Economics

Leaving Certificate

The Economic Concept Of Scarcity & Choice

THE DUBLIN ACADEMY OF EDUCATION

WEEKLY GRINDS TIMETABLE 2024/2025

6th Year

SUBJECT	OPTIONS	DAYS	TIME
Accounting	On-Site & Online	Wednesdays	8:00pm - 9:15pm
Ag Science	On-Site	Tuesdays	5:15pm - 6:45pm
Applied Maths	On-Site & Online	Thursday	6:45pm - 8:pm§
Biology	On-Site & Online	Tuesdays	5:30pm - 6:45pm
Biology	On-Site & Online	Wednesdays	6:30pm - 7:45pm
Biology	On-Site & Online	Saturdays	9:00am - 10:15am
Business	On-Site & Online	Mondays	7:00pm - 8:15pm
Business	On-Site & Online	Thursday	5:15pm - 6:30pm
Chemistry	On-Site & Online	Mondays	7:00pm - 8:15pm
Chemistry	On-Site & Online	Wednesdays	5:00pm - 6:15pm
Chemistry	On-Site & Online	Wednesdays	6:30pm-7:45pm
Economics	On-Site & Online	Mondays	5:30pm - 6:45pm
English	On-Site & Online	Tuesdays	7:00pm - 8:15pm
English	On-Site & Online	Wednesdays	5:00pm - 6:15pm
English	On-Site & Online	Wednesdays	8:00pm - 9:15pm
English	On-Site	Saturdays	10:30am - 11:45am
English	On-Site & Online	Saturdays	12:00pm - 1:15pm
French	On-Site & Online	Tuesdays	5:30pm - 6:45pm
French	On-Site & Online	Wednesdays	8:00pm - 9:15pm
French	On-Site & Online	Saturdays	10:30am - 11:45am
Geography	On-Site & Online	Mondays	5:30pm - 6:45pm
Geography	On-Site & Online	Wednesday	6:30pm - 7:45pm
German	On-Site & Online	Mondays	7:00pm - 8:15pm
History	On-Site & Online	Tuesday	7:00pm - 8:15pm
Irish	On-Site & Online	Mondays	5:30pm -6:45pm
Irish	On-Site & Online	Wednesdays	8:00pm - 9:15pm
Irish	On-Site & Online	Saturdays	9:00am - 10:15am
Maths (H)	On-Site & Online	Mondays	5:30pm - 6:45pm
Maths (H)	On-Site & Online	Tuesdays	7:00pm - 8:15pm
Maths (H)	On-Site & Online	Wednesdays	4:55pm - 6:10pm
Maths (H)	On-Site & Online	Wednesdays	6:30pm - 7:45pm
Maths (H)	On-Site & Online	Thursdays	5:15pm - 6:30pm
Maths (H)	On-Site	Saturdays	10:30am - 11:45am
Maths (H)	On-Site & Online	Saturdays	12:00pm - 1:15pm
Maths (O)	On-Site & Online	Tuesdays	5:30pm - 6:45pm
Maths (O)	On-Site & Online	Saturdays	12:00pm - 1:15pm
Physics	On-Site & Online	Tuesdays	5:30pm - 6:45pm
Physics	On-Site & Online	Wednesdays	5:00pm - 6:15pm
Spanish	On-Site & Online	Wednesdays	6:30pm - 7:45pm
Spanish	On-Site & Online	Saturdays	9:00am - 10:15am

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5th Year

SUBJECT	OPTIONS	DAYS	TIME
Accounting	On-Site	Thursday	5:15pm - 7:15pm
Ag Science	On-Site	Tuesdays	7:00pm - 8:15pm
Applied Maths	On-Site & Online	Thursdays	5:15pm - 6:30pm
Biology	On-Site & Online	Tuesdays	7:00pm - 8:15pm
Business	On-Site & Online	Mondays	7:00pm - 8:15pm
Chemistry	On-Site & Online	Mondays	5:30pm - 6:45pm
Economics	On-Site & Online	Mondays	5:10pm - 6:25pm
English	On-Site & Online	Wednesdays	6:30pm - 7:45pm
English	On-Site & Online	Saturdays	9:00am - 10:15am
French	On-Site & Online	Tuesdays	7:00pm - 8:15pm
Geography	On-Site & Online	Mondays	5:30pm - 6:45pm
Geography	On-Site & Online	Wednesday	6:30pm-7:45pm
German	On-Site & Online	Mondays	5:30pm - 6:45pm
Irish	On-Site & Online	Wednesdays	6:30pm - 7:45pm
Maths (H)	On-Site & Online	Tuesdays	5:30pm - 6:45pm
Maths (H)	On-Site & Online	Wednesdays	5:00pm - 6:15pm
Maths (H)	On-Site & Online	Wednesdays	6:30pm - 7:45pm
Maths (H)	On-Site & Online	Saturdays	10:30am - 11:45am
Maths (O)	On-Site & Online	Tuesdays	5:30pm - 6:45pm
Maths (O)	On-Site & Online	Saturdays	12:00pm - 1:15pm
Physics	On-Site & Online	Wednesdays	7:55pm - 9:10pm
Spanish	On-Site & Online	Wednesdays	5:00pm - 6:15pm

