



Q1 Scarcity

Scarcity is when our Resources are limited, but our Needs and wants are not. This means we must make a Choice/Decision.

Q2 Circular Flow of Income

An injection adds money into the economy. A withdrawal takes money out.

	Injection	Withdrawal
A family saves money in a deposit account		✓
The government builds a new hospital	✓	
An Irish farmer exports beef to France	✓	
A household pays income tax		✓
An Irish family buys a German-made car		✓

Top Tip: Injections add money: Government spending, Investment and Exports. Withdrawals take money out: Taxes, Savings and Imports. If money leaves Ireland it is a withdrawal. If money is spent in Ireland it is an injection.

Q3 Public and Private Sectors

The public sector is owned and run by the Government. The private sector is owned and run by private individuals or companies to make a profit.

	Public Sector	Private Sector
A nurse working in a HSE hospital	✓	
A software developer at Stripe		✓
A teacher in a state secondary school	✓	
A pilot with Ryanair		✓

Top Tip: If the State pays the wages (HSE, Department of Education, Gardaí), it is the public sector. If a private business pays the wages (Ryanair, Stripe, Aldi), it is the private sector.





Q4 (i) Direct Tax

A direct tax is a tax paid directly to the Government on a person's income/wealth or a company's profits, such as PAYE or Corporation Tax.

Top Tip: Always give a clear example to support your definition. The example must be a direct tax (PAYE, USC, PRSI, DIRT, Corporation Tax, Capital Gains Tax).

Q4 (ii) Direct or Indirect Tax

	Direct Tax	Indirect Tax
PAYE	✓	
VAT		✓
Corporation Tax	✓	
Excise Duty on alcohol		✓

Top Tip: A direct tax is paid on income or profits.
An indirect tax is paid when you spend money on goods or services.

Q5 (i) Sustainable Development

Sustainable development means meeting the needs of people today without harming the ability of future generations to meet their own needs.

Top Tip: The words 'future generations' must be in your answer to get full marks.

Q5 (ii) Operating Sustainably **Way + Link to environment/society**

1. Use renewable energy sources, such as solar panels or wind power, in factories.
This reduces the use of fossil fuels and lowers carbon emissions.

2. Use electric or hybrid vehicles for deliveries.
This reduces air pollution and helps protect the environment.

Top Tip: Each way must link back to a positive effect on the environment or on society. Just saying 'recycle' will get 2 marks. Saying 'recycle waste to reduce the amount sent to landfill' will get 3 marks.





Q6 (i) Visible and Invisible Trade

- Visible trade is in goods you can see and touch.
- Invisible trade is in services.
- An export brings money INTO Ireland.
- An import means money leaves Ireland.

Statement	Visible Import	Invisible Import	Visible Export
Irish whiskey sold in the United States			✓
Irish people booking flights with Emirates Airline		✓	
Italian olive oil sold in Lidl Ireland	✓		

Q6 (ii) Balance of Trade

(a) Calculate Ireland's balance of trade for 2024.

Workings: €224 billion (exports) – €135 billion (imports)

Answer: €89 billion surplus

(b) Was Ireland's balance of trade in 2024 a surplus or a deficit?

Surplus

2m

Top Tip: When exports are greater than imports, we have a surplus (Ireland earns more from selling abroad than it spends buying from abroad). When imports are greater than exports, we have a deficit. Always include the € sign and the word 'billion' for full marks.

Q7 Reasons Ireland Trades

1. Ireland has a small home market, so trading with other countries lets Irish businesses sell to millions of extra customers.

For example, Kerrygold butter is exported to over 100 countries.

2. We import goods and services we cannot produce at home, such as oil, coffee and bananas.

This gives Irish consumers more choice and access to cheaper goods.

Q8 (i) Why MNCs locate in Ireland Reason + Benefit to the firm

1. Ireland has a low Corporation Tax rate of 12.5%/15%, lower than most other EU countries. This means MNCs can keep more of their profits if they set up here.

2. Ireland is an English-speaking member of the European Union, which gives MNCs free access to the Single Market of over 440 million customers.

Q8 (ii) Why an MNC may relocate Reason + Outcome

Wages in Ireland have risen sharply in recent years. An MNC may relocate to a country with lower labour costs to save money and increase profits.





