

# Leaving Certificate Economics Worksheet

## Economics as a Way of Thinking (Chapter 1)

Name

Date

### 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.

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- (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.

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(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.

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- (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.

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(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).

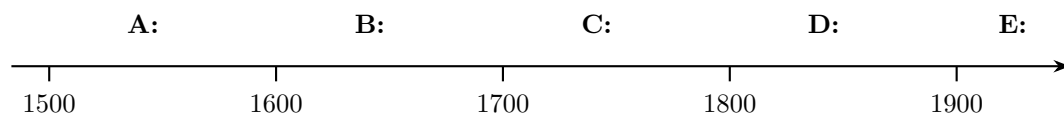
Statement	P / N
“GDP contracted by 6.1% in Q2 2020.”	
“The State must spend more on housing, even if taxes rise.”	
“Irish exports to the UK fell by about 9% in 2021.”	
“Rent controls are unfair and should be abolished.”	
“ECB rates rose from 0% to 4% between 2022 and 2023.”	
“Inflation is the biggest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



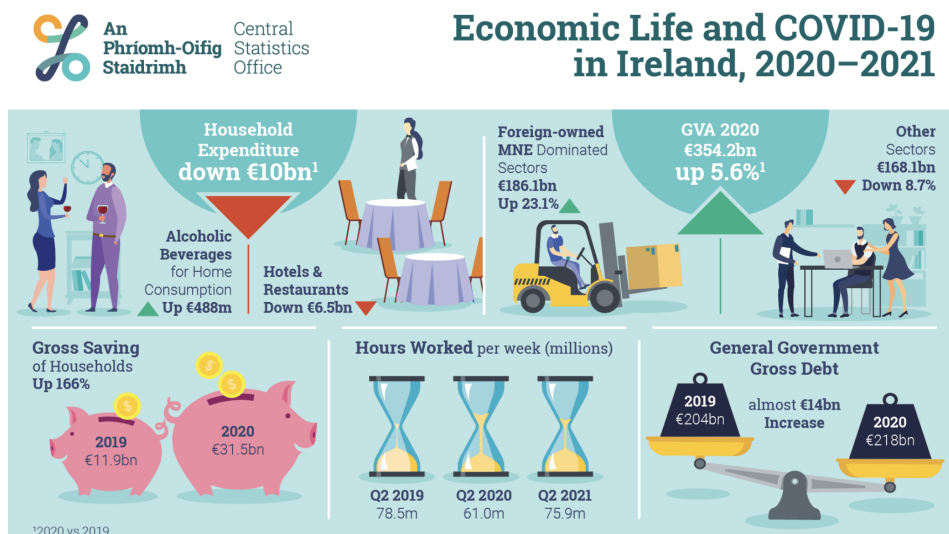
**C3.1** Describe two clear features visible in the chart (trend, level change, volatility, etc.).


**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?
