(A)

The quantity of seats supplied will be fixed for the stadiums used for the event, regardless of the price. Even if the price changes, the stadium can only hold a certain number of attendees and thus, the supply curve is perfectly inelastic or vertical, reflecting the fact that venues have a fixed capacity.

(b)

Monopoly power:
The firm must have some degree of monopoly power in order to price discriminate otherwise rival firms would undercut prices and the price discrimination would cease. There is only one seller of tickets for the World Cup so monopoly power does occur.

Different price elasticities of demand:
In order for price discrimination to occur the firm must be able to recognise that different customers are more or less responsive to price changes and therefore price accordingly. Consumers of tickets for the World Cup would be willing to pay more due to the fact it is a one-off event, leading to a highly elastic price.

(a) **Prince inelastic**

Petrol is a necessity in order to run cars and thus, if the price increases, consumers will continue to buy a large proportion of the petrol they require. (i.e. the percentage change in the price of petrol is proportionately more than the percentage change in the quantity demanded for petrol).

(b)

1. A knowledge of price elasticity of demand will allow a retailer to understand how changing the price of their products will impact the quantity demanded for their products.

2. A knowledge of price elasticity of demand will allow them to maximise their revenue. For example, if a retailer knows their product has elastic demand, they could lower the price, thus leading to a greater proportion increase in customers, resulting in greater revenue.

(c)

Advantage
During the current cost of living crisis, an increase in the excise duty on petrol would further decrease consumers' purchasing power. This has been avoided and thus consumers have more money to pay for necessities.

Disadvantage
If the minister had increased the excise duty on petrol, this could have reduced the amount of petrol being used and encouraged consumers to switch to electric cars. This may lead to more harmful Co2 emissions that will damage the environment.

(a)

1. 80–40=40
2. 80+35=115
3. 137–115=22

(b)

The law of diminishing marginal utility sets in after the consumption of the second unit. This is seen by the marginal utility decrease from 40 to 35 utils.

(c)

No, it does not.

$$\frac{1800}{10} = 180$$

$$\frac{3600}{10} = 360$$

As 360≠180, the ratio is not the same and thus, the equi-marginal principle of consumer behaviour does not hold.

(a)

1. $82 \div 2 = 41$
2. $108 - 82 = 26$
3. $152 \div 4 = 38$
4. $152 - 108 = 44$

(b) **Disagree**

In the short run, a firm must cover its average variable costs. If a firm is covering its variance costs, all other revenue can go to paying off fixed costs (i.e. the loss generated is less than if they went out of business).

(c)

When Marginal Costs are less than Average Costs, Average Costs are falling.

When Marginal Costs are equal to Average Costs, Average Costs are at a minimum.

When Marginal Costs are greater than Average Costs, Average Costs are rising.

(a)

Efficient Production Point	C
Inefficient Production Point	A
Impossible Production Point	B

(b)

An efficient production point refers to a point where the firm is making the best possible use of scarce resources - Point C on the boundary.

An inefficient production point refers to a point where the firm is wasteful of scarce resources - Point A inside the boundary.

An impossible production point refers to a point that the firm cannot currently produce given its current scarce resources - Point B outside the boundary.

(a)

Tax	Direct Tax	Indirect Tax
VAT		✓
PAYE	✓	
Customs and Excise Duty		✓

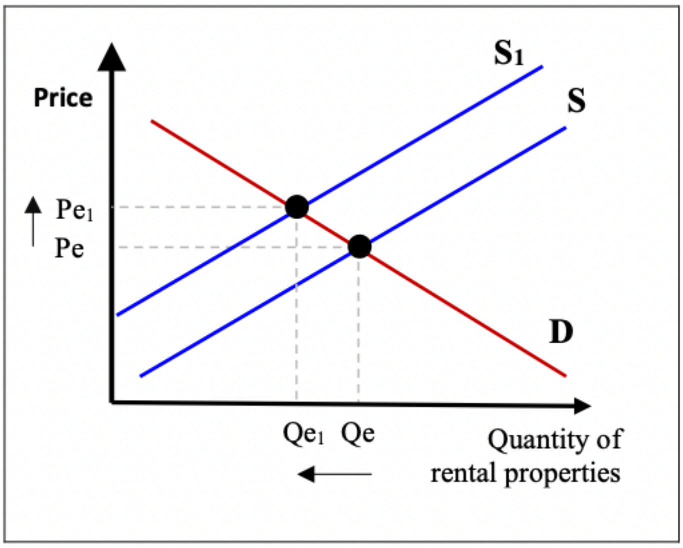
(b)

Economic: The cost of collecting taxes should be a small proportion of the amount collected.

