

1

(c) *The Government's Summer Economic Statement has confirmed that it will increase capital spending by €500m each year from 2019 to 2021.*

(Source: *www.rte.ie*, 2017)

- (i) Explain **three** economic arguments in favour of an increase in government capital expenditure in the Irish economy.
- (ii) Discuss how this planned expenditure on capital projects (i.e. large infrastructural projects) by the Irish government may conflict with any **two** other government objectives.

[30]

2

(c) *'Official greenhouse gas emission projections indicate that Ireland will fail to meet the EU 2020 targets by a substantial margin.'*

(Source: Climate Change Advisory Council)

- (i) Outline **three** economic reasons why protection of the environment is an increasing concern for governments.
- (ii) Explain **one** measure **each** of the following could take to help achieve Ireland's EU targets (i.e. reduce carbon emissions):
Individuals; Firms; the Irish Government.

[30]

3

9. The Irish government is considering the reintroduction of tuition fees for third-level education. Outline **one** possible economic advantage and **one** possible economic disadvantage of this for the economy:

Economic advantage: _____

Economic disadvantage: _____

(17 marks)

8. (a) “A Budget deficit stimulates the economy and therefore should be encouraged.”

Discuss this statement with reference to the Irish economy. You may agree or disagree. (20)

- (b) (i) Outline **three** policies the Irish Government could consider to achieve balanced regional development.
 (ii) Outline **two** economic benefits to rural communities of balanced regional development. (25)

- (c) (i) Discuss the economic effects of emigration on the Irish economy.
 (ii) Advise the Government on **two** policy initiatives/measures that could be introduced in ‘Budget 2016’ to encourage emigrants to return to Ireland. (30)

[75 marks]

6. (a) (i) State and explain **four** current economic aims/objectives of the Irish Government.
 (ii) Outline **two** possible conflicts that could arise between some of these Government aims/objectives. (30)

- (b) Discuss arguments for **and** against the privatisation of state assets. (20)

- (c) In *The Irish Times* (November 2013) the economist Joseph Stiglitz predicted a "lost decade" for the Irish economy, due to the extended period of austerity.

(Austerity refers to government measures introduced to reduce a Budget Deficit.)

Outline **four** possible economic consequences for the Irish economy arising from the austerity measures introduced in recent Irish Government budgets. (25)

[75 marks]

4. (a) 'The Exchequer deficit in December 2012 was €14.89bn'.
(Department of Finance, January 2013)
- (i) Discuss **four** possible economic consequences of the Government Current Budget Deficit for the Irish economy.
- (ii) Explain how a government budget could be used to reduce income inequalities in an economy. (30)
- (b) (i) State and explain **two** reasons why the government increased taxes on cigarettes and alcohol in its most recent budget.
- (ii) Outline **three** economic impacts for the Irish economy of an increase in Motor Tax. (30)
- (c) 'The Public Capital Programme must make a further contribution to budgetary consolidation'.
(Infrastructure and Capital Investment, 2012 – 2016)

As an Advisor to the Minister for Public Expenditure and Reform, discuss **two** economic arguments in favour of a reduction in capital expenditure in the Budget. (15)

[75 marks]

5. (a) The Budget is a statement of the Government's fiscal policy. The Irish Government, in its National Recovery Plan 2011-2014 committed to reducing the General Government Deficit to under 3% of GDP by 2014.
- (i) Explain the underlined term.
- (ii) State and explain **four** possible economic effects on the Irish economy of the government's plan to significantly reduce the deficit over the next four years. (30)
- (b) It has been suggested that in order to reduce the National Debt the government should privatise state owned companies in the coming years.
- (i) Explain the term 'privatisation'.
- (ii) Outline **four** economic arguments in favour of privatisation OR outline **four** economic arguments against privatisation. (25)
- (c) 'The number of staff in the Irish public sector grew by 15.5% from 2001 to 2008, according to OECD statistics'.
(Report on the Sources of Ireland's Banking Crisis, 2010)
- Discuss **four** measures the Minister for Finance could take to reduce the public sector wage bill. (20)

[75 marks]

(b) Explain the economic effect which **each** of the following could have on the level of GNP at Market Prices:

- (i) a **reduction** in the general level of VAT;
- (ii) a **reduction** in the subsidies paid to farmers.

(20 marks)

(b) Outline possible positive **and** negative economic consequences of a Government Current Budget Surplus.

(25 marks)

(c) You are the economic advisor to the Minister for Finance. The Minister is considering raising tax revenue through indirect taxation. Discuss the economic advantages **and** economic disadvantages of such a policy.

(25 marks)

(b) *Indirect taxes are frequently used as a government policy instrument to change certain consumer behaviour.*

- (i) Explain the term **indirect tax**.
- (ii) Explain how **indirect taxes** could be used to change certain consumer behaviour, using examples to support your answer.
- (iii) Outline **one** intervention, other than taxation, that a government could consider to change consumer behaviour.

[25]

3. (a) Distinguish between Direct Taxation and Indirect Taxation **and** state **one** example of each.

(b) Why are Indirect Taxes sometimes seen as inequitable? _____

(16 marks)

7. (a) Explain the following terms:

- National Debt
- Fiscal Policy
- Budget Deficit
- Tax Avoidance.

[20]

