



# Night before Notes

Economics

Friday 20<sup>th</sup> June

# Paper Layout



- Short response
- 8/10
- Long Questions
- 4/6

# Likely topics

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Opportunity cost definition and application

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Positive and Normative statements

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Law of Equi marginal returns and application

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Specialisation advantages

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Cost Benefit analysis

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Production Possibility curve

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Pillars of Sustainability

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Resource Depletion v Resource Degradation



# Likely Topics

- Characteristics of Economic Goods
- Features of Utility
- Law of diminishing marginal utility
- Individual demand v Market Demand
- Effective Demand
- Derived Demand
- Exceptions to Law of Demand
- Factors affecting Demand  
(Movement v Shift)

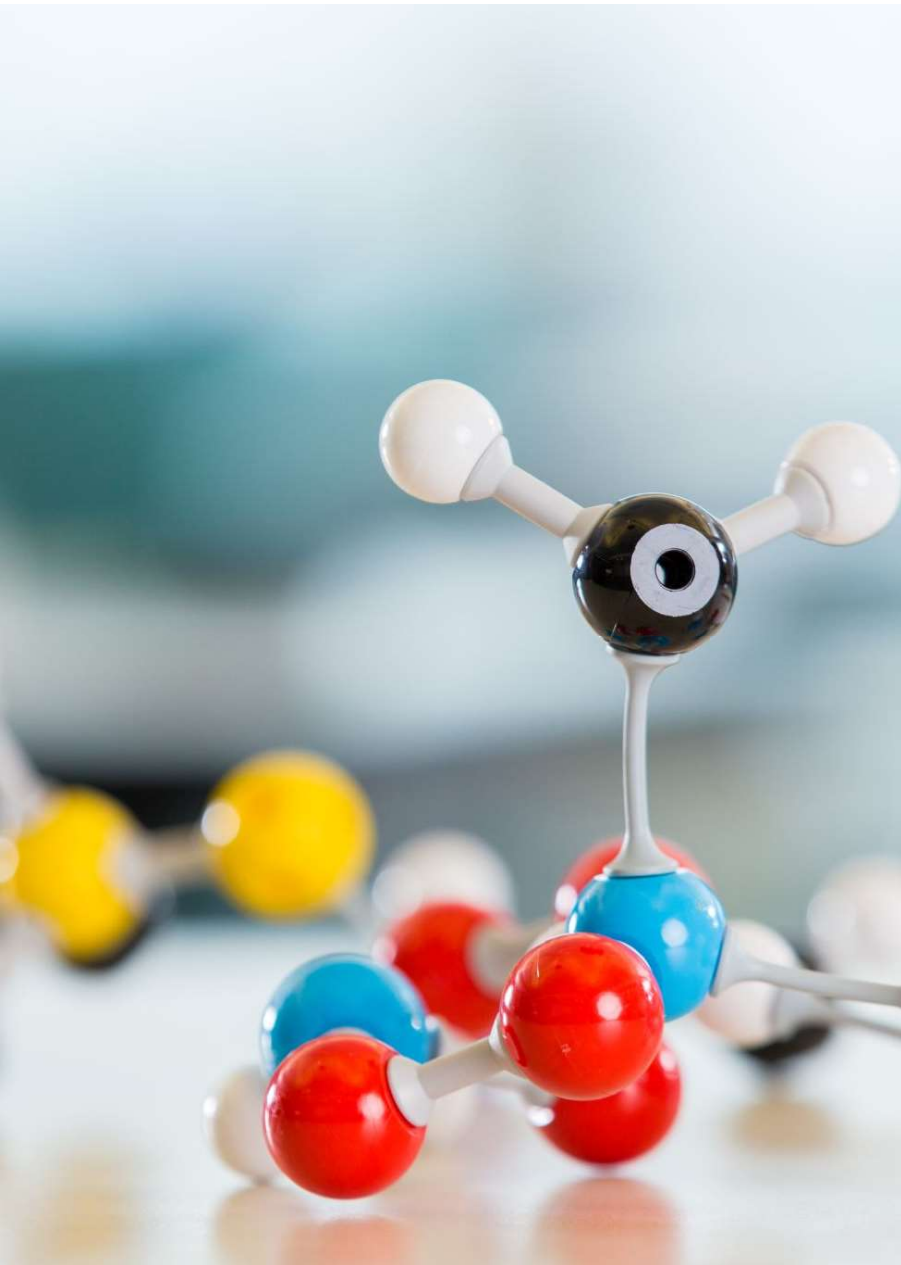


# Likely Supply Questions

- Awkward Supply Diagrams
- Fixed
- Restricted Capacity
- Floor price v Price Ceiling
- Demand and supply and Equilibrium questions