Equity: The amount taken in tax from an individual should be proportionate to how much they earn (i.e. progressive tax) and fair.

Convenience: The payment of tax should be in a way which is the most convenient for the taxpayer to do.

(a)



Landlords leaving the market will reduce the supply of properties in the market. This will shift the supply curve to the left from S1 to S2. Following this, the equilibrium price will increase from Pe1 to Pe2.

(b)

Increased government revenue: The introduction of the vacant property tax will create a new revenue stream for the government, allowing them to spend more to solve the housing crisis through subsidies and social housing development.

Increase the supply of housing: The introduction of the vacant property tax will incentivise landlords to sell their properties. This will lead to an increase in houses that Irish consumers can live in, thus reducing homelessness.

(a)

The European Central Bank made this decision in order to reduce the rate of inflation. If the cost of borrowing is higher, this will lead to less borrowing in the economy, thus reducing spending and in turn, demand-pull inflation.

(b) **Yes**

Ireland doesn't have sole sovereignty over its monetary policy, instead, it is governed by the ECB. Interest rates, the printing of money as well as most bank lending regulations are decided by the ECB.

(a)

The law of diminishing marginal returns states that as more of a variable factor of production is added to a given quantity of a fixed factor of production, eventually a point is reached where the extra output generated by an additional variable unit begins to decline.

(b)

Through specialisation, Chinese firms' average costs will fall as the cost of producing each additional unit of output decreases (marginal costs will fall/ they achieve economies of scale).

Through specialisation, Chinese firms' overall costs will fall enabling them to decrease their prices. This may increase sales which in turn will increase profit.

	Relationships / Workings	Ans. € bn's
	Gross Domestic Product (GDP) at Current Market Prices (CMP)	**€426bn**
	Relationships / Workings: Gross Domestic Product (GDP) at CMP +/- Net Factor Income from Abroad	426.00 (103.00)
A	**= Gross National Product (GNP) at Current Market Prices**	**€323 bn**
	Relationships / Workings: Gross National Product (GNP) at Current Market Prices: €323bn + EU subsidies €1.7 bn - EU taxes €0.5 bn	
B	**= Gross National Income at Current Market Prices**	**€324.2 bn**
	Relationships / Workings: Gross National Income at Current Market Prices: €324.2 bn - Adjustments: €89 bn	
C	**= Modified Gross National Income at Current Market Prices**	**€235.2 bn**

(a)

(i) $\frac{361671}{4761865} x\ 100 = 7.59\%$

(ii)
Improved healthcare:
There has been a massive improvement in healthcare technology over the last number of years. This has allowed individuals to live longer, thus increasing the population in Ireland.

Increased immigration:
Ireland's economy has been improving over this time period. As a result, there has been a large net migration of individuals looking for a better life in Ireland.

(iii)
Negative
Increased pressure on infrastructure:
With a higher population, there will be more pressure on key infrastructure such as schools, healthcare facilities and roads. The government will have to invest more in these services, putting strain on their finances.

Positive
Reduction in labour shortages:
An increase in population may allow for vacancies to be filled and reduce unemployment in general. This would then lower the Irish government's expenses on social welfare.

(b)

(i) Labour refers to all human effort which goes into the production of goods, services, and wealth.

(ii)

Availability of housing: If there is affordable housing available in an area, this may encourage people to move there as it is accessible. Conversely, if the cost is prohibitive, this acts as a deterrent to geographic mobility of labour.

Availability of educational facilities: Families with children will only move into an area with schools, childcare businesses and universities. If an area lacks this, this may restrict the geographic mobility of labour.

(iii)

Facilitate cheaper housing: The Irish government could aim to reduce the cost of housing in high-pressure areas by building social housing or increasing financial aid such as the ‘help to buy’ schemes. This may incentivise people to relocate.

Improve social infrastructure: Individuals want to live in an area with good social infrastructure. If the Irish government built new parks, public pools and other social amenities, this could attract people to live in an area.

(c)

(i)

It would impact Ireland’s HDI negatively. If average life expectancy decreased, it would indicate a poor or declining health system in the country which would reduce Ireland’s HDI ranking.

(ii)

1. Increased investment in education: Higher levels of education are directly linked with earning higher wages. To achieve this, the government could abolish all fees associated with students accessing third-level education, reducing inequality in the long term.

