

Leaving Certificate Economics Worksheet

Chapter 9: Factors of Production

Name		Date	
------	--	------	--

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 all)

Answer briefly.

(14 × 2 marks)

A1. Name the **four** factors of production.

FOP 1		FOP 2	
FOP 3		FOP 4	

A2. For each factor, state its **return** (rent, wages, interest, profit).

A3. Define **derived demand** and give one example.

A4. State **two** economic characteristics of **land** as a factor of production.

Characteristic 1	
Characteristic 2	

A5. Explain what is meant by **mobility of use** for land, using one example.

A6. State **two** factors that can affect **property prices** (ie land values).

Factor 1	
Factor 2	

A7. Define Marginal Physical Product (MPP).

A8. Define Marginal Revenue Productivity (MRP).

A9. State two factors that can increase the MPP of labour.

Factor 1	
Factor 2	

A10. State two factors that can increase the MRP of labour.

Factor 1	
Factor 2	

A11. Explain one reason why MRP is not always appropriate for setting wages.

A12. Define geographic mobility of labour.

A13. Define occupational mobility of labour.

A14. Name two types of capital (as defined in the chapter) and give an example of each.

Type 1		Type 2	
---------------	--	---------------	--

Section B – Calculations & interpretation

For each question: Show workings where relevant. Interpret using economic reasoning.

B1. MPP and MRP (Labour productivity).

A farmer harvests 1,000 avocados per day and sells them for \$5 each. After hiring one additional worker, total output rises to 1,500 avocados per day (price unchanged).

- (i) Calculate the **MPP** of the additional worker.

--

- (ii) Calculate the **MRP** of the additional worker.

--

- (iii) If the worker is paid \$2,600 per day, explain whether hiring them is profitable or not.

B2. MRP changes: productivity vs selling price.

A bakery hires an extra worker. The extra worker increases output by 12 loaves per hour.

- (i) If the price is €2 per loaf, calculate the worker's **MRP per hour**.

--

- (ii) Later, the price rises to €2.50 per loaf (productivity unchanged). Calculate the new **MRP per hour**.

--

- (iii) Explain, in your own words, why **inelastic demand** for the product can help keep MRP high as output increases.

B3. Minimum wage: economic reasoning.

Ireland's National Minimum Wage is €13.50 per hour (Jan 2025).

- (i) State **two advantages** and **two disadvantages** of increasing the minimum wage.

- (ii) Explain how a higher minimum wage could cause **cost-push inflation**.

Section C – Data & visual interpretation

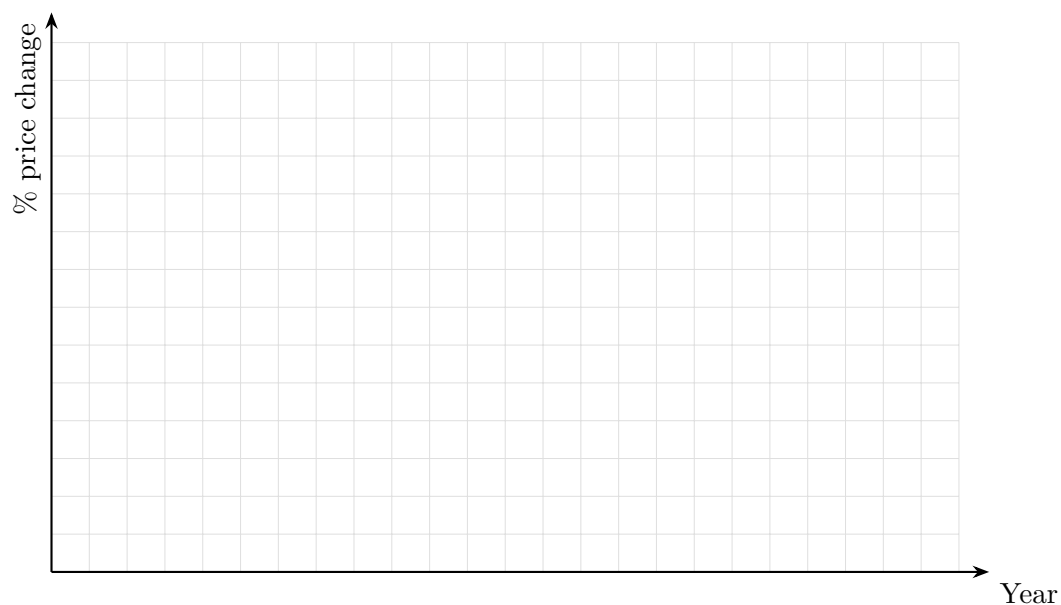
C1. Interpreting property price trends

The chapter discusses how you should (1) **describe the trend** and (2) **explain the pattern using economics**. Use the data below to inform your answers.

Annual property price inflation (% change, simplified):

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Dublin (%)	4	7	11	2	-0.5	6	12	-1	4	5
Rest of Ireland (%)	6	10	15	4	0.5	8	15	4	6	5

C1.1 Draw a **line graph** showing both series on the same set of axes. Include: title, labelled axes, key, appropriate scale.



C1.2 Describe the main phases in the trend (boom, slowdown, recovery, deceleration, stabilisation).

C1.3 Explain **two reasons** for the fall in property prices in 2022–2023

C2. Labour supply in Ireland (interpreting real-world information)

Irish labour market snapshot (2024–2025):

1. In Apr 2024 the Irish population was 5.38 million, with strong net inward migration.
2. Average hourly earnings increased from €30.21 in Q4 2024 to €31.72 in Q1 2025.
3. In 15–64 year olds, participation rate was 65.5% and employment rate was 74.3% in Q4 2024.
4. Total weekly hours worked was 85.6 million in Q4 2024, an increase of 3.8% on previous year.