4th Year

SUBJECT	OPTIONS	DAYS	TIME
Biology	On-Site & Online	Tuesdays	7:00pm - 8:15pm
English	On-Site & Online	Tuesdays	5:30pm - 6:30pm
Maths (H)	On-Site & Online	Thursdays	6:30pm - 7:30pm
Physics	On-Site & Online	Wednesdays	7:55pm - 9:10pm
Irish	On-Site & Online	Thursday	6:30pm - 7:30pm

3rd Year

SUBJECT	OPTIONS	DAYS	TIME
English	On-Site & Online	Thursdays	6:30pm - 7:30pm
English	On-Site & Online	Saturdays	11:45am - 12:45pm
French	On-Site & Online	Saturdays	12:00pm - 1:00pm
Irish	On-Site & Online	Wednesdays	5:05pm - 6:05pm
Irish	On-Site & Online	Saturdays	10:30am - 11:30am
Maths (H)	On-Site & Online	Tuesdays	7:00pm-8:00pm
Maths (H)	On-Site & Online	Thursdays	5:15pm - 6:15pm
Maths (H)	On-Site & Online	Saturdays	9:10am - 10:10am
Science	On-Site & Online	Tuesdays	5:45pm - 6:45pm
Spanish	On-Site & Online	Mondays	6:40pm - 7:40pm

2nd Year

SUBJECT	OPTIONS	DAYS	TIME
English	On-Site & Online	Thursdays	5:15pm - 6:15pm
Irish	On-Site & Online	Thursdays	5:15pm - 6:15pm
Maths (H)	On-Site & Online	Wednesday	6:30pm - 7:30pm
Science	On-Site & Online	Tuesdays	5:45pm - 6:45pm

1st Year

SUBJECT	OPTIONS	DAYS	TIME
English	On-Site & Online	Thursdays	5:15pm - 6:16pm
Irish	On-Site & Online	Thursdays	5:15pm - 6:15pm
Maths (H)	On-Site & Online	Wednesdays	6:30pm - 7:30pm

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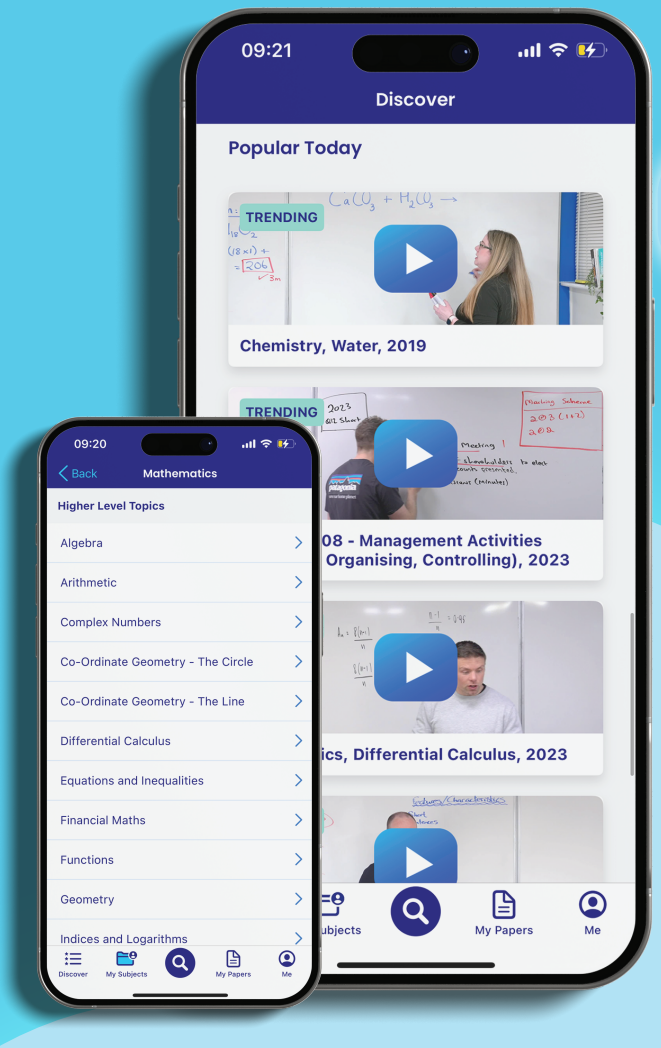

