

# Leaving Certificate Economics Worksheet

## Chapter 9: Factors of Production

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 all)

Answer briefly.

(14 × 2 marks)

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

FOP 1		FOP 2	
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FOP 3		FOP 4	
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**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	
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Characteristic 2	
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**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	
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Factor 2	
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**A7.** Define Marginal Physical Product (MPP).


**A8.** Define Marginal Revenue Productivity (MRP).


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

<b>Factor 1</b>	
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<b>Factor 2</b>	
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**A10.** State **two** factors that can increase the **MRP** of labour.

<b>Factor 1</b>	
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<b>Factor 2</b>	
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**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.

<b>Type 1</b>		<b>Type 2</b>	
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## 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**.

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

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(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

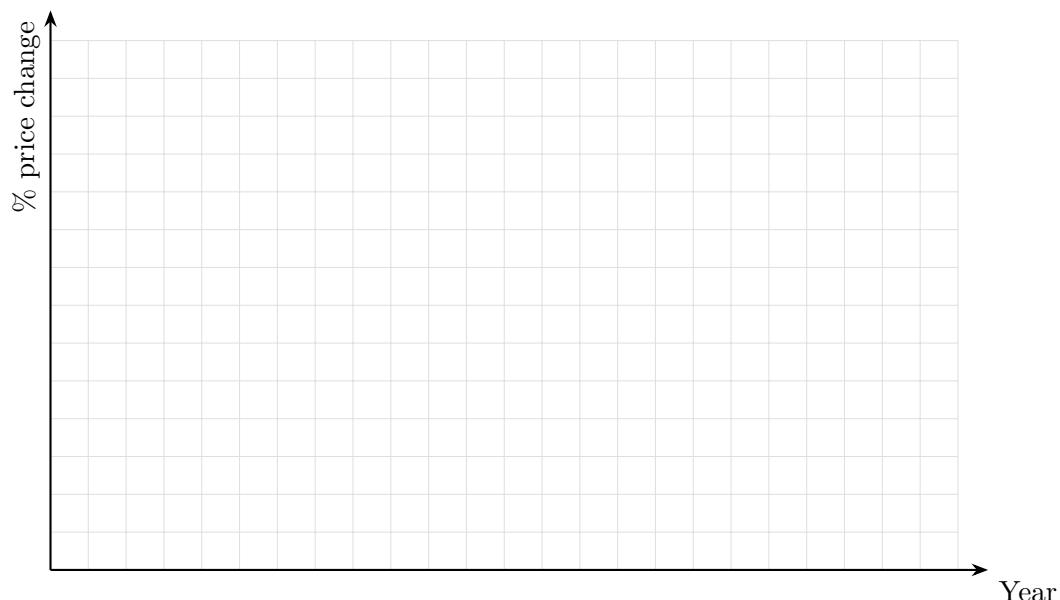
### C1. Interpreting property price trends

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.

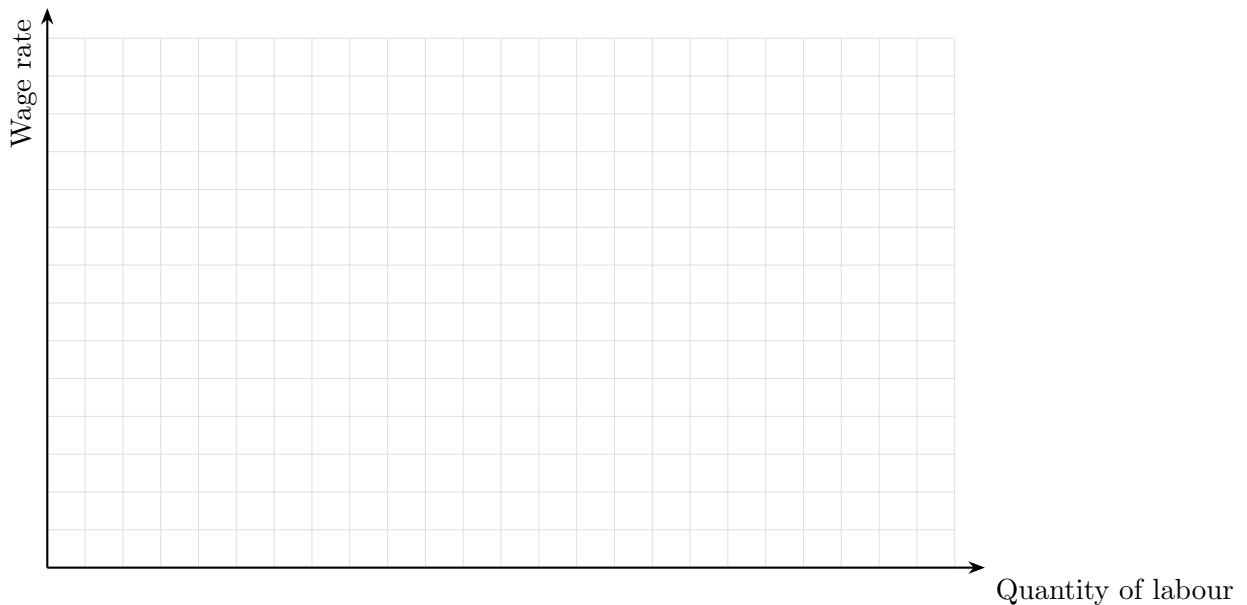

**C3.2** Compare Ireland with **one** other country in the table (one similarity and one difference).


**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.

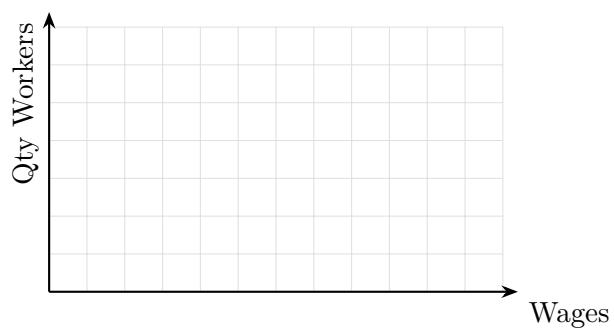
## Section D – Evaluation & discussion

**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.

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).