

# Economist Questions

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**(c)** Outline the key contributions to economic thought by any **three** of the following economists:

- (i) Adam Smith
- (ii) Milton Friedman
- (iii) Karl Marx
- (iv) Thomas Robert Malthus
- (v) John Maynard Keynes.

[25]

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**(c)** (i) State and explain the **three** motives put forward by John Maynard Keynes for holding assets in the form of cash.

(ii) Outline **one** main influence on **each** motive.

(15)

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**6.** Outline **two** main contributions to economic thought put forward by the *Classical Economists*:

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

**(17 marks)**

3. (a) State and explain **four** economic influences on an individual firm's demand for labour. (25)
- (b) Explain, with the aid of a labour market diagram in each case, how equilibrium wage rates are determined in:
- A free labour market;
  - A labour market where a trade union has negotiated a minimum wage. (25)
- (c) Women in Ireland earn on average 17.1% less per hour than men, according to a study by the European Commission (*Tackling the gender pay gap in the European Union, 2011*).
- (i) Outline **two** possible reasons for the lower wage rates earned by women in the Irish economy.
- (ii) Outline **one** measure that could be taken to close the gender pay gap. (15)
- (d) Explain briefly Karl Marx's economic theory about the exploitation of labour in a capitalist system. (10)

[75 marks]

5. (a) Explain the following terms which are commonly used in estimating the National Income statistics of a country:
- Subsidies;
  - Incomes-in-kind;
  - Net Factor Income from the Rest of the World. (15)
- (b) (i) Illustrate by means of a diagram the **Circular Flow of Income** for an open economy.
- (ii) Are transfer payments an injection into, or a leakage from the Circular Flow of Income? Explain your answer.
- (iii) Outline **three** current determinants of the level of consumption in the Irish economy. (35)
- (c) (i) Using the Keynesian multiplier process outline how a fiscal stimulus ( i.e. a government injection) would affect an economy's Aggregate Demand.
- (ii) Explain why the Irish government might find it difficult to implement such a **Keynesian stimulus plan** at the current time. (25)

[75 marks]

7. Outline **four** contributions of Adam Smith to economic thought.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

(iii) \_\_\_\_\_

(iv) \_\_\_\_\_

(17 marks)

5. (a) The following table shows the world population and the projection for 2012, according to the United States Census Bureau (USCB) estimates:

Population in Billions	1	2	3	4	5	6	7
Year	1804	1927	1960	1974	1987	1999	2012
Years elapsed	-	123	33	14	13	12	13

- (i) Suggest **two** reasons for the rapid growth in world population in recent times.  
 (ii) Discuss the economic effects of an increasing population on the Irish economy. (30)

- (b) (i) State and explain the benefits of economic growth for developing countries (LDCs).  
 (ii) Discuss **one** advantage and **one** disadvantage for the Irish economy of increased growth rates in developing countries (LDCs). (25)

(c) The classical economist, Thomas Malthus, in his work *An Essay on the Principle of Population* (1798) created a theory on population.

- (i) Explain Malthus's theory on population.  
 (ii) Is Malthus's theory on population relevant today? Explain your answer. (20)

[75 marks]

(c) The economist John Maynard Keynes, author of *The General Theory of Employment, Interest and Money* (1936), supported the use of fiscal policy by Government to create full employment.

- (i) Explain the above statement.  
 (ii) Discuss **two** other key concepts which Keynes contributed to economic thought. (25)

- (c) The economist Milton Friedman was regarded as one of the major thinkers of the monetarist school of economic thought.

Outline **four** features of 'Monetarism'.

(20 marks)

8. (a) Explain the relationship between a government Budget Deficit and the National Debt. (20)

- (b) "The Irish Tax system has evolved over time to reflect changing economic and social conditions and will need to be equally responsive to new developments in the future."

(Commission on Taxation Report, 2009)

- (i) Discuss Adam Smith's **four** Canons of Taxation in his book, *An Inquiry into the Nature and Causes of the Wealth of Nations* (1776).  
(ii) Outline **two** other principles which could be considered in a modern tax system. Justify your answers. (35)

- (c) Outline possible economic consequences of the Irish Government shifting the burden of taxation from direct taxation to indirect taxation.

(20)

[75 marks]

- (b) Keynes' concept of 'Liquidity Preference' is based on three reasons why people desire to hold wealth in money form.

- (i) State and explain **each** of these reasons.  
(ii) Discuss the effect a fall in interest rates is generally expected to have on **each** of these reasons.

(30 marks)

- (c) Write a brief note on David Ricardo's contributions to economic thought.

(15 marks)

4. (a) **Free Enterprise (Laissez Faire)** and a **Command Economy (Central Planning)** are examples of economic systems.
- (i) Explain each of the underlined terms.
- (ii) In relation to any **ONE** of the economic systems above, outline **TWO** possible economic advantages and **TWO** possible economic disadvantages. (25 marks)
- (b) (i) 'The Irish Economy can be described as a **Mixed Economy**'. Outline **FOUR** examples of economic activity in the Irish economy to support this view.
- (ii) Do you consider that the Irish economy is moving towards more free enterprise or towards more central planning in recent years? Explain your answer, using appropriate examples. (30 marks)
- (c) In the case of any **TWO** of the following economists, outline **TWO** contributions which **each** one has made to the development of economic ideas:
- Adam Smith; Alfred Marshall; John Maynard Keynes; Milton Friedman. (20 marks)
- [75 marks]**

- (c) (i) State and explain Keynes's **THREE** motives for holding money.
- (ii) Explain, with the aid of a diagram(s), Keynes's theory on the relationship between the holding of money and the rate of interest. (25 marks)

5. (a) Among Adam Smith's contributions to economic thought, was his **Canons of Taxation**.
- (i) State and explain Adam Smith's **FOUR** Canons of Taxation.
- (ii) Do you consider that these Canons are useful for analysing the taxation system in Ireland today? Justify your answer. (25 marks)