

Leaving Certificate Economics Worksheet

Government Intervention in the Market

Name		Date	
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Instructions:

- Answer all questions in **Section A** and **Section C**.
- In **Section B**, answer **2** questions.
- In **Section D**, answer **1** question.
- Where asked, **use diagrams/graphs** with clear labels and a suitable scale.
- Support your answers using **realistic Irish examples** where appropriate.

Section A — Short questions

Answer briefly.

(10 × 2 marks)

A1. Define a **free market** / **pure market economy**.

A2. Define a **centrally planned economy**.

A3. Define a **mixed economy**.

A4. State **two** objectives of the Irish Government in the economy.

A5. Give **one** example of how the government can **redistribute income**.

A6. What is meant by **regulation**?

A7. Name **one** Irish regulatory agency and state **one** role it performs.

A8. State **one** advantage of state intervention.

A9. State **one** disadvantage of state intervention.

A10. Explain what is meant by **market failure** (one sentence).

Section B — Explain with an example (Answer 2 of 3)

Each question: 6 marks (3 marks: explanation; 3 marks: developed example)

B1. Explain, with an example, **one advantage of government regulation** for consumers.

B2. Explain, with an example, **one disadvantage of regulation** for firms or consumers.

B3. Explain, with an example, **one reason why the State provides certain goods/services directly**.

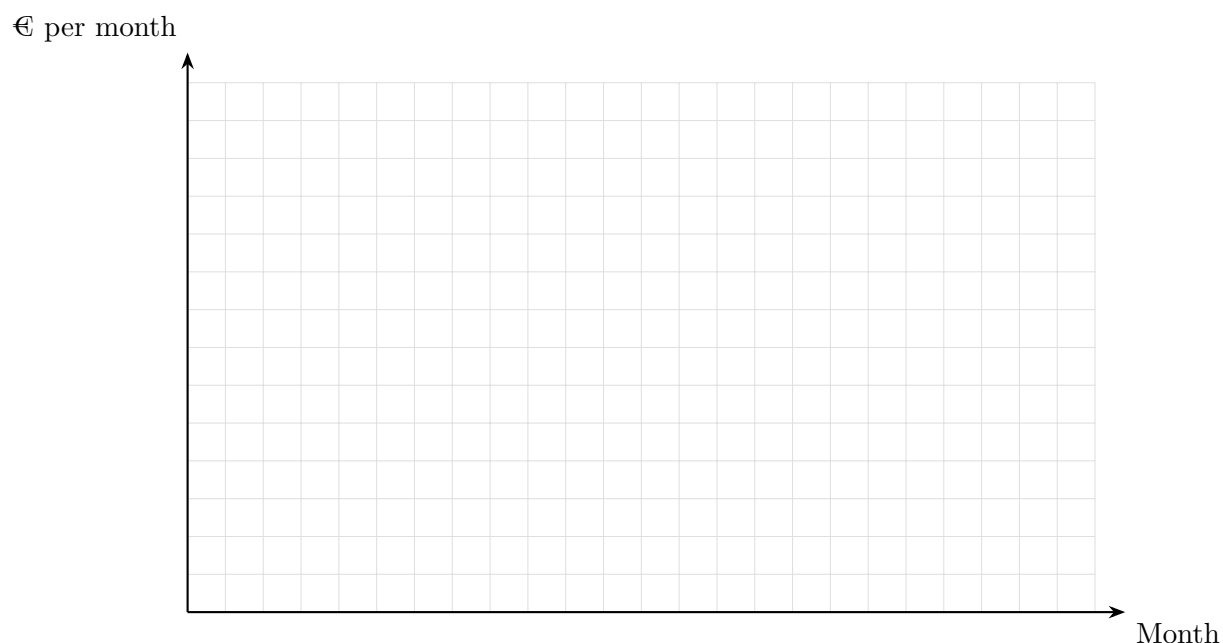
Section C – Data & visual interpretation

C1. Price trend and reasoning

You are given the following (fictional but realistic) data on **average household electricity bills** (euro per month). A new **energy price regulation** is introduced at the start of **April**.

Month	Jan	Feb	Mar	Apr	May	Jun
Bill (€)	165	172	180	176	169	160

C1.1 Draw a **line graph** of the data (clear title, labelled axes, correct scale).



