. **Support for Apprentices and Part-Time Students** - In recent budgets, these cuts have also been applied to apprentices in higher education. This supports diverse career paths by ensuring that those in "earn-and-learn" roles also see a reduction in their educational overheads, encouraging more people to enter skilled trades. **Disadvantage:** **Increased Strain on the National Budget** - Every €500 reduction for over 100,000 students represents a significant loss in direct revenue that must be replaced by the government.To maintain the current (already strained) level of university services, the government must find tens of millions of euros from general taxation to "plug the gap" left by the fee reduction. **Opportunity Cost** - This is money that cannot be spent on other critical public services such as housing, healthcare, or public transport, which are currently under extreme pressure. **Regressive Subsidy** - From a taxpayer perspective, a flat €500 reduction is often criticized as being "untargeted." Low-income students already have their fees fully paid by the SUSI grant system. Therefore, a universal fee reduction primarily benefits students from middle-to-high-income households who were already able to pay. **Price Hike** - Because the government previously provided a temporary €1,000 cut as a "cost-of-living" measure, the move to a permanent €500 cut actually felt like a €500 price hike to many families.	**12** **1^{st}x 8** **2^{nd}x 4**

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**.	1st x 8 2nd x 2 3rd x 2



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

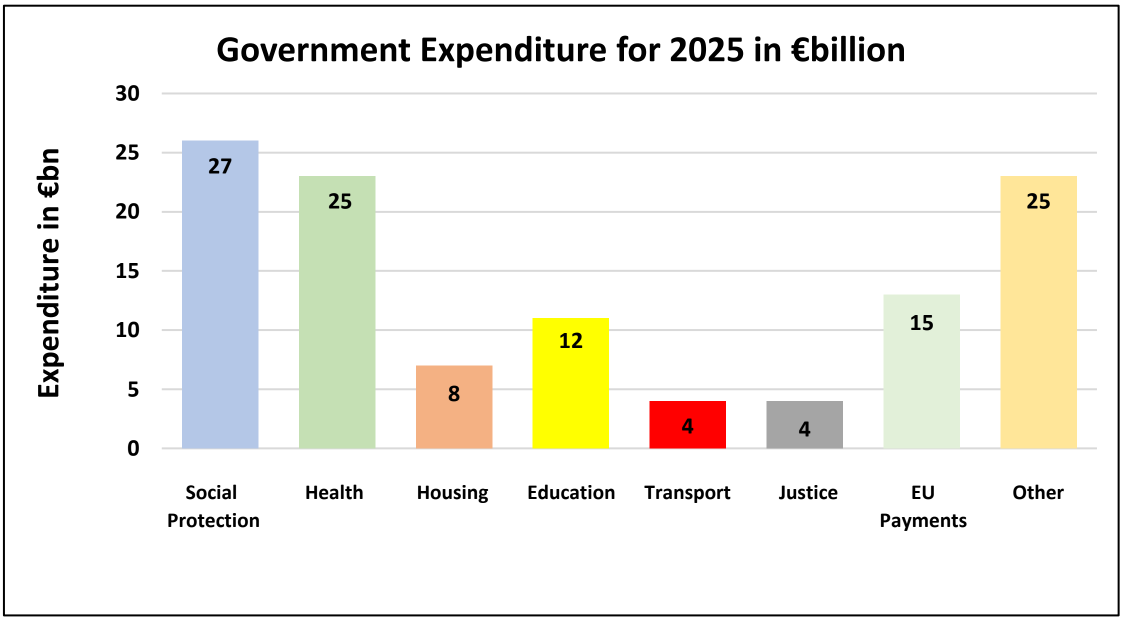
Canon	Explanation
A. Convenience	**1.** The system of taxation should take a higher proportion of income in tax as income rises/the ability of each person to pay tax must be considered.
B. Certainty	**2.** Tax should be levied at a convenient time and manner for the taxpayer.
C. Economy	**3.** The amount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

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 taxpayers' money. Adapted from the Irish Times Indicate with a tick (✓) if you agree or disagree with this statement. Justify your answer. Indicate with a tick (✓) if you agree or disagree with this statement. Justify your answer. Agree: ☐ Disagree: ☐ **Agree:** **Opportunity Cost** – Spending €753,500 to construct 14 steps and a ramp represents an apportunity cost. This money could have been better spent on healthcare, education or infrastructure. **Highlights public sector waste** - In a private-sector company, a manager could likely be fired / face consequences for signing such a contract. In the public sector, the lack of immediate accountability means the taxpayer simply absorbs the cost of these administrative "glitches." **Disagree:** **Accessibility for all users** – It is vital that the park is accessible for those users who find standard access difficult. People with disabilities should not be discriminated against. **'Guarantees' long lasting infrastructure** – the spending (which some might find excessive) may mean that the construction is to a high standard and this may ensure their longevity.	12 OR 12

9		Outline one possible economic advantage **and** one possible economic disadvantage of this increase in the number of people **employed** to the Irish economy. **Advantage:** **Increased Tax Revenue** – With more people in employment, the State's primary source of income—Income Tax (PAYE)—has reached unprecedented levels contributing to multi-billion euro government surpluses. These "bumper" revenues allow the government to fund massive infrastructure projects, such as the National Children's Hospital. **Reduced Social Welfare Expenditure** - Rising employment creates a "double-win" for the national budget. As people move from unemployment (Jobseeker's Allowance) to contributing income tax revenue. **Increased Consumer Spending/Demand** - When employment is high, household disposable income rises across the country. This increases demand in the economy which generates further tax revenue for the government (VAT) and fuels further employment. **Economic growth** – with increased spending within the economy this will further boost national income and boost economic growth. **Disadvantage:** **Labour/skills shortages** - With over 2.8 million people in work, there is effectively no "spare" labour left in the domestic market. This has created a massive bottleneck for critical national projects. **Inflationary pressures** - In a tight labour market, workers have significant bargaining power. To attract and retain staff, employers are forced to offer higher wages. To cover these higher wage costs, businesses (especially in hospitality and retail) raise their prices. This contributes to cost push inflation in the economy. **Pressure on infrastructure** – With more people in employment infrastruture such as the road network is busier often causing massive delays as more and more people are attempting to travel to work. This can be seen in the big delays on the M50 in recent years.	**12** **1st x 8** **2nd x 4**

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**.	**Social Protection**
State the area in which government expenditure is **lowest**.	**Transport/Justice**

1st x 4
2nd x 2

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

1st x 4
2nd x 2

Social Protection:	**Pensions, jobseeekers allowance / benefit, disability allowance.**
Health:	**Building new hospital, doctors / nurses /staff wages, medicines etc.**

SECTION B (300 marks)