Q9 Benefits of EU Membership **Benefit + Effect**

Economic benefit: Ireland has free access to the EU Single Market of over 440 million people. Irish businesses can sell their goods and services to other EU countries without paying extra tariffs/custom duties.

Social benefit: Irish citizens can live, work and study in any EU country without needing a visa, for example through the Erasmus programme.

Top Tip: An economic benefit must relate to business or money.

A social benefit must relate to people or citizens. You cannot use the same point for both.

Q10 Eurozone

The Eurozone is a group of countries within the EU that share the same currency (the euro).

State one benefit of Eurozone membership for an Irish business that sells products in France.

There is no need to change currency when selling to French customers, which saves the Irish business money on bank charges and removes the risk of losing money if exchange rates change.

Also accept

Prices are easier to compare with French competitors, which helps the business set the right price.
Easier to do business with French customers, leading to more sales and a larger market.

Q11 VAT Cut on Energy **Reason + Effect**

1. To ease the financial pressure on households during a period of high energy prices. This helps families to pay their bills and afford other essentials.

2. To reduce the impact of the cost-of-living crisis. With lower VAT, households have more disposable income to spend on food, clothing and other goods.

Also accept

To prevent fuel poverty in low-income households so that everyone can heat their homes in winter.
The Government had a budget surplus and used some of it to help households.
Public Relations / political: lower bills are popular with voters before an election.
To slow the rate of inflation by reducing the price of essentials.

Top Tip: Each reason needs a clear outcome. 'PR for the government' is a valid reason, but you still need to explain what the Government gains from it.





Q12 Young Population and Government Spending

(a) Name one government department affected.

Department of Education	
Also accept	Department of Children, Equality, Disability, Integration and Youth Department of Health (paediatric and maternity services) Department of Housing (homeless children figures rising)

(b) Explain two ways government expenditure will increase.

1. The Government will have to build more schools and hire more teachers to cope with the rising number of pupils.	
2. Higher Child Benefit payments will need to be paid out each month as more children become eligible. This increases current expenditure in the Department of Social Protection.	
Also accept	Build more childcare places and increase National Childcare Scheme subsidies for working families. Hire more Special Needs Assistants (SNAs) and buy more school equipment. Invest more in maternity hospitals and paediatric (child) healthcare services.

Q13 Free School Books Policy **Benefit + Outcome**

(a) Outline one benefit for households.

Households save the cost of buying schoolbooks each year, which can be hundreds of euros per child. This increases the disposable income of families and reduces the back-to-school burden.

(b) Outline one cost for the Irish Government.

The Government must pay for the schoolbooks itself, which increases current expenditure. This means less money is available for other public services such as health or housing.
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Q14 Minimum Wage Increase

(a) One benefit for employees.

Employees earn more income each week, which raises their standard of living. They can afford more essentials such as rent, food and bills.

(b) One cost for a small business.

The wage bill of the business rises. This increases costs and reduces profits.
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Q15 Place a ✓ in the correct box (true or false) for each statement about the black market.

Statement	TRUE	FALSE
Participation in the black market is illegal	✓	
Consumers have the same legal rights when purchasing goods or services in the black market		✓
The government loses out on tax from transactions in the black market	✓	
The black market is beneficial for businesses in Ireland		✓
Goods purchased in the black market are likely to be as safe as those purchased in businesses		✓

Q16 Indicate whether the following pairs of items are substitutes for or complementary for each other with a ✓ in the correct box

	Substitutes	Complementary
Spotify and Apple Music	✓	
A smartphone and mobile data		✓
PlayStation and Xbox	✓	
Football boots and shin guards		✓