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Scarcity, Choice and Opportunity Cost

These are essential economics concepts so make sure to know these well

Scarcity arises when there aren't sufficient resources available to satisfy all human wants and needs. As a result, decisions need to be made on how to allocate these scarce resources efficiently.

E.g. Ireland has a limited number of workers in our Labour Force, therefore there are constraints on what can be produced, how much can be produced and who it is produced for.

Needs

The essentials/necessities needed for basic human survival e.g. humans need to eat and drink to survive

Wants

People desire certain types of goods or services to maximise their satisfaction – A person may need to drink but may want to drink Oreo cookie flavoured Mooju.

Scarcity

The gap between limited resources and unlimited wants – means a **choice** must be made about the allocation of these resources.

Opportunity Cost

The cost of decision measured in the next best foregone alternative when a choice is made. In essence, it is the cost of the foregone alternative measured in what you didn't get.

Trade-Offs

Making choices means trade-offs. Economies must decide which goods and services to produce, how to produce them, and for whom they will be produced. These choices inevitably involve sacrifices and giving up some things to get others.

KEY TAKE-HOME DEFINITION WHEN EXPLAINING – CHOICE/SCARCITY

In Economics resources are limited/scarce and have alternative uses while wants are unlimited/infinite. As a result, choices must be made and these choices involve an opportunity cost.

2022 Q11 (C)

(c) It is estimated the North Runway Project at Dublin airport will support the creation of 31,200 new Irish jobs and €2.2 billion in additional economic activity by 2043.
The project is estimated to cost €250m - €500m.

Adapted from internationalairportreview.ie

(i) Explain the term opportunity cost.

(ii) Outline **one** opportunity cost involved in the above government expenditure on transport, using an example to illustrate your answer.

2022 DP Q2 (B)

(b) Explain the meaning of the economic concept scarcity.

Explanation:

Opportunity Costs for Individuals, Firms and Government

Individuals

- Economic decisions made by individuals involve trade-offs, as they must allocate their limited resources, such as time and money, to satisfy their various wants and needs.
- For example, if an individual decides to spend money on a luxury item, the opportunity cost may be forgoing the chance to save for a vacation or invest in education.
- Time allocation is another important consideration. Choosing to spend time on one activity (e.g., leisure) means forgoing other activities (e.g., work or studying).

Firms

- Firms face opportunity costs when deciding what goods or services to produce and how to produce them.
- Allocating resources to one product or service means the firm might have to forgo producing something else with higher potential returns or demand.
- Investing in new technology or expanding production might require diverting funds away from other potential investment opportunities.

From perfume to hand sanitiser, TVs to face masks: how companies are changing track to fight COVID-19

Government

- Government decisions involve the allocation of public resources, including tax revenue, to provide essential services and public goods.
- For example, increasing spending on education and healthcare may lead to reduced funding for infrastructure projects or defence.
- Deciding to implement a specific policy might have an opportunity cost in terms of alternative policies that were not pursued.
- Fiscal policy decisions, such as taxation and government spending, have trade-offs in terms of their impact on economic growth, inflation, and income distribution.

Opportunity costs are not easy to measure and can change over time and preferences of an economy. Careful evaluation of decision making and potential impacts is required when making decisions.

The Role of Incentives in behaviour change

Understanding incentives is crucial for policymakers, businesses, and individuals to design effective economic policies, make strategic choices, and achieve desired outcomes.
The study of incentives and their impact on decision-making is a fundamental aspect of economics and helps shape how resources are allocated and utilized in a society.

An **incentive** is something that motivates an individual or firm to behave a certain way – it can be positive or negative.

A **regulation** is a rule or law that must be followed - if broken, a punishment would be imposed e.g. a fine or prison sentence….