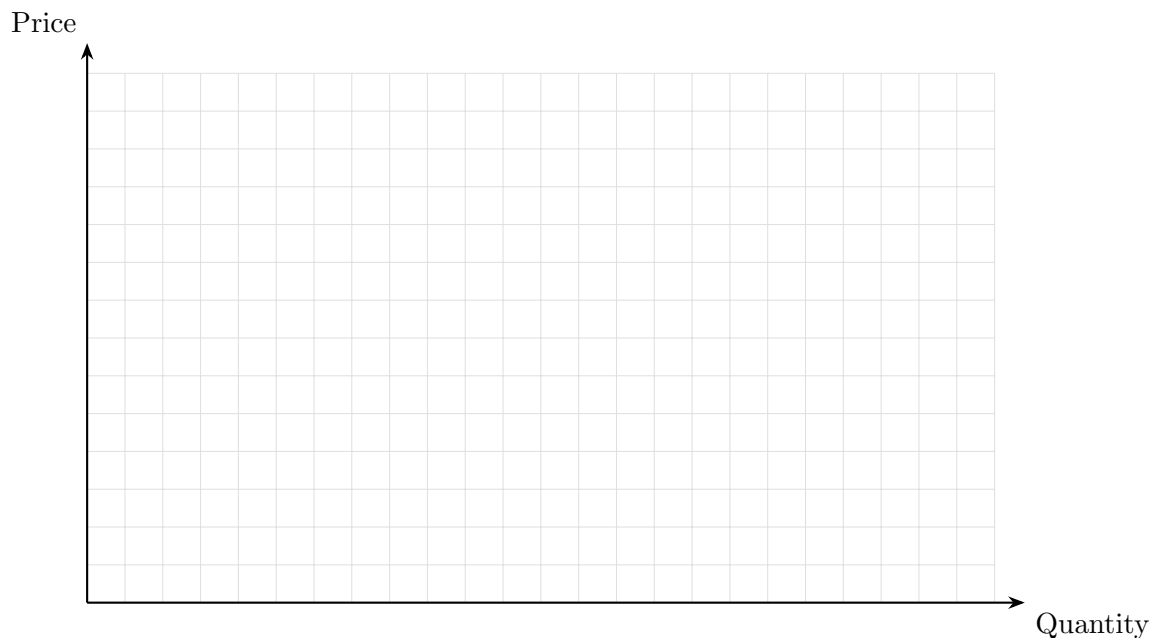
C1.2 Describe the **trend** before April and after April.

C1.3 Give two economic explanations (beyond regulation') for why bills might fall after April.

C2. Diagram question: tax or subsidy

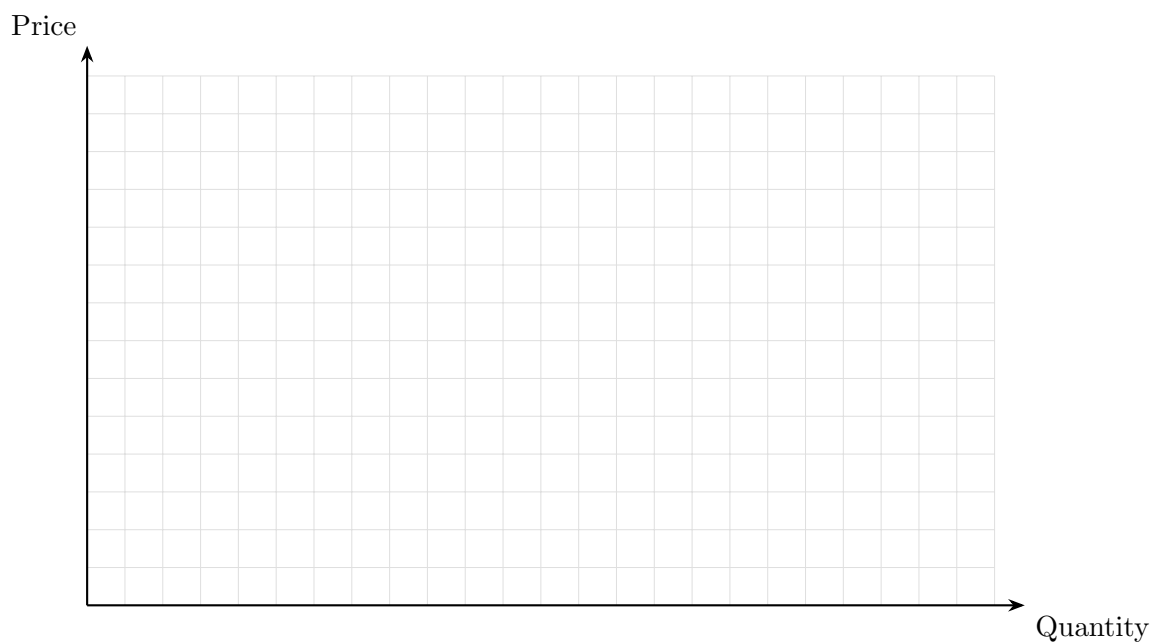
Choose **ONE** option. Draw a clearly labelled **supply and demand** diagram.