2. Increase the minimum wage: The minimum wage in Ireland is currently below the living and median wage. If it was raised, lower-income earners would earn more and thus, inequality would be reduced.

(iii)

1. Increased government expenditure: If college fees were to be abolished, the government would incur the cost of paying for students' education. These may be a large cost that the Irish government cannot afford.

2. Reduction in business profits: With a higher minimum wage, businesses will have to pay employees more. They may be unable to increase their price and thus, firms will make less money for reinvestment and may go bankrupt if they begin to make a loss.

(a)

(i)

No barriers to entry in the market: Firms have freedom of entry and exit to the industry.

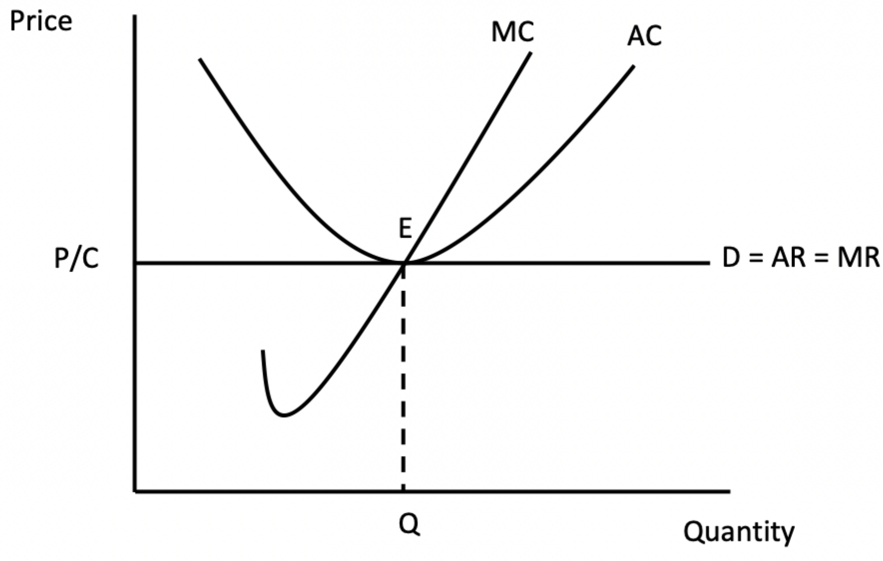
Homogenous goods: All goods produced are perfect substitutes for one another. This means there is no need for advertising.

Firms aim to profit maximize: All firms want to maximise efficiency and minimise costs by producing where marginal costs are equal to marginal revenue (MC=MR).

(ii)

The production and selling of milk in Ireland is not homogenous. There are many different products that are similar but are not identical. There is also a large degree of advertising in the milk industry.

(iii)



Firms produce quantity Q and they sell the output at price P. Their costs are seen at the point C. The firm earns normal profit as AR = AC and is efficient as costs are at a minimum point of the AC curve. The Equilibrium point is at E, where MC = MR and MC cuts MR from below.

(b)

(i) $48^2 + 27^2 + 8^2 + 7^2 + 3^2 + 3^2 + 2^2 + 2^2 = 3172$

(ii)

This market is highly concentrated. The market is dominated by two large firms. Additionally, The HHI calculation of 3172, which is greater than the moderately concentrated cut-off of 2500.

(iii)

Advantage

There are low prices for consumers. Firms sell their output at the lowest possible price and do not increase costs by engaging in advertising.

Disadvantage

There is no significant choice for consumers. Gods are identical and as such, there isn't much variety for consumers to choose from.

(c)

For

A windfall tax may reduce consumer exploitation. Energy companies are currently making SNPs through higher prices than necessary and imposing a tax on excess profits, this may incentivise them to reduce prices.