Q. As a Government, which is easier – to incentivise or to regulate?

Regulations costs time and resources through inspection and enforcement of the rule, so Governments often use incentives instead.

Problem: Childhood Obesity

Solution 1: Regulation – ban vending machines / advertising of certain sugary foods on kids' tv channels or programs, ban sugary food sponsoring kids' teams

Solution 2: Incentivise - Incentivise consumers to buy cheaper healthier alternatives by increasing the price they have to pay for sugary drinks (SSDT), so the healthier alternative is now relatively cheaper versus the sugary more expensive taxed soft drink.

Q. Highlight a conflicting outcome of an option in Solution 1 above – What goal would a Government have that would be negatively impacted by using Solution 1?

Specialisation – for an individual and a firm

Principle of Specialisation

This is the focus on specific tasks or activities to increase efficiency and productivity by a firm or individual.
Specialisation will help to create a comparative advantage.

Specialisation for the Individual

- Individuals focus on tasks they are skilled in or have a comparative advantage.
- Leads to higher productivity and time savings for them in completing tasks
- Helps leverage individual expertise and knowledge, to help increase earnings

Advantages:

- More efficient (quicker) production
- More productive in to the future with training (skills improve)
- Less training required per person (only area required is trained not lots of areas)

Disadvantages:

- Staff motivation/morale falls if workers only do one task over and over (boredom)
- Lack of development - no career progression (no new skills)
- Lower occupational mobility (fewer skills) if the task becomes redundant (e.g. replaced by technology) the worker has less options for other jobs.

Specialisation for the Firm

- Firms divide tasks among specialized departments or production lines.
- Increases overall efficiency and economies of scale.
- Allows firms to leverage employee expertise and achieve cost savings.

Specialisation is also Ireland focussing on producing Beef and dairy, and not focussing (specialising in) on car production.

More will be made more efficiently, if different people/groups specialise in certain areas and then seek to trade to get the output they didn't produce.

Cost – Benefit Analysis

Decision makers need to weigh up the pros and cons and see if there is a net cost or net benefit of taking a certain action. These can be any of the following:

Private Cost – a financial spend by the individual/Government
e.g. financial cost of an individual to install solar panels

Private Benefit – a personal return for the action taken by the individual/Government e.g. lower electricity bills due to installing a solar panel.

Social Cost – The individual plus the third parties not involved in the production or consumption of the good are impacted negatively
e.g. high noise and pollution involved in construction

Social Benefit – The individual plus the third parties not involved in the production or consumption of the good are impacted positively
e.g. Through using solar panels there will be reduced use of electricity from non-renewable sources reducing the usage of these finite resources, and less harmful emissions into the environment.

External Benefits - An external benefit is a benefit that accrues to an outside third party as a result of the actions of another party.

External Costs - An external cost is a cost that accrues to an outside third party as a result of the actions of another party.

What is the cost-benefit analysis used for?

Generally if the project's estimated NET BENEFITS outweigh the NET COSTS of the decision/project, the project goes ahead

2023 Q14 (B)

(iii) The Irish government spent €8.8bn on the Pandemic Unemployment Payment (PUP) in 2021. Adapted from gov.ie

Use a cost-benefit approach to assess who enjoyed the private benefit, the external benefit and who bore the costs of this scheme.

Private benefit:
External benefit:
Who bore the costs:

2022 Q9

(a) Identify one **private cost** and one **private benefit** for the consumer of installing solar panels.

Private cost of installing solar panels:
Private benefit of installing solar panels:

(b) Installing solar panels also creates **social benefits.** Discuss this statement.

How individuals, firms, businesses, non-governmental organisations (NGOs) and the government interact

Individuals play the role of consumers and workers in the economy. They make choices based on their preferences, budget constraints, and the prices of goods and services in the market, in order to maximise their utility (satisfaction).
As workers, individuals supply their labour to firms and businesses in exchange for wages and salaries. Individual's consumption preferences influence demand, which influences production decisions.

Firms/Businesses often act in their best interests (to maximise profits).
They offer labour wages and pay taxes through earnings, spending…
They choose how to use scarce resources (e.g. raw materials) to decide what to produce to satisfy demand.

Governments try to create an economy that grows, equality among citizens and a reasonable standard of living, they also provide certain services or goods they deem essential or a public right e.g. healthcare, education, public transport, in Ireland
The government collects taxes from individuals and businesses, which provides a source of revenue to fund public goods and services.
Government regulations and policies affect the operations of firms and businesses, including environmental standards, labour laws, and market competition rules.

