

Leaving Certificate Economics Worksheet

Economics as a Way of Thinking (Chapter 1)

Name		Date	
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Instructions (exam technique):

- Answer all questions in **Section A** and **Section C**.
- In **Section B**, answer **3** questions.
- In **Section D**, answer **1** question.
- When you see a policy debate, ask: **(1) what problem? (2) what model? (3) what data? (4) what assumptions? (5) who gains/loses?**
- Use the key terms precisely: **scarcity, choice, opportunity cost, positive vs normative, model, ceteris paribus, data, correlation vs causation, fiscal policy, monetary policy, inflation, unemployment, competitiveness, protectionism, free trade, laissez-faire.**

Section A – Short questions

Answer briefly.

(20 × 2 marks)

A1. Define **economics** as a social science (one sentence).

A2. Distinguish between **needs** and **wants** and give one example of each.

A3. What is meant by **scarcity**?

A4. Explain why scarcity forces **choice**.

A5. Define **opportunity cost** and give a government example.

A6. State the **central economic question** in your own words.

A7. Define **positive economics**.

A8. Define **normative economics**.

A9. Give one reason why economists can disagree even when they use the same data.

A10. What is an **economic model**?

A11. Give one benefit and one limitation of using models in economics.

A12. Define **laissez-faire**.

A13. What is meant by **protectionism**?

A14. State one core idea of **Mercantilism**.

A15. State one core idea of the **Physiocrats**.

A16. Name two economists from the **Classical School**.

A17. State the meaning of Adam Smith's "invisible hand".

A18. What was Keynes' main policy response to a recession?

A19. What was Friedman's (Monetarist) main priority for policy?

A20. Give one reason why economic thinking changed after major crises (e.g. 1929 or 2007).

Section B – Calculations & applied reasoning (Answer 3 of 6)

Each question: 12 marks (Workings + final answer + brief interpretation where asked.)

B1. Brexit: exchange rate and competitiveness

The notes state that sterling moved from €1.42:£1 (pre-vote) to €1.10:£1 (late 2016).

(i) Calculate the **percentage fall** in € per £1.

(ii) Explain what this does to Irish exporters selling into the UK (use: competitiveness, margins).

(iii) Give one strategy an Irish firm could use to reduce exchange-rate risk.

B2. Brexit Adjustment Reserve: shares and interpretation

The EU launched a €5.4bn Brexit Adjustment Reserve, and Ireland received roughly €800m.

(i) Calculate Ireland's share as a percentage of the total fund.

(ii) Explain why Ireland might receive a large share (use: exposure, trade links, agri-food).

(iii) Suggest one way this funding could be used to support SMEs after new trade barriers.

B3. COVID-19 shock: interpreting labour market and fiscal response

The notes state: unemployment (including PUP) reached almost 28% in April 2020, and the Government introduced PUP/wage subsidies costing €18bn (2020–2021).

(i) If the labour force is 2.6 million, estimate how many people this 28% corresponds to.

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(ii) Explain why a government might choose large emergency spending during a shock (Keynesian logic).

(iii) Give one **risk** of large-scale emergency spending (link to debt/deficits or inflation later).

B4. Money, deposits and behaviour during lockdown

The notes state household deposits rose by €16bn in 2020 due to curtailed spending.

(i) Give two reasons why deposits might rise during lockdown (use: consumption opportunities, uncertainty).

(ii) If deposits were €120bn before the rise, calculate the percentage increase.

(iii) Explain how rising deposits can affect future demand when restrictions end (pent-up demand).

B5. Ukraine war: prices, policy and inflation control

The notes state: Irish electricity prices rose by over 60% between 2021 and 2022; Government responded with €2.4bn energy credits; ECB raised policy rates from 0% (2022) to 4% (2023).

(i) If an annual electricity bill was €1,500 in 2021, estimate the bill after a 60% rise.

(ii) Explain how a shock like this can create **cost-push inflation**.

(iii) Explain (briefly) how higher ECB interest rates can reduce inflation (Monetarist emphasis on money/credit).

B6. Irish 1950s policy shift: Whitaker and growth arithmetic

The notes state that after policy change, the economy grew by around 4.5% annually by the 1970s.

(i) Using a base GDP index of 100, calculate the index after 10 years of 4.5% growth (compound growth).

$$\text{Index}_{10} = 100(1.045)^{10}.$$

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(ii) Explain why moving from protectionism to freer trade could increase growth (mechanism-based).

(iii) Give one downside of rapid growth that policymakers should monitor.

Section C – Data, visuals & economic thinking (Answer all)

C1. Positive vs normative (media literacy)

Classify statements as **positive** (testable) or **normative** (value judgement). Then justify using one key phrase.

C1.1 Classify the following statements (P or N).