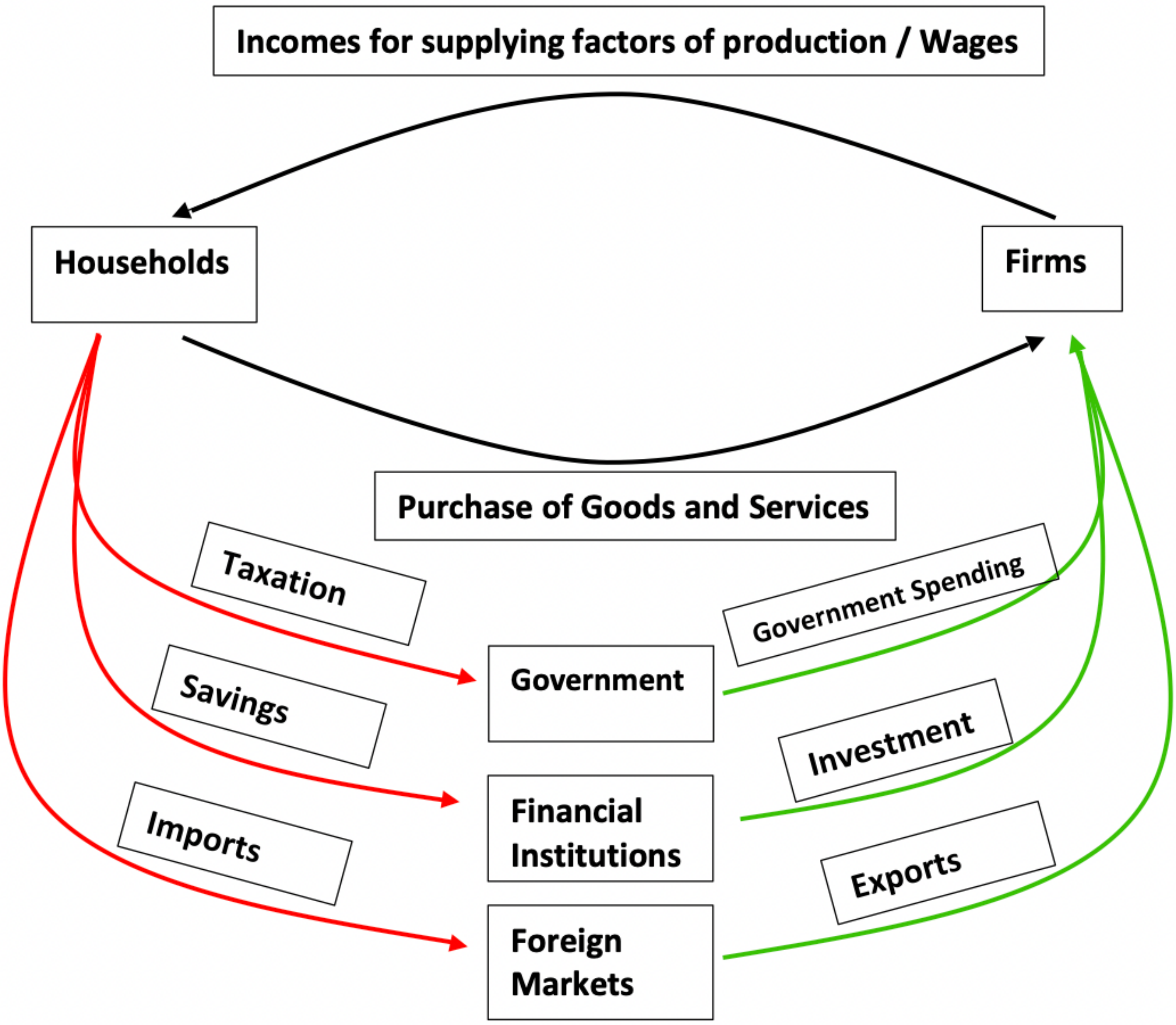
A windfall tax may achieve a more equitable tax system. The canons of taxation suggest that taxes should be levied on those who can best afford to pay and redistributed to those most in need. Energy company's large profits could be used to fund social welfare programs.

Against

A windfall tax may deter future investment in energy development. Heavy regulation may reduce investment in future development and infrastructure by electricity providers as they may not have the funds to reinvest into new innovative processes.

(a)

(i)



(ii)

Injections are elements of the economy that add to the circular flow of income and lead to an increase in aggregate demand. E.g. Government spending on teachers' salaries <u>or</u> French consumers purchasing Irish beef

Leakages are elements of the economy that reduce the circular flow of income and lead to a decrease in aggregate demand. E.g. Consumer spending on French wine <u>or</u> PAYE collected by the Irish government

(iii)

Reduction in tax yields: If activities aren't recorded (such as an illegal sale), this will result in the government being unable to collect VAT etc.

Increase in crime rates: If illegal trades increase, there will be a greater incentive for these to increase which will result in more crime in local communities.