NGOs and NPOs act to improve an aspect of society, not to make a profit.

NGOs– Non-Governmental Organisations

- NGOs are private, non-profit organizations that operate independently of the government. They can play various roles in the economy.
- NGOs often address social and environmental issues, provide charitable services, or advocate for specific causes.
- They may distribute resources, such as aid and assistance, to individuals and communities in need.

E.g. Trocaire, Goal, Red Cross – groups with no political allegiance.

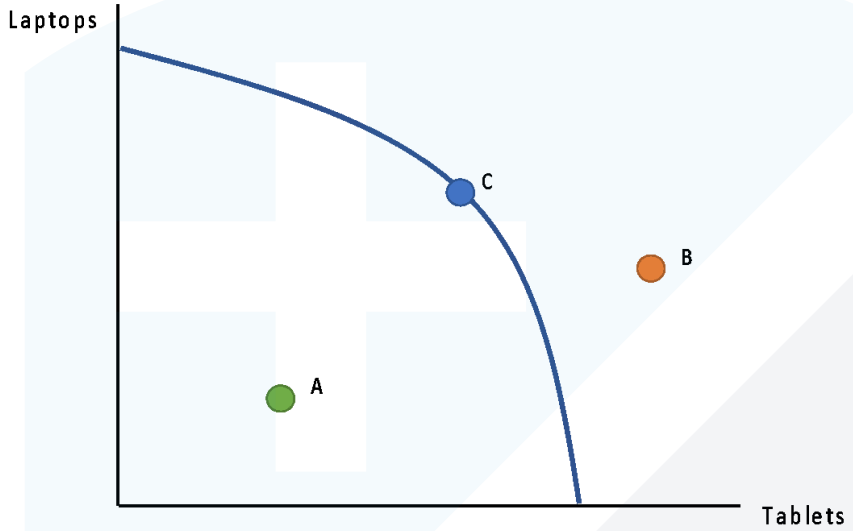
Not-for-profit NPO (Non profit organisation) – WHO (World Health Organisation) – charity and state run. They have a purpose other than generating profit – public safety, education…
The WHO were advising and warning people of the dangers of COVID during the pandemic.

Production Possibility Frontier (PPF)

The PPF is an economic concept that shows the trade-offs / opportunity cost facing a firm or economy when faced with deciding how to allocate scarce resources.

Normally we look at 2 items and use a PPF curve to illustrate the different production options available to a firm, lets look below at possible production options.

The diagram below shows the Production Possibilities Frontier for a digital manufacturing company that produces both laptops and tablet devices.

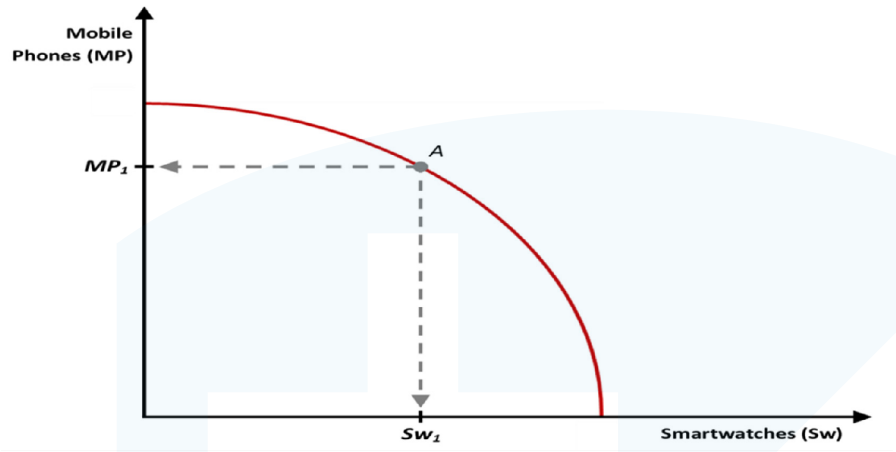


Efficient Production Point	Refers to a point of production where the firm is making the best possible use of scarce resources i.e. it is producing as much as it can given their current resources.	This is any point on the boundary of the PPF curve E.G. Point C above
Inefficient Production Point	Refers to a point of production where the firm is wasteful of scarce resources. i.e. it is possible for them to produce more	This can be seen at any point inside the boundary. E.G. Point A above
Impossible Production Point	Refers to a point of production where the firm cannot currently produce given their current scarce resources. i.e. in order to produce this amount, the firm would need to increase their factors of production	This can be seen anywhere outside of the boundary E.G. Point B above