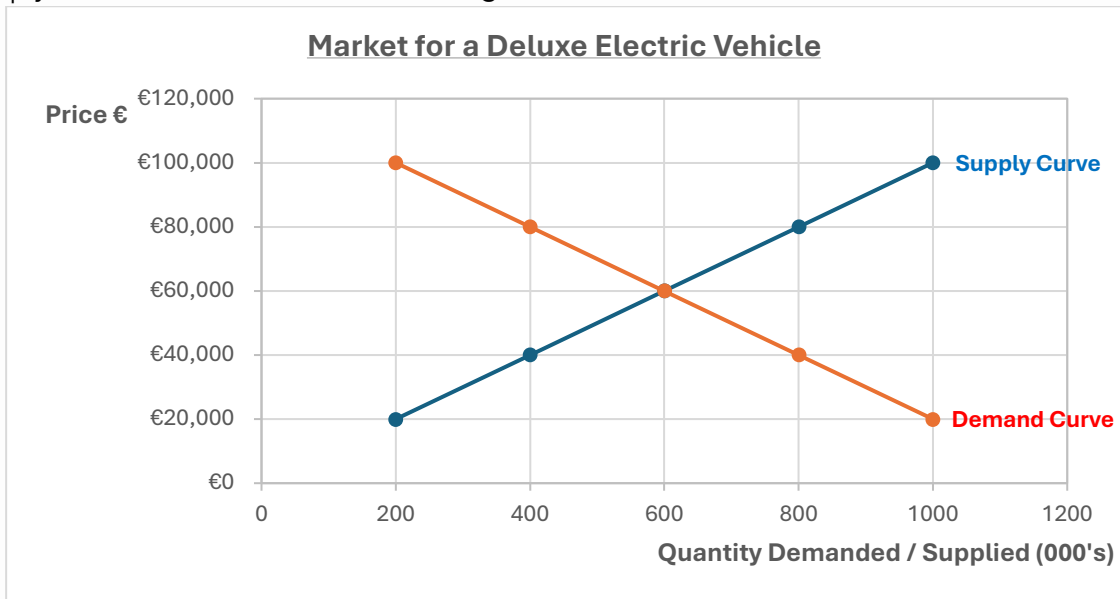
Q17 Show the impact of the following on the demand for PlayStation 5 consoles. Place a ✓ in the correct box

	Increased demand for PlayStation 5	Decreased demand for PlayStation 5
The price of PS5 games falls	✓	
A recession causes income levels to fall		✓
Lots of online endorsers promote PS5 consoles on their YouTube and Twitch channels	✓	
A new Nintendo console launches		✓





Q18 A new deluxe electric vehicle is launching on to the Irish market. The demand and supply curves for it are shown in the diagram below.



Use the above diagram to answer **each** of the following questions

Write your answers in the space provided

(i) Indicate the equilibrium quantity for Deluxe Electric Vehicles

600,000 units

(ii) Indicate the equilibrium price for Deluxe Electric Vehicles

€60,000

(iii) Indicate the quantity demanded when the price is €40,000

800,000 units

(iv) Indicate the price level when the quantity supplied for Deluxe Electrical Vehicles is 800,000 units

€80,000

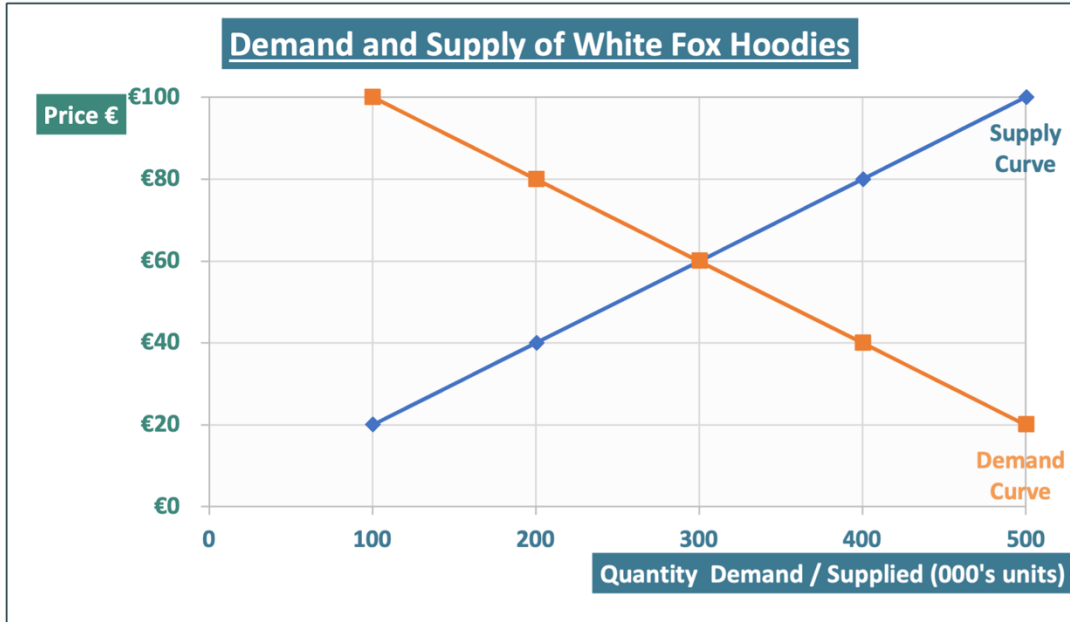
Top Tip: In an exam, make sure to always give the unit of measurement for any number you write – so for the price, make sure to give the '€' sign and for the quantity, you should write 'units'.