Question 11

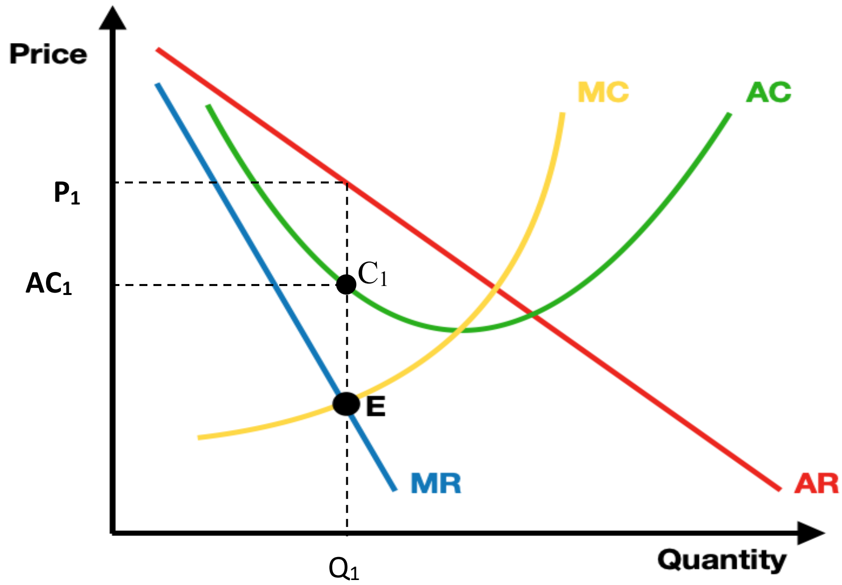
		Possible Responses	Max Mark
(a)		The image shows the new DART fleet unveiled by Irish Rail, who run the railway network of Ireland.	
		Is Irish Rail an example of a **monopoly**? YES ✓ Justify your answer**.**	4
		Justify :	
	(i)	**Sole supplier in the industry –** There is only one firm in the industry. The firm is the industry. **Controls either price or quantity supplied –** The firm controls either price or quantity supplied but it cannot control both. The firm is a price maker. **Barriers to entry –** Since there are no other firms in the industry, the monopolist could earn supernormal profits. This situation will occur in both the short run and long run due to barriers to entry. **Price maker** – The monopolist can set the price for its product because it faces little or no competition. The firm can influence market prices by adjusting output.	5
	(ii)	Outline one possible **economic disadvantage** and one possible **economic advantage** of a monopoly market structure to Irish consumers and/or the Irish economy.	1st x 8 2nd x 4
		Disadvantage: **Exploitation of consumers -** Monopolies can charge higher prices, compared to perfect competition, because there is no competition. **Inefficient use of scarce resources -** Monopolies not producing at the lowest point of the AC curve results in a waste of scarce resources. **Produce fewer goods at a higher price than perfect competition -** Monopolies with similar costs to a firm in perfect competition may produce a lower output compared to a firm in Perfect Competition. **Less efficient/innovative -** The lack of competition means that a Monopolist does not have to innovate or develop new products or services.	
		Advantage: **Secure employment -** As there is no competition employees have greater security of employment/may benefit from preferential conditions of employment /better rates of pay and pensions. **Reduced use of scarce resources -** There may be less duplication in the provision of products / services. There may be less need for competitive advertising so society's resources are not wasted. Certain services may be best provided by one provider e.g. train tracks /electricity grid so as to avoid duplication. **Potential for innovation/R&D -** The (supernormal) profits that monopolies may make could be used for investment in R&D and secure their dominance in the market. Inventors/creators need patent protection otherwise they may not invent.	

(b) **(i)** The diagram below represents the long-run equilibrium position of a firm in a Monopoly market. Write out in full what each of the following labels represent.
AC has been completed for your benefit. **3 x 8**

Label	Answer
MC	**Marginal Cost**
AR	**Average Revenue**
MR	**Marginal Revenue**

(ii) Clearly show and label on the diagram: **4**

- 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**. **4**

Legal/statutory monopoly - Government may grant sole right to supply a good or service so that there is legal restriction on competition.

Ownership of a patent/copyright - If firm has sole right to a manufacturing process then no other firm can compete with it (Patent acts as a barrier to entry).

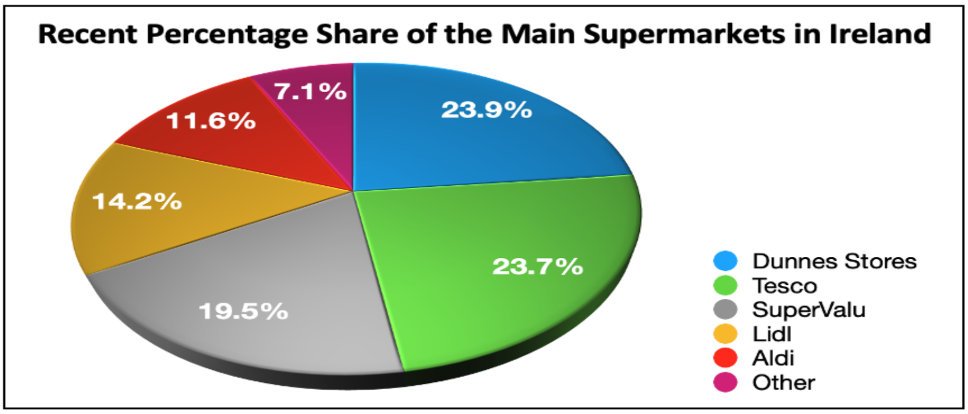
Ownership of raw materials - Firm may acquire sole right to the available raw materials thereby becoming a monopoly in that market.

Economies of scale/large capital investment - Capital required may be so large that only the firm that can raise necessary capital can operate in the market.

Mergers/takeovers - A firm may ensure its survival by merging/taking over other rival firms in the same line of business, such that it becomes a monopolist and no competition exits within the industry.

Trade agreements/collusion/cartels - Firms may enter into trade agreements with other suppliers (collude with them) so that no other firm can supply the commodity to a particular segment of the market. A firm may use limit pricing (Selling at exceptionally low prices) to force new entrants out of the industry so that it retains monopoly power.

(c)		The supermarket industry in Ireland represents a market structure which is descrbed 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. **2 x 8**

1.	**Dunnes Stores**
2.	**Tesco**

(ii) An oligopoly market with a small number of major firms may **not** benefit consumers. **6**

Do you agree or disagree with this statement?
Give a reason for your answer**.**

Agree:

Higher Prices – With fewer competitors, firms may have greater pricing power, leading to higher prices for consumers due to lack of price competition.

Limited Choice – A small number of firms means fewer product or service options for consumers, reducing variety and innovation in the market.

Lower Quality and Innovation – Without strong competition, firms may have less incentive to improve product quality or invest in innovation, leading to stagnation in the industry.

Potential for Collusion – A small number of firms may engage in anti-competitive behaviour, such as price-fixing or market-sharing agreements, which can harm consumers by keeping prices artificially high.