(b)

(i)

1 – MPC

1 – 0.7

MPS = 0.3

(ii)

1 / (MPS + MPM)

1 / (0.3 + 0.2)

= 2

(iii)

€750m - €500m = €250m

250/2

= Injection €125m

(c)

(i)

MNCs are not loyal to Ireland: If MNCs were to obtain a lower tax rate or a more suitable location to base their operations, they may relocate elsewhere and leave Ireland. This would lead to a significant loss in tax revenue, GDP and employment.

Loss of tax revenue: Irish corporate tax receipts are largely dependent on MNCs. If they were to leave Ireland, this would result in a large loss for the exchequer and most likely, an increase in our national debt.

(ii)

High cost of production: The extremely high cost of land, utilities and labour (minimum wage is high) may prove too high for some businesses. Instead, they may decide to set up in a country where these costs are significantly lower.

Acess to the EU market: Ireland is the largest English-speaking country in the EU. This incentivises other English-speaking countries to set up here due to having tariff-free access to other EU nations while basing their operations in a similar country culturally.

(a)

(i)

Between March 2021 and May 2022, the unemployment rate fell from 7.6% to approximately 4.2%, a decrease of 3.4%. While between May 2022 and September 2022, the unemployment rate rose from 4.2% to 4.4%, an increase of 0.2%.

(ii)

The Live Register includes those who receive a partial social welfare payment as in employment, even though some are only doing part-time work up to 3 days a week.

The Live Register includes individuals in voluntary employment or people who are unemployed but are not actively seeking work. This is not as accurate.

(iii)

Frictional unemployment: Occurs when individuals are moving between jobs or when they enter the labout force for the first time. E.g. Hannah is moving from a job in Tesco to SuperValu.

Cyclical unemployment: Occurs when there is a downturn in the economy and demand for goods/services falls, leading to unemployment. E.g. people lost their jobs during the Covid-19 pandemic.

(b)

(i)

A situation that occurs when all people in the labour force who are willing and able to work are employed at existing wage rates.

(ii)

Reduce the rate of inflation: The government is making an active effort to reduce inflation from over 9% in 2022 down in line with the European Central Banks target of 2%.

Ensure balanced regional development: The government wants to make sure all geographic areas of Ireland experience economic growth, not just urban areas such as Dublin.

(iii)

Private benefit: Individuals received a basic income to purchase essential goods and services.

External benefit: Individuals spending on goods and services allowed some businesses that may have closed to remain open and keep people in employment.

Who bore the cost: The €8.8bn must be repaid eventually and this will fall on Irish taxpayers to fund this in the future through taxes.

(c)

(i)

Trade Protection refers to government policies involving the imposing of trade barriers such as tariffs to reduce international trade with the hopes of protecting domestic production and employment.

(ii)

Increase domestic employment: There will be more of a reliance on domestically produced goods which will lead to more jobs in the domestic economy.

Political reasons: Some sanctions and restrictions in trade have occurred as a result of political decisions such as EU and US sanctions on Russia in response to the War in Ukraine.

(iii)

Less choice for consumers: With fewer imported goods being available, consumers have access to a lower variety of goods in the market.

Increase in prices: With the reduction of foreign imports, there will be a lack of competition. Thus firms may increase prices and consumers will need to pay more without seeing any significant improvement in the product.

(a)

(i)

There has been an upward trend in the price of electricity from 2020 to 2022 where electricity prices increased from €21 to €27 per kWh.

Consumer purchasing power reduced: High inflation in electricity prices has reduced consumer's ability to spend money. This will lead to their standards of living falling due to rising prices as real wages have decreased.

(ii)

Cost-push inflation occurs when increases in the cost of production are passed on to the consumer in the form of higher prices.

Demand-pull inflation occurs when aggregate demand is greater than the aggregate supply of goods and services in the economy leading to upward pressure on prices.

(iii)

Category	% of income (weight) spent on item (s)	Price of item (s) in base year €	Price of item (s) in the current year €	Calculation of Simple Price Index	Weight	Result
Food	60%	50	55	$\frac{55}{50} \times 100 = 110$	x 60%	= 66.0
Transport	25%	20	24	$\frac{24}{20} \times 100 = 120$	x 25%	= 30.0
Other Items	15%	75	81	$\frac{81}{75} \times 100 = 108$	x 15%	= 16.2
	100%				Price Index for the current Year	112.2

(b)

(i)

Monetary policy refers to any action taken by the European Central Bank which influences interest rates, money supply and availability of credit.

(ii) **Depreciation**

Between September and November, the conversion rate of the Euro to Pound Sterling fell from 0.90 to 0.86. This means that every Euro is now worth less than previously.