C2.1. Indirect tax on a demerit good: The government introduces a tax on sugary drinks to reduce consumption. Draw a diagram showing the impact of an indirect tax



Explain **two** likely consequences for consumers and/or firms.

C2.2. Subsidy to encourage production: The government subsidises rural bus routes to keep services running. Draw a diagram showing the effect of a subsidy.



Explain **two** reasons why the State might subsidise this market in a mixed economy.

C3. Mini “stimulus” source

Read the statement:

‘‘Ireland relies heavily on a small number of multinational firms for tax revenue.’’

C3.1 Explain why this could create a problem for **government policy objectives**. Choose **two objectives** and connect them clearly.

C3.2 Suggest **two policy responses** the government could consider, and explain the **trade-off** in each.

Section D – Evaluation & Discussion

Your answers must be balanced, use correct economic terms, and include realistic examples.

D1. “Government intervention improves economic outcomes, but it can also create inefficiency.”

Discuss this statement using:

- **two** methods of intervention (eg, taxes, subsidies, regulation, public provision, redistribution)
- **two** advantages and **two** disadvantages from either of these measures,

with Irish examples.

Method of Intervention 1	
Method of Intervention 2	

D2. “Cost of Living Increases Push Living Wage to €15.40/hr in 2025/26” – Social Justice Ireland

- (a) Discuss **one argument for** and **one argument against** raising the minimum wage to the Living Wage.

- (b) Building on your answer in part (a), explain how the impact might differ in:

- i. a large supermarket chain, and
- ii. a small café.

Teacher Marking Scheme (Quick, exam-like)

General marking approach:

- **Definitions (2 marks):** accurate + complete; key term(s) included.
- **6-mark “explain + example”:** 3 marks clear reasoning (who is affected + how) + 3 marks developed, specific example (Irish market/agency/sector + explicit link).
- **Graphs (4–6 marks):** title, labelled axes, sensible scale, correct plotting/curves, key points labelled, neatness.
- **Discuss (20 marks):** balance (pros/cons), depth, correct terms, developed examples, and a clear judgement.

Section A (indicative points)

Award full marks where students:

- Define systems correctly: **free market** (private ownership, price mechanism, profit motive), **planned** (state ownership/control, central allocation), **mixed** (combination; state + private).
- Objectives: any valid two (e.g., growth, employment, stable prices, fair distribution, balance of payments, environmental goals).
- Redistribution: taxes, welfare payments, free/low-cost public services.
- Regulation: rules/standards to control behaviour/practices for fairness/safety/competition.
- Agency + role: any valid Irish regulator + one clear function.
- Market failure: market outcome not socially efficient (e.g., externalities, public goods, information failure, monopoly power).

Section B (6 marks each)

- **Advantage of regulation:** consumer protection, safety, fair pricing/competition, information standards; example must be specific and linked.
- **Disadvantage:** compliance costs, reduced innovation, barriers to entry, higher prices; example must show mechanism (costs passed on, reduced supply, etc.).
- **State provision:** public interest/access, non-profit motives, equity, under-provision by private sector; example tied to Ireland.

Section C (indicative)

- **C1 graph:** correct plot; trend description; explanations could include price caps, stronger oversight, lower wholesale costs, increased competition, reduced demand/consumption, targeted supports, etc. Must be economic, not purely descriptive.
- **C2 tax/subsidy diagram:** correct curve shift and price wedge for tax; for subsidy show lower costs/greater supply and effect on equilibrium. Consequences should include intended + unintended effects.
- **C3 stimulus:** link to policy objectives (revenue stability, public spending, employment, growth). Responses should include trade-offs (e.g., diversification vs cost; tax changes vs competitiveness; stabilisation funds vs opportunity cost).

Section D (20 marks)

Award higher marks where students:

- Use **two clear methods** (e.g., regulation + tax/subsidy/public provision/redistribution) with correct theory.
- Provide **two developed advantages** and **two developed disadvantages**, each with a realistic example.
- Make a **reasoned judgement** (when intervention is justified; risk of government failure/inefficiency).