Q19 (i) Ursula Quinn is in charge of ordering stock for a retail shop. As a buyer of stock, she needs to predict demand for different products in advance so that the shop has enough to satisfy the demand of their customers, and also not have too much that they will have lots of leftover stock unsold that they will have to put on sale to sell off.

Use the information in the table below to draw the demand and supply curves for White Fox hoodies for the retail shop.



Marks for each point shown, and for labelling the supply curve, the demand curve, each axes and giving a title.

(ii) Use your diagram to identify the equilibrium price and equilibrium quantity. Write your answer in the boxes below:

Equilibrium price of the White Fox Hoodies	€60
Equilibrium quantity of the White Fox Hoodies	300,000 units

Marks lost for not writing the €, for not writing 000s units (eg giving 300 as the answer) and for not writing "units"

(iii) If there was a reduction in the cost of cotton used to make hoodies, what impact would that have on the price of hoodies in the market?
Impact: Prices will fall
Reason: Cheaper cotton makes production cheaper which should increase the supply causing a surplus of hoodies in the market (supply > demand) causing prices to fall.

For any change in market price use the words 'scarcity' or 'surplus' to explain why prices go up or down.





Q20 (a) State one example of **capital and current** expenditure for each Government Department

MS: 12 marks – 2m for each correct answer, no marks for “pay wages” without specifying a type of job relevant to that department.

Government Department:	Capital Expenditure	Current Expenditure
1. Education and Youth	Building new schools	Paying teachers’ wages
2. Transport	Building new roads / rail lines	Paying bus drivers’ wages
3. Social Protection	Building a new welfare IT system	Paying Jobseeker’s Allowance / State (public) pensions

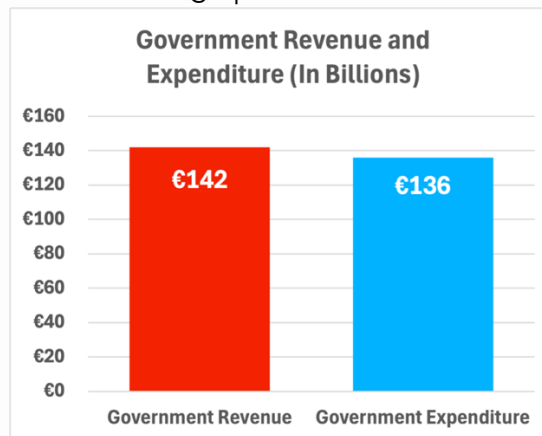
(b) Taxation is the main source of income in Ireland’s National Budget.

Apart from taxation, explain two other sources of income for the Irish Government.

MS: 6m (2@3m, 2m for naming a source, 1m for development)

1. EU Grants – Money received from the European Union for specific projects that does not have to be repaid.
2. Sale of State Assets – Selling government-owned land, buildings or companies to raise once-off income.
3. Fees and fines collected by the State eg passport fees

(c) Answer the questions based on the graph below



Calculate the government budget for the year, and state whether it is a **deficit** or **surplus**

MS: 6m; Full marks without workings, 1m for “€”, 1m for “bn” 1 mark for “6”, 3m “surplus”

Answer: €6bn surplus

(d) In the event of a **surplus in the National Budget**, advise the Minister for Finance what to do with the surplus money.