(iii) **Yes**

Price of imported goods will decrease:

This may lead to increased demand for imports and lead to greater leakages from the circular flow of income as our currency will be worth relatively more compared to other currencies.

(c)

(i)

Reduce inflationary pressure: The €600 energy credit helped households afford recent hikes in the price of electricity. This has allowed households to sustain their standard of living during the cost of living crisis.

(ii)

Increased government spending: This is a large cost for the Irish government and comes with a large opportunity cost. For example, the government could have spent this money on building hospitals, reducing the national debt or developing infrastructure instead.

(iii) **No**

Electricity is a relatively inelastic good. Consumers still need to heat their homes and turn their lights on even if electricity prices decrease. As such, by reducing the cost of electricity, the €600 energy credit will have little income on the amount of energy households use.

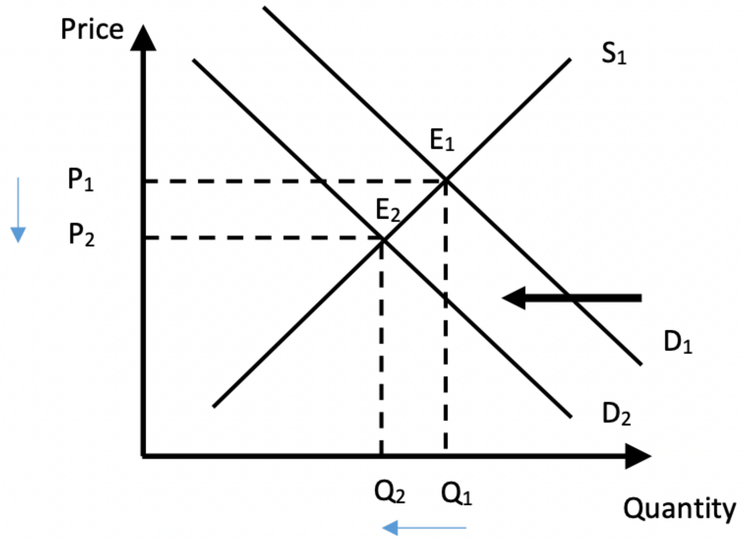
(a)

(i)

Individual Demand refers to the quantity of a good or service an individual consumer is willing to purchase at different prices.

Market Demand refers to the quantity of a good or service all consumers in a market are willing to purchase at different prices.

(ii)



The demand curve for petrol cars will shift to the left from D1 to D2. This is because buses are substitute goods for cars and some households will not need to use their car as their kids are using the new free school transport. The equilibrium price will decrease from P1 to Pe and the equilibrium quantity will decrease from Q1 to Q2.

(iii) **Yes**

There is now a more inequitable market for some consumers who were unable to access school transport due to government inefficiency.

(b)

(i) **Yes**

Market failure occurs when the price mechanism in the free market leads to an inefficient and inequitable allocation of resources.

The production of these goods has led to negative externalities for third parties such as individuals who aren't involved in the production or consumption of these goods have suffered the negative consequences of pollution and ill health.

(ii)

Change in consumer attitudes and behaviour: A large number of consumers are unwilling to acknowledge o are unaware of the ways they contribute to the traditional wasteful structure of our economy. Their day-to-day activities and comprehension of their impact may need to adjust in order to achieve a circular economy.

Infrastructure provision: The government needs to provide infrastructure in order to provide citizens with responsible ways of disposing of waste such as compost or recycling facilities.

(iii)

Public awareness campaign: The government could launch an advertising campaign on television, the radio and on public transport in order to inform people about the important issue of food waste, ways to reduce waste and the necessity of proper food disposal.

Incentivise food waste reduction initiatives: The government could provide tax breaks or grants to businesses that ensure they reduce their food waste. This may involve using apps such as 'Too Good To Go' or businesses donating excess food to charities etc.

(c)

(i)

For

Environmental impact: The beef and dairy industries are a large proportion of Ireland's total greenhouse gas emissions through methane. If the national herd was to be reduced, this may allow Ireland to hit its climate targets.

Against

Increased unemployment: If the national herd is reduced, there may be a reduction in the labour demanded to sustain the dairy and beef industries. This would lead to unemployment and more individuals reliant on social welfare.

(ii)

Increased recycling: With the additional incentive to return old cans/bottles, consumers will in turn recycle more which is better for the environment overall.

Meet EU Climate targets: This initiative will aid the Irish government in reaching its lofty targets set by the EU and avoid paying any fines/penalties.