		Disagree: **Economies of Scale** – Fewer firms operating on a larger scale can reduce production costs, possibly leading to lower prices for consumers. **Higher Investment in Quality and Innovation** – Larger firms often have more resources to invest in research, development, and innovation, leading to better products and services. **Stability and Reliability** – A small number of well-established firms can provide consistent service and reliable products, avoiding market disruptions caused by excessive competition. **Avoidance of Wasteful Competition** – In some industries, too many firms competing aggressively can lead to inefficiencies and unsustainable business models, whereas a smaller number of firms can ensure long-term stability.	**OR** **6**

Question 12

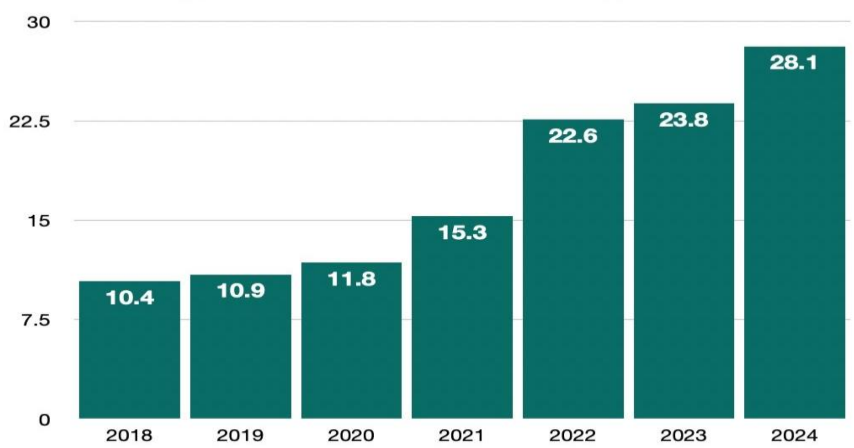
		Possible Responses	Max Mark
(a)		Aer Lingus had a successful advertising campaign for the Annual College American Football Classic held in Croke Park in August 2025.	
	(i)	Outline **one** factor other than an advertising campaign, that can affect the demand for flights **to Ireland**. **Price of flights** – If the price of flights to Ireland was to go down, then demand for flights would increase and if the price of flights to Ireland was to go up, demand for flights would decrease. **Price of complementary goods**: If the price of complementary goods such as hotels/car rentals in Ireland have increased then less people may demand flights to Ireland. **Price of substitute goods**: If the price of substitute goods such as the ferry have increased then more people may buy more flights. **Incomes** - Consumer incomes abroad may have increased resulting in a rise in demand / Consumer incomes abroad may have decreased resulting in a fall in demand. **Consumer Tastes/Preferences** - If visiting Ireland became more attractive due to increased success of Irish actors/sportspeople/musicians demand for flights to Ireland would increase. **Expectations** - If consumers expect flight prices to be higher in future then they may demand more flights now. If consumers expect flight prices to be lower in future then they may demand less flights now and wait for them to reduce in price. **Unplanned factors** - If there was an unexpected heat wave in Ireland, demand for flights to Ireland may decrease (because of 'coolcations') / increase for improved weather.	10
	(ii)	If Ryanair were to enter the market for transatlantic flights, explain how this development may affect the number of **people flying to Ireland**. **Increased competition/Lower air fares** - Increased competition between airlines would likely lead to lower ticket prices. As air travel becomes cheaper, it becomes more affordable for consumers, causing an increase in the number of people flying into Ireland. **Increased choice of routes and flight times** - A new airline may introduce new routes or more frequent flights. Greater choice and convenience make travelling to Ireland more attractive, encouraging more people to fly into the country. **Improved service quality** - To compete, airlines may improve service quality (e.g. better customer service or free wifi). Higher quality makes flying more appealing, leading to an increase in the number of passengers travelling to Ireland.	10

(b)		Minister James Browne announces €74 million capital investment funding for rural water services.	
	(i)	In your opinion, outline why investment in **water services** in Ireland is necessary. **Old and unsafe water systems** - Many rural areas use very old pipes and wells. These can leak or become contaminated. Investment helps replace them so water is clean and safe to drink. **Protecting public health** - Clean water is essential for health. Poor water quality can cause illness. Spending money on water services reduces health risks for people living in rural areas. **Supporting rural communities** - Good water services make rural areas better places to live. This helps keep people in the countryside instead of moving to cities. **Helping farmers and local businesses** - Farms and rural businesses need reliable water supplies. Better water systems support food production, tourism, and local jobs. **Meeting EU water quality rules** - Ireland must follow strict EU standards for drinking water. Investment is needed to avoid fines and to make sure all areas meet these legal requirements. **Meet future increasing demand** – the investment is needed to meet future predicted population growth.	**7**
	(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. **Improve housing –** The housing crisis is a big issue that the government have stated is a primary target for them to achieve. **Reduce borrowing/Sustainable government finances** - The government must try to reduce our national debt and make it more sustainable so that we can afford to repay it if the current budget surpluses end. More money should be spent paying off the national debt reducing interest repayments. Pressure also exists on the government to control expenditure, in particular the cost of providing public service. **Achieve full employment** – Another economic aim is to try to achieve full employment. Although unemployment levels are currently low at 4.7%, achieving full employment would further boost the governments finances resulting in increased income tax receipts and reduced social welfare payments. **Provide efficient state services** - The government aims to improve services within the state such as health, education etc. The aim is to provide services at lower costs to the taxpayer and more efficiently (e.g lower waiting times for healthcare services). **Achieve economic growth** – Another economic aim is to try to improve competitiveness of Irish exporting industries so that exports will increase, resulting in increased employment and increased incomes.	**2 x 10**

		Attracting investment - Atrracting further investment is essential to the continued growth of the Irish economy. Trade missions engaged in by the IDA and Enterprise Ireland to the USA, China etc., with the aim of increasing FDI is an economic aim of the government. **Infrastructural development/broadband access/road network** - As many businesses in Ireland (MNCs) trade worldwide there is a need for high speed broadband. This has resulted in the recent investment by the government in improving broadband access through the roll out of the national broadband plan. Further investment is also required in the road network. **Promote balanced regional development** - The provision of advance factories in regional areas to promote development in areas other than in the larger urban areas. **Boost exports / improve competitiveness / upskill the workforce** - By taking steps to improve competitiveness, the government hopes that Irish exports will continue to grow. They also aim to reduce cost of utilities. This may make Ireland more atractive for FDI. Trade missions engaged in by the IDA and Enterprise Ireland to China etc., also aim to increase FDI.	
(c)		The number of people using the Revolut banking app in Ireland increased to over 3 million last year, an increase of over 14%.	**8**
	(i)	Discuss one reason why more people in Ireland are using the Revolut banking app. **Fast and cheap transfers** - You can send money instantly to friends or family with no big fees. This is quicker than normal bank transfers. **Free banking and low costs** - Most people can use Revolut for free (standard account) which helps them save money, especially with the cost of living rising. **Easy to use app** - Revolut has a simple and clear app that makes banking, spending, and checking money very easy. Many people like it better than other bank apps. **Useful extra features** - Revolut gives things like budgeting tools, splitting bills in the app, foreign exchange, and savings options which traditional banks don't always offer. **Good for spending abroad and everyday use** - Irish customers spend lots of money with their Revolut cards on holidays and at home, showing people trust it for regular payments. **New services like savings and Irish IBAN** - Revolut now offers savings accounts with interest and local Irish bank numbers (IBANs), making it easier to use like a normal bank and get paid into it.	