C2.1 State what is meant by **labour market participation**.

C2.2 Using the snapshot, explain **two factors** that could shift the **supply of labour** to the right.

C2.3 Suggest **one reason** why higher wages might not increase labour supply as much as expected for some workers.

C2.4 Give **one policy measure** to increase labour supply and explain how it works.

C3. Gender pay gap

Answer using: **trend description + economic explanation**. Refer to at least **two** reasons listed in the chapter.

Gender pay by age group (selected countries, 2023):

Country	< 25	25–34	35–44	45–54	55–64	65+
Ireland	1.0	4.9	8.5	11.1	13.2	9.1
Germany	1.7	8.4	16.4	22.8	26.3	9.2
Belgium	-8.3	-5.0	-0.1	1.2	8.0	3.9
Denmark	5.7	11.1	14.2	17.0	16.3	10.6

C3.1 Describe the pattern for **Ireland** across age groups.

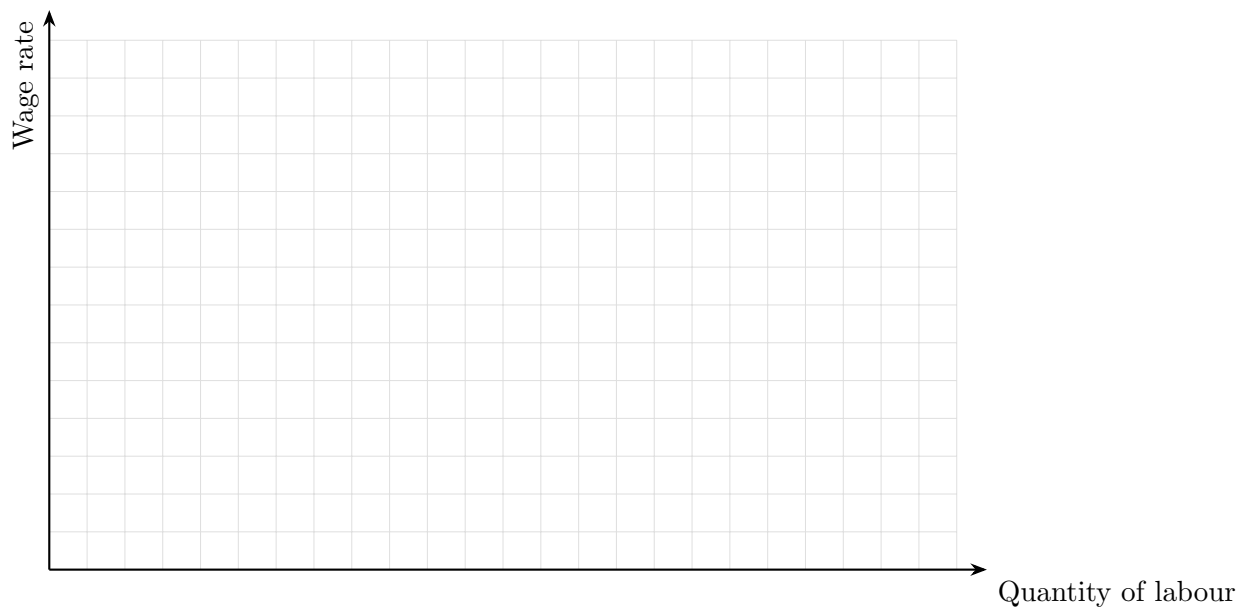
C3.2 Compare Ireland with **one** other country in the table (one similarity and one difference).

C3.3 Explain **two reasons** why a gender pay gap can exist .

C4. Diagram: minimum wage in the labour market

Assume a competitive labour market. The government sets a minimum wage **above** the equilibrium wage.

C4.1 Draw a labour market diagram (labour supply and labour demand) showing: equilibrium wage and employment, minimum wage, and the resulting effect on employment.



C4.2 Explain **two possible outcomes** on the labour market.

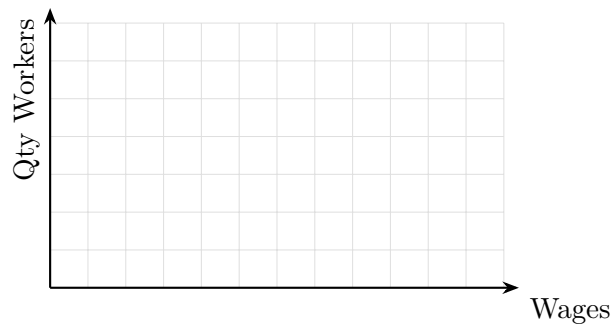
Section D – Evaluation & discussion

Higher Level style: balanced argument, correct terms, and a clear judgement.

D1. “Raising the minimum wage improves living standards, but it may damage competitiveness.”

Discuss this statement using:

- (a) **two advantages** and **two disadvantages** of a minimum wage increase,
- (b) a labour market diagram if helpful,
- (c) and at least one point on inflation, tight labour market or FDI/firm costs.



D2. “Investment in capital goods is essential for long-run economic progress.”

Explain and evaluate this statement using:

- what is meant by capital goods (use types of capital goods in chapter slides),
- **three factors** affecting investment (confidence, technology, cost of capital goods, etc),
- and one limitation.

[illegible]

D3. “Enterprise is the key driver of a market economy.”

Discuss this statement using:

- the **characteristics of enterprise** (residual return, risk, possibility of loss),
- the **three types of profit** (subnormal, normal, supernormal),
- and the **role of enterprise** (specialisation, choice, employment, state revenue, organisation).

[illegible]