# Elasticity

- Apply the PED formula
- Sign v Absolute value
- Factors affecting PED
- Application of PED
- Maximising Revenue
- YED inferior, Normal and luxury goods



# Costs Of Production

Know Long and Short Run

SRAC

LRAC

Table containing

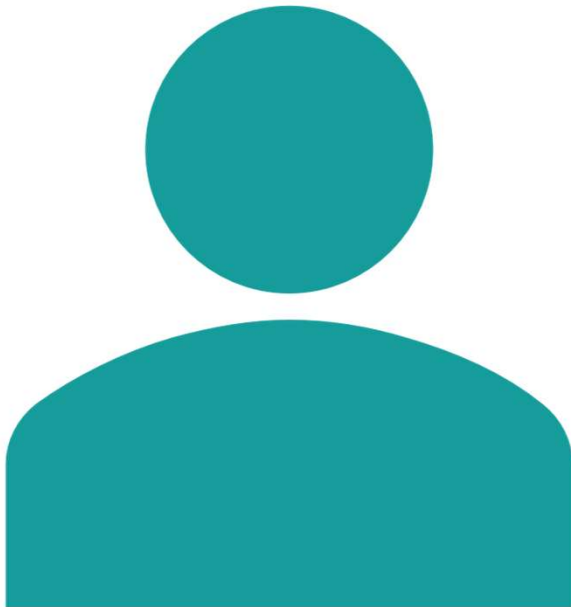
Units, FC, VC, TC, AFC, AVC, ATC, MC

Practise a few before Friday come up frequently

Economies of scale (Internal + External)



# Market Structures



- Perfect  
(SR,LR,Characteristics,Example
- Monopolistic  
(SR,LR,Characteristics,Example.
- Oligopoly Price Rigidity + Cartels
- Monopoly (Characteristics,Types of Monopoly
- Pros and Cons of each Market structure
- HHI VERY LIKELY

# Labour Market

Land characteristics

Enterprise

Capital (MEC, Deepening + Widening)

MRP And MPP

Supply of Labour

Demand for labour

Definitions/ Occupational + Geographical

Reasons for Pay differentials

# Market Failure

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Definition Public Goods/Private Goods

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Private and Social Cost

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Private and Social Benefits

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Externalities (Positive and Negative)

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Demerit Goods

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# National Income

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Circular Flow of Income (Diagram and Components)

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Multiplier calculations

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Injections x Multiplier = Change in Income.

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Uses of National Income statistics

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Limitations of National Income statistics

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Economic Growth 1.2% for 2024

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Hidden Economy economic effects

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GDP €533Bn



# Taxation

## Projected drop in corporation tax impact

**Effect:** A decline in these receipts could lead to:

- Budget deficits if not offset by other revenue sources.
- Cuts or delays in public investment (e.g. infrastructure, healthcare, education).
- Increased borrowing, potentially raising national debt and interest costs.

# Full Employment 4%

- **Effects**
  - Employers may offer higher wages to attract or retain staff.
  - This can lead to **wage inflation**, increasing overall business costs.
  - Higher costs may be passed on to consumers, contributing to **general inflation**.
- **Lower government spending** on social welfare.
- **Higher income tax and VAT receipts**, improving public finances.
- Potential for increased investment in infrastructure or public services.