	(ii)	Name **two** financial institutions, other than Revolut, that provide financial services to Irish citizens. AIB, PTSB, Bank of Ireland, Credit Union, An Post etc.	**2 x 8**
	(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. **To prevent consumer exploitation/fraud and scams** - Regulation helps stop banks and financial companies from cheating customers or acting dishonestly. **To protect customers' money** - Rules make sure banks and financial firms keep people's savings safe and do not take big risks with customers' money. **To keep the financial system stable** - Without rules, banks could fail and cause a financial crisis. Regulation reduces the risk of bank collapses that harm the economy. **To make firms act fairly** - Regulators ensure banks treat customers fairly, give clear information, and do not mislead people. **To protect the wider economy** - A strong and trusted financial system encourages saving and investment, which helps businesses grow and people keep jobs.	**4**

Question 13

		Possible Responses	Max Mark
(a)		The graph below shows Ireland's corporation receips form 2018 to 2024. **Ireland's Corporation Tax Receipts 2018 – 2024 €billion** 	
	(i)	Explain the term **corporation tax:** This is a tax on the profits made by a company / corporation.	6
	(ii)	Comment on the **overall trend** in Ireland's corporation tax receipts **using figures from the graph above.** **Comment:** There has been an increase in the amount of money received by the Irish state from corporation tax. It has increased from €10.4bn in 2018 to €28.1bn in 2024, an increase of €17.7bn between 2018 and 2024 / a period of time. In your opinion, is this trend a positive development or a negative development? Indicate with a tick (✓) and explain your answer.	12
		Positive development: **Greater government spending on public services** - Higher corporation tax revenue gives the government more money to spend on services such as healthcare, education, transport and housing. **Increased money transferred to rainy day funds** – Windfall corporation tax revenues has given the government more money to put into rainy day funds. **Reduces reliance on personal taxation** - When the government earns more from corporation tax, it is less dependent on income tax and USC, easing the tax burden on workers. **Improves budget stability** - Increased corporation tax revenue strengthens government finances, helping Ireland manage economic shocks and reduce budget deficits. **Supports economic and social development** - Extra revenue can be invested in infrastructure, training and regional development, which helps long-term economic growth and job creation.	3

		Negative development: **Over-reliance on volatile tax income** - Corporation tax revenue is highly concentrated among a small number of large firms, making government finances vulnerable if these firms' profits fall… resulting in consequences for citizens i.e. a reduction in services.	
	(iii)	Outline one possible reason why Ireland's corporation tax receipts have increased since 2018. **Growth of multinational companies (MNCs)** – Big global firms (Apple, Google, Meta, Pfizer, etc.) set up in Ireland, paying billions in corporation tax. **Expansion of the tech and pharma sectors** – Ireland became a hub for technology and pharmaceuticals, industries with very high profits. **Increased foreign direct investment (FDI)** – Ireland's low tax rate, skilled workforce, and EU membership attracted more global businesses. **Global profit-shifting** – Many multinationals booked large portions of their worldwide profits in Ireland to take advantage of the low tax rate. **Stronger economic growth** – As Ireland's GDP grew rapidly after the 2008 crash, companies earned higher profits, leading to more tax being collected. **Higher effective tax take from reforms** – Recent international rules (like the OECD's minimum 15% tax – applied to Ireland from 2024) and tighter regulation reduced loopholes, meaning Ireland collected more from corporations.	6
(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. **Households:** **Higher disposable income** - Lower taxes mean households keep more of their income, increasing their disposable income to spend or save improving their standard of living. **Increased consumer spending** - With more money available, households are more likely to spend on goods and services. **Improved ability to save** - Tax reductions allow households to save more for emergencies, pensions, or major purchases such as housing. **Reduced financial stress** - Lower tax bills ease pressure on household budgets, helping families cope better with rising living costs. **Improved work incentives** - When taxes are lower, people are more motivated to work extra hours or seek higher-paid employment, increasing household income.	8

		Economy: **Increased consumer spending** - Lower taxes raise disposable income, leading to higher household spending, which increases aggregate demand in the economy. **Higher economic growth** - Increased spending and investment can lead to higher output (GDP) as businesses respond to stronger demand. **Greater business investment** - Tax reductions lower costs for firms, encouraging them to invest in new machinery, technology and expansion. **Job creation** - As firms expand due to higher demand and lower costs, they may hire more workers, reducing unemployment. **Improved international competitiveness** - Lower taxes reduce production costs, making Irish firms more competitive at home and abroad, boosting exports.	
	(ii)	Outline one economic argument **against** reducing taxes. **Reduced Government Revenue** – Lower taxes would decrease the funds available to the government, potentially leading to cuts in essential public services like healthcare, education, and social welfare, which could negatively impact society. **Increased Income Inequality** – Decreasing taxes, particularly for higher-income earners or corporations, may exacerbate wealth disparities, as it reduces the ability of the government to redistribute wealth and support those in need. **Weaker Public Investment** – With less tax revenue, the government may struggle to invest in vital infrastructure projects such as public transport, housing, and roads, which are necessary for long-term economic growth and social well-being. **Higher National Debt** – If tax reductions lead to a budget deficit, the government may have to borrow more, increasing national debt and future interest payments, which can strain the economy and future public finances. **Limited Ability to Address Economic Challenges** – Lower taxes could reduce the government's ability to respond to economic crises, such as recessions or global financial downturns, and may undermine fiscal resilience and stability.	8

	(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:** **Helps people cope with the rising cost of living** - The €10 increase helps recipients deal with higher prices for essentials such as food, energy and transport. **Improves standard of living** - Extra income allows recipients to better meet basic needs, improving their quality of life. **Protects vulnerable groups** - People on disability allowance and other welfare payments often have fixed incomes, so the increase helps protect those most at risk of poverty. **Boosts spending in the economy** - Welfare recipients are likely to spend the extra money locally, increasing demand for goods and services and supporting businesses. **Promotes social equality** - Increasing welfare payments helps reduce income inequality by supporting lower-income households. **Disagree:** **Opportunity cost** - The money used to increase welfare payments could have been spent on long-term solutions such as housing, infrastructure, healthcare or job creation. **Increases government spending** - The €10 rise adds significantly to current expenditure, which may worsen the budget deficit or limit spending in other areas. **May contribute to inflation** - Higher welfare payments increase consumer spending, which can add to demand-pull inflation, raising prices in the economy. **Limited impact on cost of living** - A €10 increase may be too small to make a meaningful difference given large rises in housing, energy and food costs. **Reduces incentives to work** - Higher welfare payments may reduce the incentive for some individuals to take up employment, particularly in lower-paid jobs.	**8**
(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.	
	(i)	Discuss one possible economic effect a **reduction** in the hiring of employees by MNCs may have on the Irish economy.	**8**

		Higher unemployment – Fewer job opportunities mean more people, especially graduates, may struggle to find work, increasing unemployment levels. **Reduced income tax revenue** – If fewer people are employed, the government collects less income tax, which reduces money available for public services. **Lower consumer spending** – With fewer people in jobs, or with slower wage growth, households have less disposable income to spend in shops, restaurants, and services. **Weaker economic growth** – MNCs are a major driver of Ireland's GDP; slower hiring reduces overall economic activity and investment. **Impact on housing demand** – If fewer workers are moving to Ireland for jobs, demand for housing (especially in cities like Dublin) could ease, affecting property prices & rents. **Reduced attractiveness for future investment** – A slowdown in hiring may signal to other investors that Ireland's MNC sector is cooling, possibly reducing new foreign direct investment.	
	(ii)	Recently some American multi-national corporations say they are considering relocating back to the USA. Outline two possible reasons why these corporations may relocate back to the USA. **Tariffs –** The introduction of new tariffs might be an incentive for certain corporations to relocate back to the USA to avoid these tariffs and to keep prices low/demand high for their goods/services. **Housing crisis –** Many firms have indicated the lack of available housing for potential employees is a major barrier to locating in Ireland. **High Living Costs** – The cost of living in major cities like Dublin is relatively high, including housing and transportation. This can make it difficult for employees to live affordably, potentially discouraging MNCs from setting up operations or hiring locally. **Limited Availability of Commercial Property** – While Ireland is attractive to MNCs, the demand for office space and commercial property, particularly in Dublin, often exceeds supply. This can make it challenging for companies to find suitable office space at competitive prices. **Rising Wage Pressures** – As demand for skilled workers increases in Ireland, wage inflation has also been rising. Some MNCs may find it difficult to attract or afford top talent in certain sectors due to the rising costs of labour. **Dependence on the US Market** – Ireland's economy is highly dependent on investment from US-based companies. This can pose risks for MNCs looking to diversify, as they may find that the market is overly influenced by external economic factors, particularly if there are shifts in US policies.	**2 x 8**