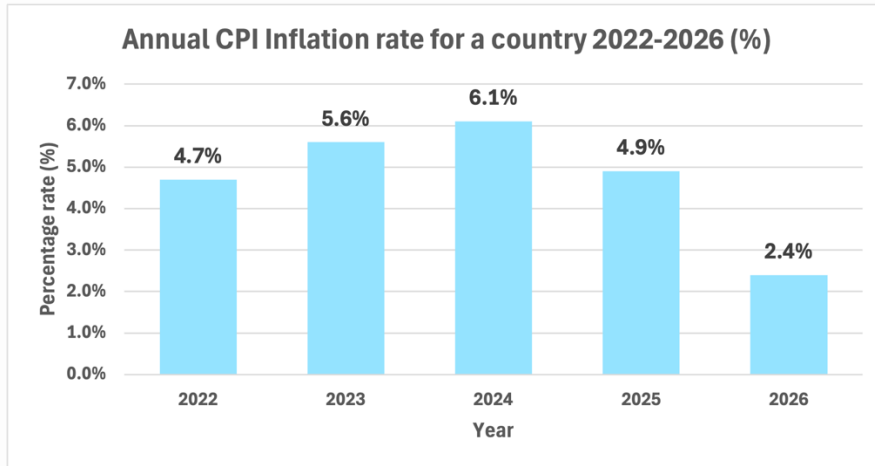
MS: 6m (2@3m, 2m for naming action, 1m for development/reason/impact)

1. Repay some of our National Debt to reduce our borrowing
2. Improve public services by increasing public spending on health or education
3. Reduce taxes as we don’t need as much revenue, to increase people’s disposable income / improve their standard of living





Q21



(a) Identify the year with the highest inflation rate

2024 3m

(b) Using data from the graph, explain what the bar chart show about changes in the inflation rate in this country from 2025 to 2026? Indicate if it is a good or bad trend for our economy.

Inflation decreased from 4.9% in 2025 to 2.4% in 2026, meaning the increase in price levels fell / which is a positive trend / this is a good trend as it moves inflation closer to 2%.

Note: Must use figures in explanation. 3m (1m trend, 2m good trend)

(c) State the official measure of inflation in Ireland

Consumer Price Index. 3m (3x1m)

(d) Explain one cause of inflation 3m (name the cause 1m explain how it causes inflation 2m)

When demand exceeds supply, scarcity occurs causing prices to rise. (Demand-pull)

When production costs increase, firms raise prices to maintain profit levels. (Cost-push)

When taxes such as VAT increase, businesses pass the cost onto consumers, increasing prices. (Government induced)

(e) The inflation rate increased from 4.6% to 5.8% from 2022 to 2023. Explain one impact a rising level of inflation can have on an individual **and** a business in your local area.

6m (2@3m, 2m for impact, 1m for showing the effect)

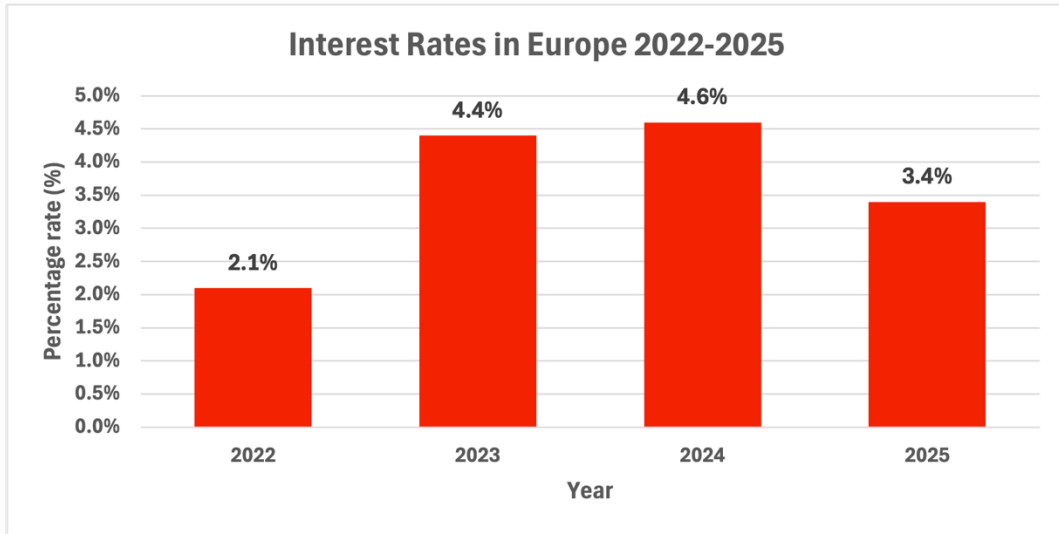
An individual: Rising inflation reduces purchasing power 2m meaning goods become more expensive, leading to a lower standard of living 2m.