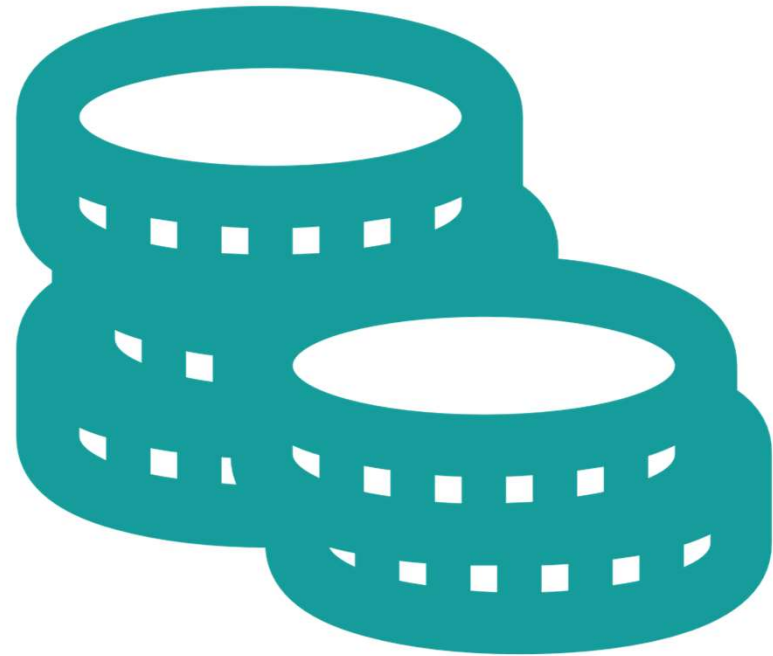
# ECB Interest Rates 2%



- **Effect: of falling interest rates**
  - Consumers are more likely to take out loans for big-ticket items (e.g. homes, cars), increasing **domestic demand**.
  - Businesses may invest more in expansion, equipment, or hiring due to cheaper credit.
  - This can stimulate **economic growth**, especially in sectors like construction, retail, and services.
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# Actual Tax receipts exceeding Budgeted

- **Impact:** Higher-than-expected income tax revenue strengthens the government's fiscal position.
- **Effect:**
  - Reduces the budget deficit or may even lead to a surplus.
  - Allows for increased public investment in infrastructure, health, education, or housing.
  - May reduce the need for borrowing, lowering national debt and interest payments.
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# Main uses of current expenditure in budget

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## Social Protection

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**Budgeted Current Expenditure: €26.9 billion**

Covers pensions, unemployment benefits, child benefit, and other welfare supports.

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## Health

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**Budgeted Current Expenditure: €25.8 billion**

Includes hospital services, primary care, mental health, and public health initiatives.

# Effects of Cap Ex Metro North

Creates thousands of **direct and indirect jobs** in construction, engineering, and related sectors.

Stimulates **local businesses** through increased demand for goods and services.

Boosts **short-term GDP growth** through capital investment and multiplier effects.

Reduces **commuting times** and traffic congestion, improving worker productivity.

Enhances **access to employment, education, and services**, especially in underserved areas.

Increases the **attractiveness of Dublin for investment**, particularly in tech, tourism, and international business.

# Impact of Govt. spending on regional airports

Increases **tourism revenue** in local economies (hotels, restaurants, attractions).

Encourages **business investment** outside Dublin, supporting balanced regional growth.

Supports **rural development** and helps reduce urban-rural economic disparities.

Creates **short-term construction jobs** and **long-term employment** in aviation, logistics, and retail.

Stimulates **local supply chains** (e.g. fuel, catering, maintenance).

Enhances **transport infrastructure**, improving access for goods and people.

# Impact of low inflation 1.7% in year to May 25

Households can **buy more with the same income**, boosting consumer confidence.

May lead to **higher consumer spending**, supporting domestic demand and economic growth.

Particularly beneficial for lower-income households who are more sensitive to price changes.

Reduces the cost of borrowing for businesses and consumers.

Encourages **investment and lending**, stimulating economic activity.