		Question 14	
		Possible Responses	**Max Mark**
(a)	**(i)**	Explain the term **price inflation**. The steady and persistent increase in the general level of prices / the price of goods and services increasing.	10
	(ii)	The level of inflation in Ireland **increased** during the above period of time. In your opinion does this benefit Irish consumers? YES / NO. Explain your answer. **No:** **Reduced Purchasing Power** – As price inflation rises, the cost of goods and services rises, meaning Irish consumers can purchase less goods/services with their income. **Lower standard of living** – As prices rise, consumers can purchase less goods/services with their income which reduces the standard of living of Irish consumers. **Increased Cost of Living** – Rising inflation means that everyday expenses like food, transport, and utilities may become more expensive for Irish consumers making it harder for Irish consumers to manage their budgets. **Higher Interest Rates** – Rising inflation often leads to higher interest rates set by the ECB. This can increase borrowing costs for consumers, making it more expensive to take out loans, mortgages, or use credit. **Reduced Savings Value** – When inflation is high, the value of money is falling, meaning the real value of savings is being eroded unless the interest rate is higher than the rate of inflation. **Housing affordability -** Inflation usually pushes up the market price of housing. For Irish consumers who want to purchase their own home, inflation makes this harder especially for first-time buyers. **Yes:** **Shrinks the "Real" Value of Debt** - If you have a fixed-rate loan—like a student loan, a car loan, or eventually a mortgage inflation reduces the real value of debt. You are paying back the bank with money that is worth less than the money you originally borrowed. It's like getting a discount on your debt. **Wage Growth Often Follows** - When prices go up, workers (and unions in Ireland) start demanding higher pay to keep up. If your salary increases by 3% while inflation is at 2%, you've actually come out ahead. **Rising Asset Values (Like Houses) -** If you own assets like a house inflation usually pushes their market price up. For Irish consumers who own their homes, inflation increases their "equity" (the value of the house minus the mortgage). While this makes it harder for first-time buyers, it increases the overall wealth of households that already own assets. **Better public sevices** - When prices go up, the government collects more in VAT (Value Added Tax). When wages go up, they collect more in Income Tax. More money in the government's pocket means they have more to spend on public services.	10

(b)	**(i)**	On 1st January 2026, the Irish government introduced an auto-enrolment pension scheme for employees, who do not have a private pension. 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. Outline one possible **economic advantage to the employee** *or* one possible **economic disadvantage to the employer** of this scheme. **Advantage to the employee:** **Increased retirement savings** – Workers automatically build up a pension, giving them more financial security when they retire. **Government top-up** – The State adds extra money to each worker's pension, boosting the value of savings over time again giving them more financial security when they retire. **Easy and convenient** – Since enrolment is automatic, workers don't need to set up a pension themselves or deal with complicated paperwork. **Better standard of living in retirement** – With combined contributions from the worker, employer, and State, retirees will have more income and be less reliant solely on the State pension. **Disadvantage to the employer:** **Increased labour costs** – Employers must contribute a percentage of each employee's wages to the pension, raising overall payroll expenses. **Administrative burden** – Setting up and managing contributions adds extra paperwork and compliance requirements for employers, especially smaller businesses. **Cash flow pressures** – Regular pension contributions may put pressure on companies with tight budgets, particularly SMEs. **Reduced competitiveness** – Higher employment costs could make Irish businesses less competitive compared to firms in countries with lower labour costs. **Impact on hiring decisions** – Some employers may slow down recruitment or reduce hours to limit pension costs.	**1 x 12**

	(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. **Public Transport & Infrastructure** - In rural Ireland especially, if you can no longer drive, you can become "trapped" in your own home, leading to isolation. Expanding the Local Link bus services and making town centers "Age-Friendly." This involves wider footpaths, more benches, better lighting, and longer pedestrian crossing times. **Integrated Community Services -** As people age, they often have multiple health conditions that require frequent check-ups. Instead of everyone going to a massive, overcrowded hospital like St. James's or Cork University Hospital, they would go to a local center for blood tests, X-rays, and physiotherapy. Provide services in the local community which promote involvement of people to promote physical / mental wellbeing. **Digital Literacy** - The world is moving online, from banking to booking a doctor's appointment, which can leave older generations behind. As a result, the government should increase funding for Digital Inclusion programs. **Increase carers allowance/invest in respite care** - Ireland relies heavily on "informal carers" usually family members. Increasing the Carer's Allowance and investing in respite care gives full-time family carers a break while their loved one is looked after in a professional facility. Without these family carers, the Irish healthcare system would face pressure. Investing in them is an investment in the stability of the whole system. **Affordable housing solutions** (that foster inclusion) – provide accommodation that integrates ageing people with their community and provide services that are required: GP visits; social areas; cafes etc.	12
	(iii)	One possible reason why Modified Domestic Demand **declined** between 2024 to 2025. **Heightened Global Uncertainty** - Rising geopolitical tensions especially from U.S. trade and tax policy threats have created a more cautious business environment. This has led to **weaker consumer and business sentiment**, **reducing domestic consumption, investment**, and overall demand. **Consumer Caution** - Although employment and wages remain relatively strong, households are showing higher savings rates and **restraint in spending**, influenced by inflation fears and economic uncertainty. **Slowing Business and Housing Investment** – Consumer seeking some services and homes are facing difficulties (both key components of MDD). Both are losing steam reducing MDD. Housing completions were revised downward after missing targets, and investment growth, while positive, remains modest. **Persistent Infrastructure and Capacity Constraints** - Domestic growth is hampered by supply-side bottlenecks—especially in housing, transport, and utilities. These infrastructure limitations constrain both investment opportunities and household consumption.	6

<table>
<tr><td>(c)</td><td></td><td>The price elasticity of demand (PED) for electricity is shown below.
PED for electricity = - 0.5</td><td></td></tr>
<tr><td></td><td>(i)</td><td>Discuss why the demand for electricity is price inelastic.

The demand is inelastic as it less than 1 in absolute terms.
The percentage change in quantity demanded is less than the percentage change in price.
It is an essential commodity which people need and even if price increases demand will change only slightly.</td><td>5</td></tr>
<tr><td></td><td>(ii)</td><td>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.

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

Over reliance on gas - Even though Ireland has plenty of wind, about half of our electricity is still generated by burning natural gas. In the European energy market, the price of electricity is often set by the "marginal" (last) unit of energy needed to meet demand—which in Ireland is almost always gas.

Geopolitical Shocks/The Ukraine War- Before 2022, Europe relied heavily on cheap Russian gas. When Russia invaded Ukraine, that supply was severely restricted. While we don't get much gas directly from Russia, we buy it from the UK and European markets where prices went through the roof because of the shortage.