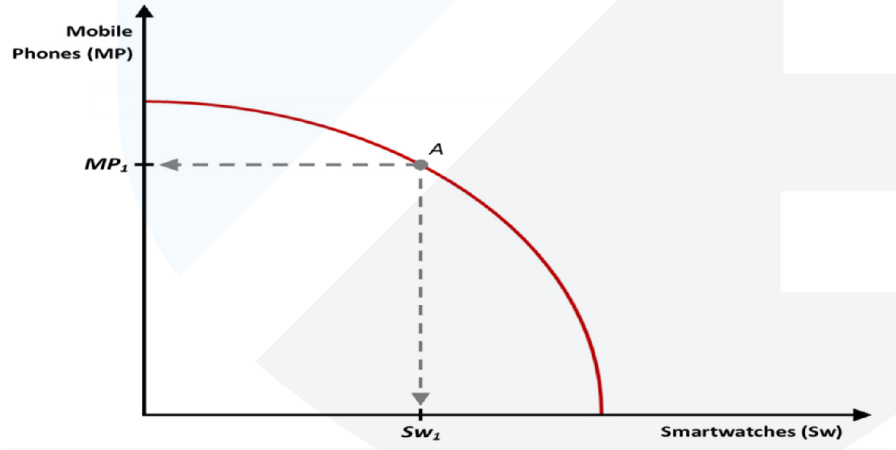
EXAM TIP

You must make reference to RESOURCES when explaining the PPF for full marks

Production Possibility Frontier (PPF) – Opportunity Cost of changing production



If the firm increases production of smartwatches to SW2 using the current level of resources, then fewer mobile phones would have to be manufactured shown at MP2 (Point B).
This is the trade off the firm makes.



If a firm increases the production of mobile phones to MP2 using the current level of resources, then fewer Smartwatches would have to be manufactured shown at SW2.
This is the trade off the firm makes.

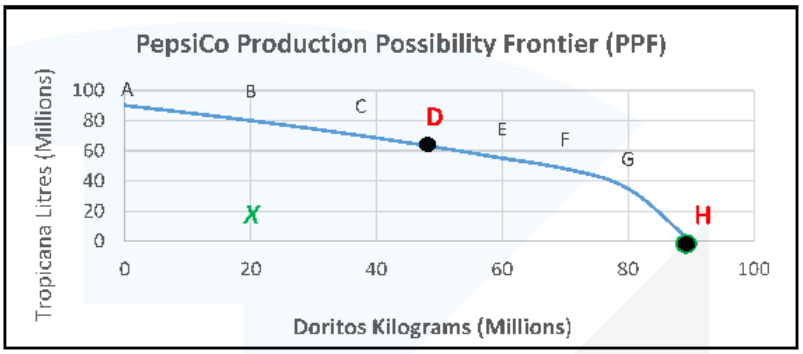
2022 Q10

Question 10

Cork based firm PepsiCo have 23 brands in total. Doritos and Tropicana are two of their most popular products.

(a) Calculate the **opportunity cost** of PepsiCo moving production from point **D** to point **H** on the Production Possibility Frontier (PPF) curve.

	Doritos million (kg)	Tropicana million (l)
A	0	90
B	20	80
C	38	70
D	50	62
E	60	55
F	70	48
G	80	35
H	90	0



Calculations:
Answer:

Explain your answer.