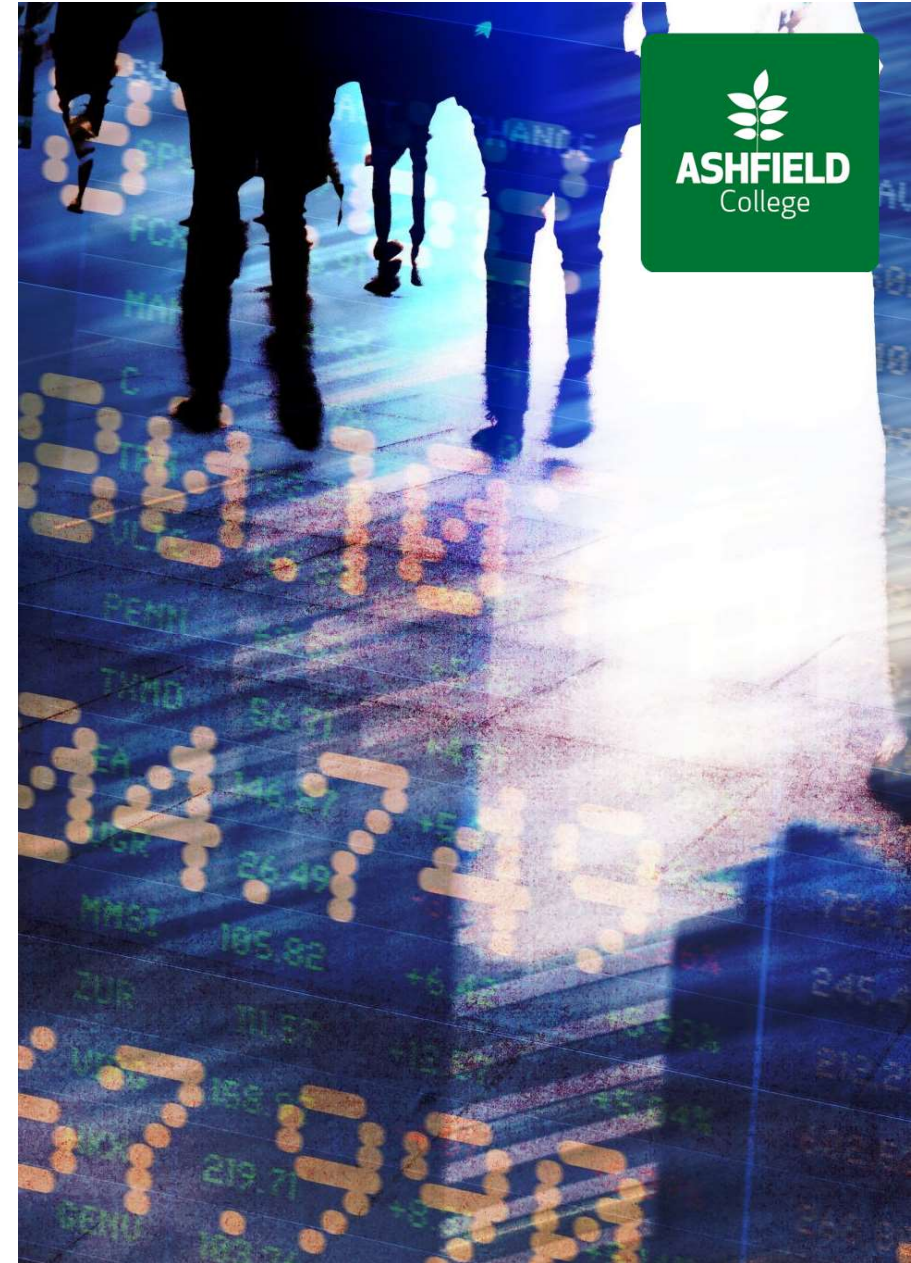
Can support sectors like housing, construction, and small business growth.



# Globalisation and Ireland

## Positive impact of FDI

- Creates **high-quality employment** opportunities across the country.
- Encourages **skills transfer** and upskilling of the local workforce.
- Supports the development of **clusters of innovation**, particularly in cities like Dublin, Cork, and Galway.
- increases **corporation tax receipts**, helping fund public services and infrastructure.
- Drives **GDP growth** through exports, investment, and productivity gains.
- Enhances Ireland's reputation as a **global business hub**, attracting further investment.