Data Centre Demand - Ireland is the European hub for tech giants like Google, Meta, and Amazon. These companies operate massive data centres that run 24/7. Data centres now consume about 21% of all electricity in Ireland. This massive surge in demand puts pressure on the supply. When demand is high and supply is tight, prices go up.

Carbon Taxes/Green Levies - To fight climate change, the government applies taxes to fossil fuels to discourage their use. The Carbon Tax has increased steadily (reaching €63.50 per tonne in 2025). Additionally, the PSO Levy (Public Service Obligation) is a charge on everyone's bill used to fund the transition to green energy. While necessary for the environment, they add a fixed extra cost to every unit of electricity used.</td><td>8</td></tr>
<tr><td></td><td>(iii)</td><td>One measure that Irish households could take to reduce the cost of their electricity bills.

Reduce use of electricity - Irish households could reduce their consumption of electricity e.g. switch off unused appliances. They could be more mindful of usage e.g. boiling a full kettle for one cup of tea. Use dishwashers/ washing machines with full loads.

Renewable energy - Irish households could look at alternative ways of accessing energy e.g.installing solar panels.

Upgrade appliances – Irish households could ensure their electrical appliances are more energy efficient e.g. switch to improved energy rating appliances.

Switch providers – Many households are out of contract and as a result are paying much more for electricity. By switching providers and entering into a new contract consumers can save hundreds of euro.</td><td>12</td></tr>
</table>

Question 15			
		Possible Responses	**Max Mark**
(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.	8
		Private benefit: **Improved health and wellbeing** – More investment in sports facilities and programmes encourages people to exercise, reducing obesity and long-term health costs. **Youth development** – Funding grassroots sport gives young people opportunities to develop skills, confidence, and teamwork. **Social inclusion** – Investment can make sport accessible to disadvantaged groups, promoting equality and community participation.	
		Social Benefit: **Community development** – Sports clubs act as social hubs, and funding helps strengthen local identity and community spirit. **Reduced healthcare costs** – A more active population means fewer lifestyle-related illnesses, easing pressure on the health service. **Stronger national teams** – Better funding for coaching and training helps Irish athletes compete successfully at national and international level. **Promotion of Ireland internationally** – Success in sport raises Ireland's profile abroad, boosting tourism and national pride. **Economic benefits** – Hosting sporting events generates tourism, business activity, and jobs in areas like hospitality and transport.	8
	(ii)	Malcolm Byrne TD has suggested the government subsidise the cost of the use of gyms for individuals. Do you agree or disagree with this statement? Tick (✓) the box. Justify your answer. **Agree:**	

Reducing Long-Term Healthcare Costs - The most significant argument is the return on investment for public health budgets. Chronic conditions like cardiovascular disease, and obesity-related complications cost the state billions annually. Regular exercise reduces the risk of these diseases. A subsidised membership would act as a form of "preventative medicine," keeping people out of doctor's offices and emergency rooms.

Improving Workforce Productivity - A healthy population is an economically productive one. Physical inactivity is directly linked to higher rates of absenteeism. By subsidising gyms, the government supports a more resilient workforce.

Addressing Health Inequality - Cost is one of the most significant barriers to fitness, particularly for low-income households. This creates a "health gap" where those with less disposable income are at a higher risk for preventable illnesses. This promotes social equity and helps tackle health disparities in deprived communities.

Supporting Mental Health and Social Cohesion - Gyms and fitness centers serve as vital social hubs outside of home and work. Physical activity is clinically proven to reduce symptoms of depression, anxiety, and stress. Group classes foster social interaction and a sense of belonging. 8

Disagree:

The Deadweight / Opportunity Cost - This occurs when the government spends money to subsidise a behavior that would have happened anyway. As of 2025, over 700,000 people in Ireland already hold gym memberships without a subsidy. Providing a subsidy which could cost an estimated €65 million to €100 million would mostly benefit people who are already active and can already afford it.

Risk of Price Inflation/The Subsidy Trap - There is a risk that commercial gym operators would simply raise their prices to absorb the government subsidy, leaving the consumer no better off. If the government offers a €100 subsidy, gyms may see an opportunity to increase their annual fees by a similar amount. This is a common phenomenon in subsidised markets (similar to the Help to Buy scheme in housing). The government ends up subsidising the profit margins of private businesses rather than actually making fitness more affordable for the individual.

Poor Retention and Behavioral Efficacy – It is widely recognised that a financial incentive to join a gym does not necessarily lead to a long-term habit of using the gym. Gym attendance often drops significantly after the first few months of the year. Data to prove that a subsidy motivate a person to completely change their lifestyle is limited.

Inefficiency Compared to "Active Travel" Infrastructure - Critics argue that subsidising gyms is a narrow, "individualised" approach to health that ignores more effective population-level interventions. Most people in Ireland exercise in "informal settings" like parks, mountains etc at little to no cost. Economists argue that the €65 million required for gym subsidies would be better spent on public infrastructure—such as segregated cycle lanes, public swimming pools, or lighting for "Greenways." These investments provide a permanent, free benefit to the entire community, regardless of their ability to pay a monthly fee.

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

(i) State one other **manufacturer** of sports and athletic clothing. **8**

O'Neills, Nike, Adidas, New Balance, Under Armour, Gym + Coffee, Gymshark.

(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. **4**

Guaranteed Revenue and Market Volume - An exclusive deal provides a predictable and massive sales volume. The manufacturer becomes the only source for the team's official "on-field" kit and training gear.

Enhanced Brand Equity - By aligning with a winning or prestigious team, the manufacturer inherits the team's values possibly of success and elite performance. If the world's best athletes are wearing a specific brand to compete at the highest level, the general public may perceive that the brand is technically superior.

Retailer Leverage and Shelf Space - Holding the exclusive rights to a popular team's kit gives the manufacturer massive bargaining power when dealing with major sports retailers (like JD Sports or Lifestyle Sports). Retailers must stock the official team kit to get fans through their doors. It guarantees prime shelf placement and strengthens the manufacturer's overall position in the retail landscape.

Direct Marketing and Constant Visibility - A sole supplier agreement is essentially a 24/7 billboard. The brand's logo is visible during televised matches, in newspapers, on social media, and in every "action shot" of the players. Instead of a 30-second commercial that viewers skip, the brand is integrated into the heart of the entertainment.

Product R&D and Technical Validation - Professional teams provide a "live laboratory" for a manufacturer's newest technologies, such as moisture-wicking fabrics or aerodynamic designs.