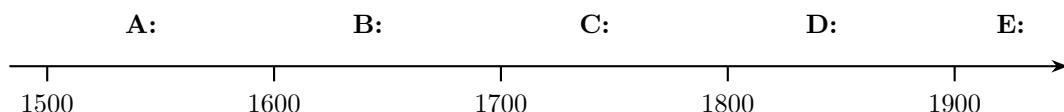
Statement	P / N
“GDP contracted by 6.1% in Q2 2020.”	
“The State must spend more on housing, even if taxes rise.”	
“Irish exports to the UK fell by about 9% in 2021.”	
“Rent controls are unfair and should be abolished.”	
“ECB rates rose from 0% to 4% between 2022 and 2023.”	
“Inflation is the biggest problem facing Irish families.”	

C1.2 Choose **two** normative statements above. Rewrite each as a **positive** statement by making it testable (add a measurable claim).

C2. Economic ideas over time (schools of thought)

The notes outline how approaches changed: Mercantilists → Physiocrats → Classical → Keynesianism → Monetarism.

C2.1 Complete the timeline by placing each school in the correct order and adding one key feature for each.



C2.2 Match each policy idea to the school most associated with it, and explain your choice (one sentence each).

- (i) “Government should cut taxes and increase spending in a recession to boost demand.”
- (ii) “Inflation control should be the priority; restrict money/credit growth.”
- (iii) “Free trade and minimal state involvement tends to raise national income.”

C3. Interpreting a Brexit trade chart (visual analysis)



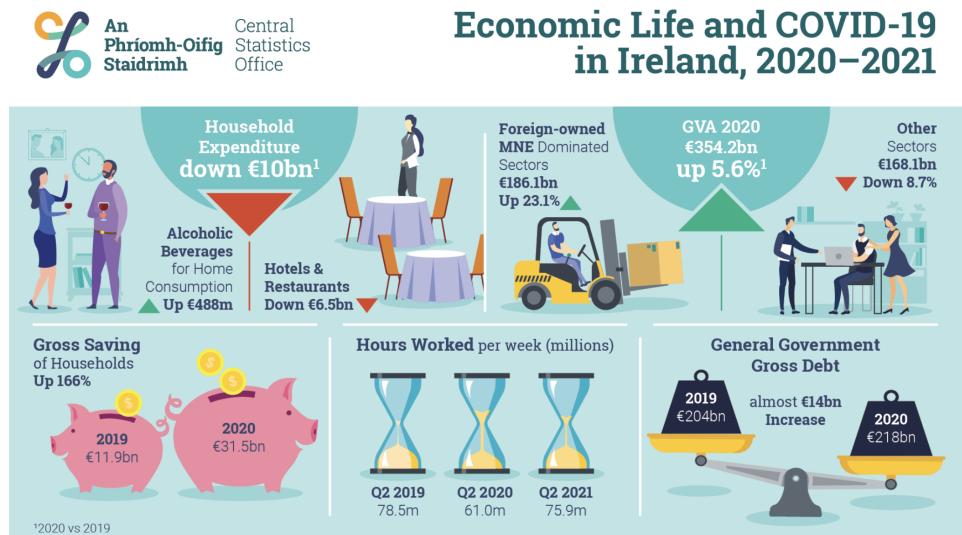
C3.1 Describe two clear features visible in the chart (trend, level change, volatility, etc.).

C3.2 Explain (economically) why full customs checks from Jan 2021 could affect Irish imports/exports.

C3.3 The notes state agri-food is highly exposed. Explain why sector exposure matters for policy.

C4. CSO COVID infographic: extracting and using data

The notes include a CSO infographic on the impact of COVID-19 (household spending, saving, GDP/GVA, unemployment/hours, government debt).



C4.1 Write down three statistics you can see in the infographic and state what each measures.

C4.2 Choose one statistic and explain a cause-and-effect story linking it to consumer behaviour (use: uncertainty, incomes, restrictions, confidence).

Section D – Evaluation & discussion

Definitions, developed arguments, relevant evidence from the chapter, counterargument, judgement.

D1. “Economic problems have no single correct solution.” Discuss.

In your answer:

- explain why economists can disagree (values, assumptions, models, and data limits),
- include **positive vs normative** clearly (give examples),
- compare Keynesian vs Monetarist approaches to a shock (COVID inflation/Ukraine energy shock),
- use **at least two facts** from the chapter (e.g. unemployment, GDP change, energy price rise, interest rates),
- finish with a balanced judgement (when does each approach work best?).

D2. “History matters: crises shape economic thinking and policy.” Discuss.

In your answer:

- explain how the Great Depression changed thinking (Keynes),
- explain how 1970s stagflation changed thinking (Monetarism),
- use the Irish 1950s experience and Whitaker’s policy shift as a case study,
- add one modern shock from the notes (Brexit / COVID / Ukraine) and describe the policy response,
- conclude: what are the main lessons for avoiding future mistakes?