# Outline 2 economic implications on Irish economy of US tariffs



- **1. Reduced Irish Exports to the U.S.**
- **Impact:** Tariffs make Irish goods more expensive in the U.S. market.
- **Effect:**
  - Can lead to a **decline in demand** for Irish exports such as pharmaceuticals, medical devices, and food products.
  - Hurts **export-driven sectors**, potentially leading to lower revenues and job losses.
  - May reduce Ireland's **trade surplus** with the U.S., one of its largest trading partners.

# Tariffs impact continued



- **2. Increased Uncertainty and Investment Risk**
- **Impact:** Tariffs signal rising trade tensions and policy unpredictability.
- **Effect:**
  - Creates **uncertainty for multinational companies** operating in Ireland, especially U.S. firms using Ireland as a European base.
  - May delay or reduce **foreign direct investment (FDI)** decisions.
  - Could lead to **supply chain disruptions**, especially in sectors integrated with U.S. markets.

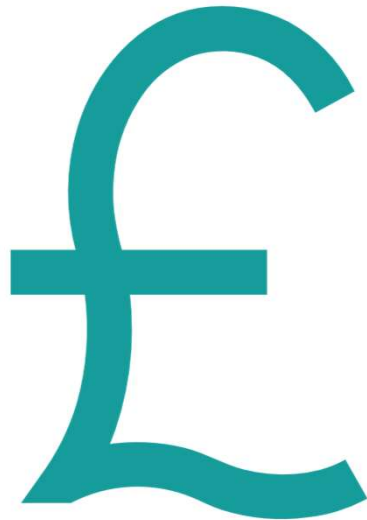


# Current economic stories

## Impact of Corporation tax reform

- **1. Potential Reduction in Ireland's Tax Advantage for FDI**
- **Impact:** Ireland's traditional 12.5% corporate tax rate has been a major draw for multinational companies.
- **Effect:**
  - The global minimum tax reduces Ireland's **relative tax competitiveness**, especially for large multinationals.
  - Could lead to **slower growth in new FDI**, particularly in sectors like tech and pharmaceuticals.
  - However, Ireland's other strengths – like talent, EU access, and regulatory stability – may help retain investment.

# Tax reform continued



- **Stabilisation and Redistribution of Corporate Tax Revenues**
- **Impact:** The reform aims to ensure large multinationals pay tax where economic activity occurs.
- **Effect:**
  - May lead to **more stable but potentially lower corporate tax receipts** over time.
  - Could reduce Ireland's **over-reliance on a small number of firms** for tax income.
  - Encourages the government to adopt **more sustainable fiscal planning** and diversify revenue sources.