Castore produces 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.** **16**

Total cost:	Profit:
€5,000	€100,000
€25,000	-€35,000
€2,000	
€3,000	
€35,000	**€65,000**

(c)		Castore is concerned that there might be other companies/individuals engaged in the hidden economy supplying unofficial jerseys.	
	(i)	Explain the term the **hidden economy**. Give one other example of an activity in the hidden economy.	**7**
		Explanation: All economic activity that goes unrecorded in the national income accounts // Income from illegal sources // undeclared incomes.	**4**
		Example: Teacher giving grinds, Selling of illegal drugs, a tradesman doing a 'nixer' / 'foxer'.	
	(ii)	Outline one economic effect hidden economic activities have on businesses in Ireland **and** on the Irish government.	**6**
		Businesses: **Unfair competition** – Legitimate businesses must compete with firms that avoid taxes, giving them lower costs and pricing advantages. **Loss of customers** – Shadow economy businesses may undercut prices, drawing customers away from law-abiding firms. **Difficulty in planning** – Unregulated competitors make market demand unpredictable, complicating business forecasting. **Reputation risk** – Businesses associated with hidden economy activity can face legal or reputational damage. **Higher compliance costs** – Law-abiding businesses may spend more on audits, reporting, and legal compliance to stay above board. **Reduced supplier trust** – Shadow economy participants may fail to pay suppliers or meet contractual obligations, affecting supply chains.	
		Government: **Loss of tax revenue** – Hidden economy activity avoids income tax, VAT, and corporation tax, reducing government funds for public services. **Distorted economic data** – GDP and employment figures may not accurately reflect economic activity, leading to poor policy decisions. **Reduced public services** – Less tax revenue means less funding for healthcare, education, and infrastructure. **Encourages illegal activity** – A thriving hidden economy can increase money laundering, fraud, and other criminal behavior. **Inflation and unfair pricing** – Shadow businesses may manipulate prices, creating instability in certain markets. **Weakens investor confidence** – International investors may see Ireland as higher risk if hidden economy activity is widespread, reducing foreign investment.	**6**

Question 16

		Possible Responses	Max Mark
(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.** A tax on goods imported into a country.	8
	(ii)	Outline one possible economic reason why Donald Trump **increased** tariffs in 2025. **Protecting Domestic Manufacturing & Jobs** - Trump framed the tariffs as a means to reshore manufacturing and bolster America's industrial base. By making imports more expensive, he aimed to encourage domestic production—particularly in strategic sectors—to revitalise U.S. manufacturing capacity. **Addressing Large Trade Deficits** – Donald Trump cited the persistent U.S. trade deficits—in 2024 exceeding $1.2 trillion—as unsustainable. Tariffs were positioned as tools to rebalance trade and incentivise other nations to adopt fairer trade practices. **Generating Federal Revenue** - With aggressive tax cuts (the "Big Beautiful Bill") reducing government income, tariffs were used to compensate by raising significant revenue—sometimes positioned as a substitute for income taxes. **Using Tariffs as Diplomatic Leverage** - Tariffs were deployed as an informal diplomatic tool—to pressure trading partners on issues like fentanyl trafficking, immigration, geopolitical alignments, or concessions in trade talks. Some tariffs targeted countries over broader political disputes.	8

	(iii)	Outline one possible economic effect of this increase in tariffs by the USA **on the Irish economy.** **Lower exports -** Pharmaceuticals and medical products are Ireland's largest export to the U.S., valued at nearly €100 billion in 2024. While these goods were historically exempt from duties, recent policies have introduced tariffs. To remain competitive, these firms may eventually have to absorb the costs or pass them on to U.S. consumers, potentially leading to a slump in export volumes. **Pressure on the Agri-Food Industry -** Irish agri-food businesses (SMEs) often operate on thinner margins and lack the infrastructure to quickly pivot to new markets. For example, a 20% tariff on Irish whiskey makes it significantly more expensive than domestic U.S. spirits, forcing Irish producers to either lose market share or divert their exports to the UK and Asia. **Threat to Corporate Tax Revenue -** Ireland's tax receipts are heavily reliant on a handful of U.S. multinationals. If tariffs are combined with U.S. domestic tax cuts (intended to lure companies back to America), the incentive for firms to book profits or expand operations in Ireland diminishes. A significant relocation of "intellectual property" or manufacturing back to the U.S. could lead to a multi-billion euro "hole" in the Irish national budget. **Disruption of Global Supply Chains -** Ireland is a critical hub in the supply chain for semiconductors and high-tech components. Tariffs create logistical delays. Irish firms that import American components to build finished goods for re-export now face a "double-tax" scenario. This uncertainty often leads to a "wait-and-see" approach, dampening business investment and slowing down the hiring process in the tech sector **Inflationary Pressures and "Trade War" Retaliation -** As part of the European Union, Ireland does not set its own trade policy. If the EU responds to U.S. tariffs with its own levies on American goods a trade war ensues. This creates a cycle of imported inflation.	9

(b)		Entrepreneurs take a risk in organising the other factors of production to produce a good or a service.	
	(i)	Name any two other factors of production **other** than enterprise. Land Labour Capital	**2 x 3**
	(ii)	Explain **one** of the factors of production you named above in part **(i)** . **Land** is anything provided by nature that helps in the production of good and service . **Labour** is the human effort that helps in the production of good and services. **Capital** is anything made by humans that helps in the production of good and services.	**7**
	(iii)	Suggest one measure the Irish government could take to encourage more people to become entrepreneurs. **Measure:** **Provide grants and funding** – Offering start-up grants, low-interest loans, or seed capital to help entrepreneurs cover initial costs and reduce financial risk. **Reduce taxes for start-ups** – Lowering corporation tax or providing tax relief for new businesses to make it easier for them to survive and grow. **Invest in education and training** – Supporting entrepreneurship courses in schools, colleges, and training centres to give people the skills needed to run a business. **Improve access to advice and mentoring** – Expanding Local Enterprise Offices (LEOs) and business networks so entrepreneurs can get expert guidance and support. **Cut red tape** – Simplifying regulations and reducing bureaucracy to make it faster and easier to set up and run a business. **Invest in infrastructure** – Ensuring strong broadband, transport, and digital services across the country so businesses can operate efficiently.	**12**

(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.	
	(i)	Explain **why** increasing the minimum wage is important to some employees. **Higher income** – Workers earn more money, which improves their standard of living and helps cover rising costs like housing, food, and transport. **Reduced poverty** – A higher wage lifts low-paid workers and their families out of poverty, reducing financial stress. **Increased motivation** – Better pay can boost morale, job satisfaction, and productivity, as employees feel more valued. **Improved health and wellbeing** – With more disposable income, workers can afford healthier food, better housing, and medical care, leading to better quality of life. **Greater financial independence** – Workers rely less on social welfare supports when wages increase, giving them more independence and security.	**8**
	(ii)	Outline one economic argument **against** any further increase in the minimum wage in Ireland. **Higher labour costs** – Businesses must pay more in wages, which raises overall operating expenses. **Reduced profits** – With higher costs, profit margins may shrink unless businesses increase prices or cut expenses elsewhere. **Pressure to raise prices** – To cover higher wages, some businesses may increase prices, which could reduce competitiveness. **Fewer jobs or reduced hours** – Employers may hire fewer workers, cut staff hours, or replace roles with automation to manage costs. **Strain on small businesses** – Smaller firms with tighter budgets may struggle more than larger companies to absorb the extra wage costs.	**8**

	(iii)	Suggest one other measure that an **employer** could take to reward their employees for their loyalty, other than a wage increase. **Enhanced Flexible Working Arrangements -** Offering greater control over when and where work happens is often valued as highly as a raises. This flexibility reduces burnout and commuting costs, directly improving the employee's quality of life and demonstrating trust in their autonomy. **Professional Development and Upskilling -** Investing in an employee's future is a powerful way to show they are valued. Employers can provide tuition reimbursement, access to premium online learning platforms, or paid time off to attend industry conferences. **Comprehensive Health and Wellness Perks -** Beyond basic insurance, employers can offer subsidised gym memberships, mental health days, or access to private counselling services. On-site perks like healthy snack bars or ergonomic workspace stipends also contribute to a culture that prioritises physical and mental longevity over short-term output. **Public Recognition and Awards Programs -** Validation from peers and leadership is a psychological necessity that pay alone doesn't satisfy. When achievements are celebrated in company-wide meetings or through internal newsletters, it builds a sense of belonging and reinforces positive behaviors across the team. **Increased Paid Time Off (PTO) -** Time is a non-renewable resource, and giving more of it back to employees is a premium reward. Beyond statutory holidays, employers can offer volunteer days, or extended sabbatical programs for long-tenured staff. These measures allow employees to pursue personal passions or recharge fully, ensuring that when they are at work, they are more focused and productive.	9

Ordinary Level Economics Student Research Project – Draft 2026

Ireland is a small, open economy and this has implications for our economic activity and performance, and for government policies and decisions. Students develop an understanding of how Ireland's economy is influenced by economic events and policy development at a European and international level.