A business in your local area: Higher costs reduce profit margins 2m, which may force the business to increase prices becoming less competitive 2m.





Q22



(a) Place a ✓ to indicate whether each statement is TRUE or FALSE.

Statement	TRUE	FALSE
The lowest interest rate occurred in 2024		FALSE
Interest rates increased between 2024 and 2025		FALSE
The interest rate in 2025 was lower than in 2022		FALSE
The trend in interest rates from 2024 to 2025 encourages borrowing	TRUE	

8m (4 @ 2m)

(b) Explain how higher interest rates affect savings

Higher interest rates increase the reward for saving. This encourage people to save more money.

3m (2+1)

(c) Outline how lower interest rates affect borrowing.

Lower interest rates make borrowing cheaper. Lower borrowing costs encourage people to take out more loans such as car loans or mortgages.

3m (2+1)

(d) Explain one impact that lower interest rates will have on individuals and our economy

An individual: Interest rates fall, so the cost of borrowing decreases. Loan repayments become lower, which increases a person's disposable income.

The economy: Lower interest rates encourage more borrowing which will increase spending, causing economic growth / higher government revenue in VAT.

6m (2@3m, 2m for impact, 1m for showing the effect)





Q23 (a) Define what is meant by a country's 'national debt'.

National debt is the total amount of money the government owes due to borrowing.

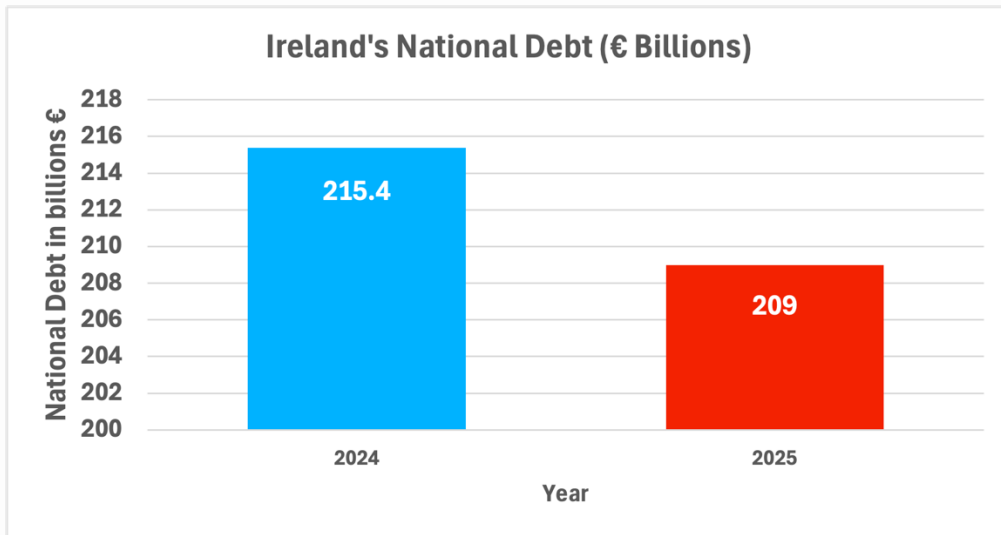
2m

(b) Choose the correct words from the options below to complete the body who manages Ireland's national debt on behalf of the Government.

Options: Management Money Authority Agency

The (NTMA) National Treasury M_____ A_____.

2m



The graph above shows Ireland's national debt in 2024 and 2025.

(c) Identify the year with the highest level of national debt

2024

2m

(d) Is the trend in Ireland's National Debt shown in the graph a good or bad trend for our economy? Good Trend 2m Bad Trend

Give a reason for your answer 2m

National Debt decreased from €215.4bn to €209bn, so the total amount of money the government owes has fallen. This reduces the cost of paying interest/future repayments.

(e) Explain one impact that a fall in national debt may have on an our economy.

3m - 2m for impact, 1m for showing the effect

Government borrowing falls, so the government pays less interest on its debt. They will have more government revenue left each year to spend on improving public services such as healthcare e.g. building a new hospital / employing more doctors.

