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5. (a) Outline **two** possible effects on the Irish economy of high levels of youth unemployment.

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

\_\_\_\_\_

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

\_\_\_\_\_

\_\_\_\_\_

(b) State **one** economic policy the government could introduce to reduce youth unemployment.

\_\_\_\_\_

\_\_\_\_\_

**(16 marks)**

2

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3. Define the term '**structural unemployment**' and outline **one** policy response that the Irish Government could take to reduce it.

**Definition:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Government Policy:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**(16 marks)**

3

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3. Outline **two** reasons for the growth of the 'Black Economy' **and** state **two** effects for the Exchequer.

**Reason 1:** \_\_\_\_\_

**Reason 2:** \_\_\_\_\_

**Effect 1:** \_\_\_\_\_

**Effect 2:** \_\_\_\_\_

**(16 marks)**

7. Outline **two** limitations in using the Live Register as a means of measuring unemployment.

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

\_\_\_\_\_

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

\_\_\_\_\_

(17 marks)

2. “It is estimated that the ‘Black Economy’ costs the Irish Economy over €1 billion per month”. (Irish Small and Medium Enterprises (ISME), August 2007).

Explain the underlined term and state **one** method by which the government could discourage this activity.

**Explanation:** \_\_\_\_\_

**Method:** \_\_\_\_\_

(16 marks)

1. State **four** steps involved in constructing a Consumer Price Index (CPI).

Step 1 \_\_\_\_\_

Step 2 \_\_\_\_\_

Step 3 \_\_\_\_\_

Step 4 \_\_\_\_\_

(16 marks)

4. Define ‘cost-push’ inflation. Identify **two** sources of this form of inflation in the Irish economy.

**Definition:** \_\_\_\_\_

\_\_\_\_\_

**Source 1:** \_\_\_\_\_

**Source 2:** \_\_\_\_\_

(16 marks)

1. State **FOUR** possible economic effects of rising **price inflation** on the Irish economy.

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
- (iii) \_\_\_\_\_
- (iv) \_\_\_\_\_

(16 marks)

(b) Irish citizens experienced an increase in the rate of price inflation during 2007.

- (i) Explain the underlined term.
- (ii) Discuss the economic effects of this development on the Irish economy.

(20 marks)

(c) For a composite (weighted) price index covering three categories of expenditure given in the following table, calculate the index for the current year. The base year value is 100. (Show all your workings).

Category	% of Income spent on item(s)	Price of Item(s) in base year	Price of Item(s) in current year
		€	€
<b>Food</b>	40%	20.00	24.50
<b>Clothing &amp; Footwear</b>	25%	42.00	40.00
<b>Other Items</b>	35%	30.00	36.00
	100%		

(25 marks)