Adapted from Economics Curriculum Specification, NCCA

A complex interplay between geopolitics and economics is now playing out. After decades of deepening economic integration, we are now navigating a markedly different environment, shaped by economic fragmentation and heightened geopolitical tensions. This shift has significant economic implications for Ireland's long-term economic resilience.

Minister for Finance, Paschal Donohoe, T.D., June 2025 (Adapted)

***Economic resilience**: aims to better prepare countries to anticipate, withstand, and bounce back from any type of shock, disruption, or stress it may experience.*

US Economic Development Administration, 2025 (adapted)

***Fiscal sustainability**: the ability of a government to maintain public finances at a credible and serviceable position over the long term. Fiscal sustainability implies governments can maintain policies and expenditures into the future, without major adjustments and excessive debt burdens for future generations.*

OECD, 2024

Each candidate is required to complete a Research Study and Report on one of the following research topics in the context of the research theme:

Research Topic 1

Candidates are required to pursue an individual line of inquiry **analysing** and **evaluating** the impact of **one** recent external economic shock (since 2020) on Ireland's economic resilience under the following **two** headings:

- Analyse and evaluate the economic implications of the external economic shock on a firm / firms in Ireland within one of: agrifood; energy; ICT; Pharma.
- Analyse and evaluate how your chosen external shock has exposed weaknesses in the economic resilience of Irish government economic policy.

Research Topic 2

Candidates are required to pursue an individual line of inquiry **analysing** and **evaluating** the impact of **one** recent external economic shock (since 2020) on consumer behaviour in Ireland and on Ireland's fiscal sustainability under the following **two** headings:

- Analyse and evaluate the economic implications of the external economic shock for consumer behaviour within one of: spending on energy; food; housing.
- Analyse and evaluate the implications of Irish government supports to households in the aftermath of the shock for Ireland's fiscal sustainability.

These descriptors should be interpreted in the context of the challenges and demands of the investigation the candidate has chosen.

Section	Very Good	Good	Fair	Weak
Introduction	The line of inquiry is reasonably clear and there is some evidence of coherence. The aims are slightly vague in context but they do meet a number of the requirements. A reasonably good attempt is made at linking the line of inquiry to the Learning Outcomes.	A basic attempt at linking the line of inquiry to the theme. The report lacks depth and structure. The aims are very vague and displays limited understanding of the theme and LOI. Vague attempt at linking the line of inquiry to the Learning Outcomes.	Very basic level of response. Very poor linking of the line inquiry to the theme or the Learning Outcomes. Aims if given are very poor with no structure.	Line of inquiry is not relevant to the theme or topic. No link to the Learning Outcomes. No aims provided.
10 marks	**8-10**	**6-7**	**4-5**	**0-3**
Evidence of Data: 5 marks	**5**	**Deduct 1m if no quantitative data.**	**Deduct 1m if 2 sources not included.**	

The Research Process 40 marks				
	Very Good 8-10	**Good 6-7**	**Fair 4-5**	**Weak 0-3**
Application & Analysis	A good application and analysis of key concepts and theories to the line of inquiry.	Simplistic very basic application of key concepts and theories to the line of inquiry.	A simplistic, maybe confused attempt to apply a concept/theory to the line of inquiry.	No application of concept/theory to the line of inquiry. Concepts and theories if evident are irrelevant to the line of inquiry.
Interpretation & Evaluation	Reasonable analysis and interpretation and evaluation of sources of information and data used. Concepts and theories used make tentative links to part of the research process. In some cases, evaluation may be omitted.	Very basic analysis & interpretation of sources of information and data. Evaluation may be omitted. Concepts are somewhat relevant and sometimes applied to the line of inquiry	Data and sources of information is poorly researched which leads to very little if no interpretation.	Very poor selection of research sources. No evidence of evaluation.
Arguments & Judgements	Some good arguments and judgements are offered which are somewhat linked to economics concepts and theories.	Arguments/judgements offered are somewhat limited. and may not be relevant.	Very limited if any arguments or judgments are offered and may not be relevant.	No arguments and judgements are offered.
Data	The sources of information and data used are relevant and in date.	Sources of information and data if included are somewhat relevant and some maybe in date.	There is some very limited, very vague evidence of sources of information used and data. Very little evidence.	No sources of information used or data are evident.

	Very Good	Good	Fair	Weak
Conclusion	Some conclusions are made based on the basic analysis and evaluation of the evidence with a good link to concepts & theories. Intended aims have been mostly addressed & most are met. Recommendations lack structure & depth. New somewhat relevant question/line of inquiry suggested.	Some conclusions are made based on a very basic analysis and evaluation (if any) with some limited evidence that these are somewhat linked to concepts/theories. Some of the intended aims are met and some recommendations are made.	Some conclusions are made but limited evidence to support them. These may be based on irrelevant material. Some of the intended aims are somewhat addressed. Regurgitation and repetition of information already used is evident. These may be irrelevant or incorrect.	Little or no conclusions made with very little evidence to support them and irrelevant material used. Intended aims are not met. A lot of regurgitation and repetition.
20 marks	**16-20**	**12-15**	**8-11**	**0-7**
Reflection	A personal reflection on the SRP is evident. Students consider & reflect on some elements of their learning. Basic consideration given to how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/not influenced as a result of engaging with the study.	A basic personal reflection on some elements of the SRP is attempted. A very basic consideration on how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/ not influenced as a result of engaging with the study.	Limited personal insights gained through limited reflection on the topic. Limited consideration (if any) on how their thinking/attitudes has changed or/and evolved, their opinions and/or behaviour influenced/not influenced as result of engaging with the study.	No personal reflection – inadequate reflection. Re-telling of facts learned. No personal insight into how their thinking/attitudes has changed and/or evolved, their opinions and/or behaviour influenced/not influenced as a result of engaging with the study.
10 marks	**8-10**	**6-7**	**4-5**	**0-3**
Communication Presentation & Overall Coherence	The SRP is reasonably coherent and logical. The language, concepts & data are somewhat integrated to give a basic flow & structure. Communication of data & information is clear but simplistic. There is evidence of originality and innovation.	The SRP generally lacks coherence and focus. The language, concepts & data lack focus & structure & the report may be hard to follow. Lacks consistency. Very little evidence of originality and innovation.	A poor attempt at delivering a coherent and logical SRP. The language, concepts & data are very poor and confused with many errors throughout. Little to no evidence of originality and innovation.	This SRP totally lacks structure and coherence. Irrelevant material and significant errors. The report contains incorrect information/plagiarism.
15 marks	**12-15**	**9-11**	**6-8**	**0-5**