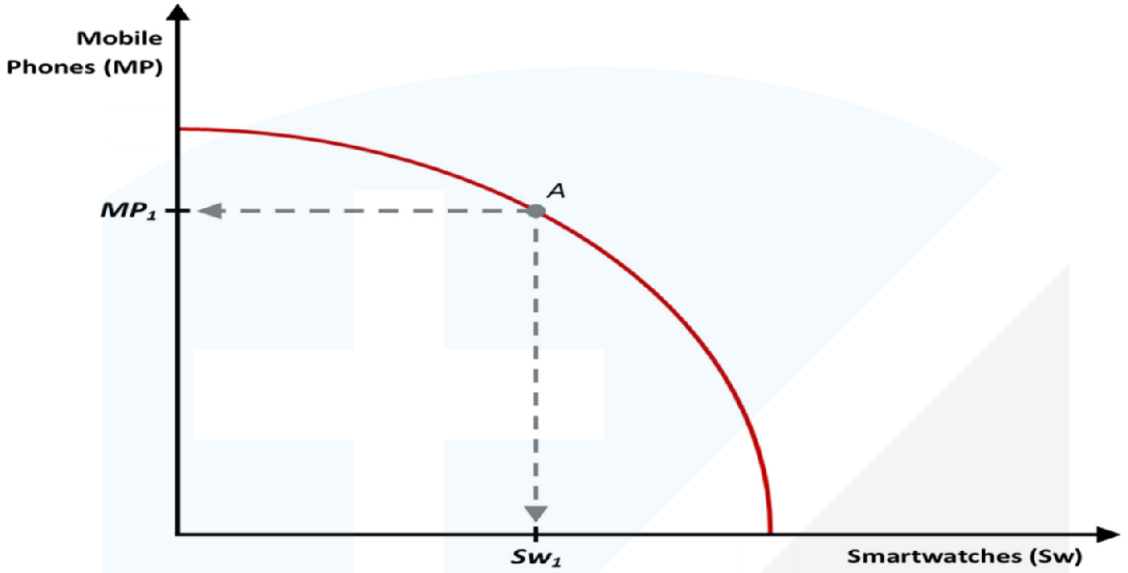
Explanation:

(b) The point **X (20,20)** is another production possibility for PepsiCo.
Would you recommend them to produce at this point? Explain your answer.

Answer:
Explanation:

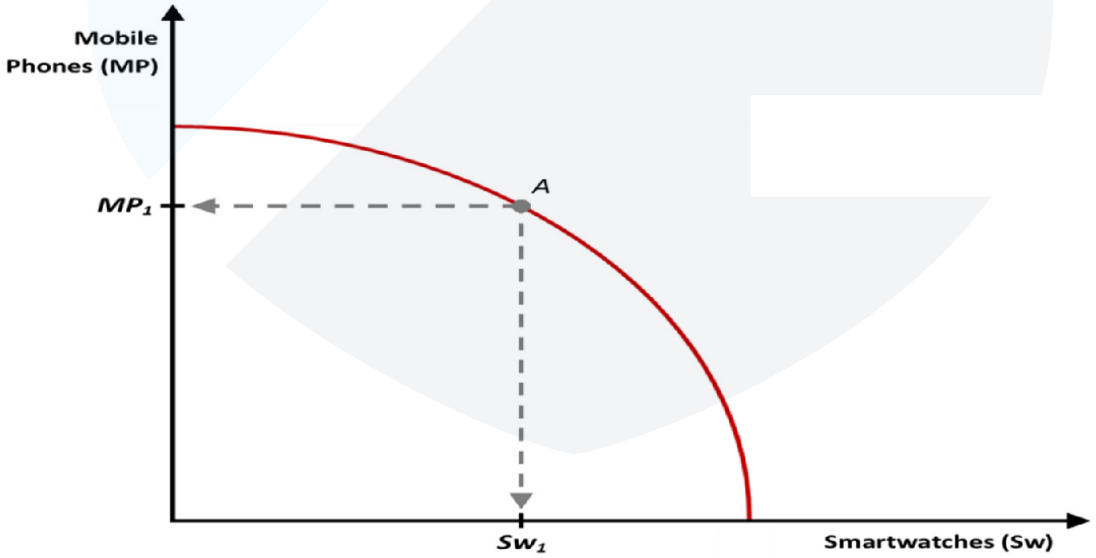
Production Possibility Frontier (PPF) – Shifts of PPF

A shift to the *right* indicates an increase in productive capacity.



- The PPF will shift to the right (outwards) as the production capacity increases
- More output can be produced.

A shift to the *left* indicates a decrease in productive capacity.



- The PPF will shift to the left (inwards) as the production capacity falls
- Less output can be produced.

What causes the PPF to shift to the right?

1. More resources become available.

This increases the productive capacity of an economy, or it might be from an improvement in the quality of resources used. For example, there is an increase in workers due to immigration or the original workers become or skilled and educated and therefore can produce more than before.

2. There is a technological change.

An upgrade on machinery or the introduction of new machinery can increase the productive capacity of an economy. For example, video conferencing (Zoom) has made it easier for businesses to conduct meetings, conferences and even interviews without the need to travel and/or organise. This frees up time and money to increase the productive capacity of a firm/economy.