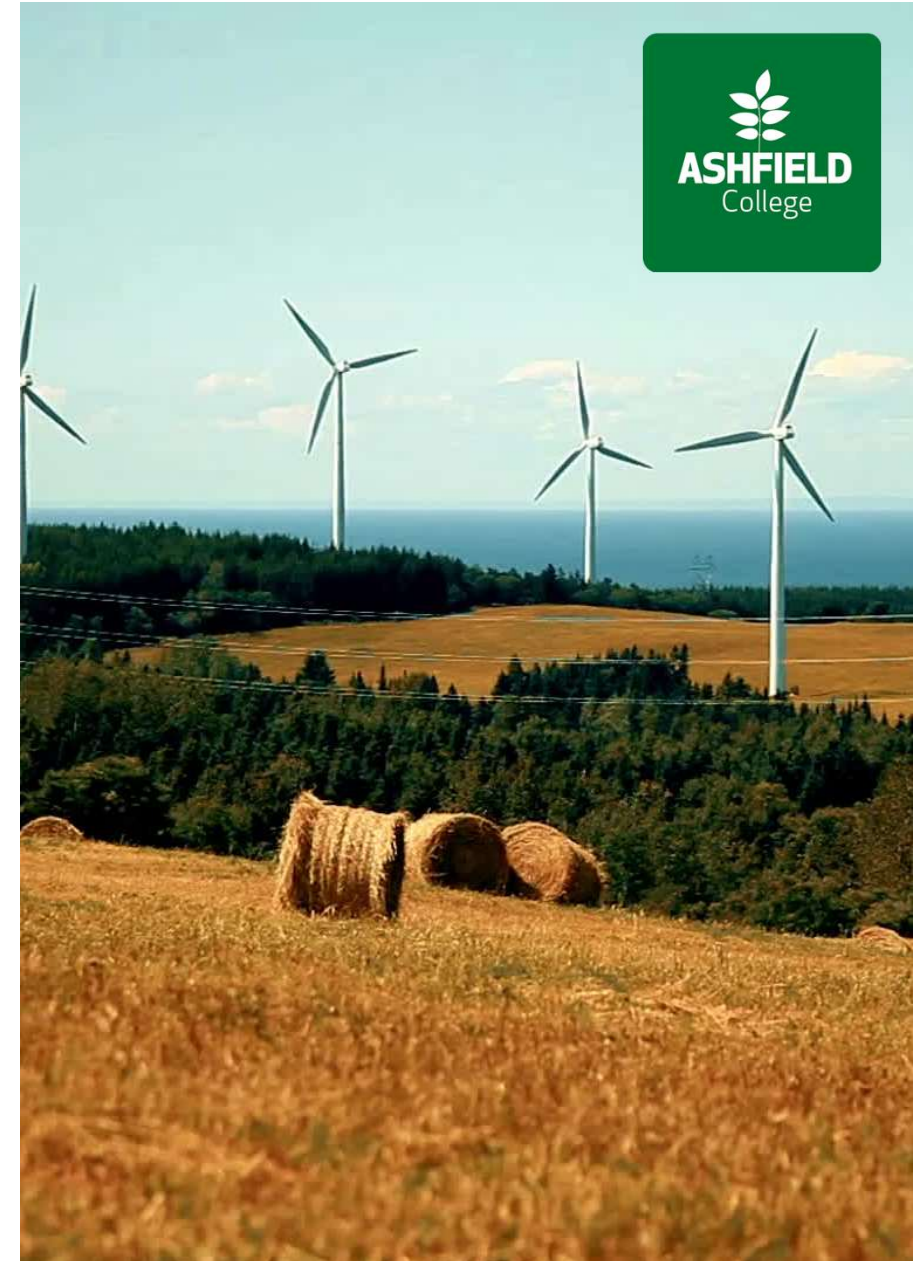
# Wind down of NAMA (Bad Bank) An implication



- **1. Positive Fiscal Contribution to the Exchequer**
- **Impact:** NAMA is projected to deliver a **lifetime surplus of €5.2 billion** to the Irish state, including over **€1 billion in final surplus payments** during 2024–2025 **1**
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- **Effect:**
  - Strengthens **public finances**, providing additional resources for infrastructure, housing, or debt reduction.
  - Reduces the need for government borrowing, helping maintain Ireland's **fiscal credibility** and credit rating.

# Impact of wind energy expansion on Ireland

- **1. Energy Cost Stability and Reduced Import Dependence**
- **Impact:** Wind energy reduces Ireland's reliance on imported fossil fuels like gas and oil.
- **Effect:**
  - Enhances **energy security** and shields the economy from global energy price shocks.
  - Helps **stabilize electricity prices** over the long term, benefiting households and businesses.
  - Improves the **balance of payments** by reducing energy import costs.





# Impacts of constraints in Irish housing market

- **Reduced Labour Mobility and Productivity**
- **Impact:** High housing costs and limited availability make it difficult for workers to relocate for jobs.
- **Effect:**
  - Limits **labour market flexibility**, especially in urban centres like Dublin.
  - Can lead to **skills mismatches** and slower business expansion.
  - Reduces overall **economic productivity** and competitiveness.

# Impact of housing constraints continued

- **Increased Cost of Living and Wage Pressures**
- **Impact:** Housing constraints drive up rents and property prices.
- **Effect:**
  - Raises the **cost of living**, particularly for younger and lower-income households.
  - Leads to **wage demands**, increasing costs for employers.
  - May contribute to **inflationary pressures** and reduce disposable income, affecting consumer spending.



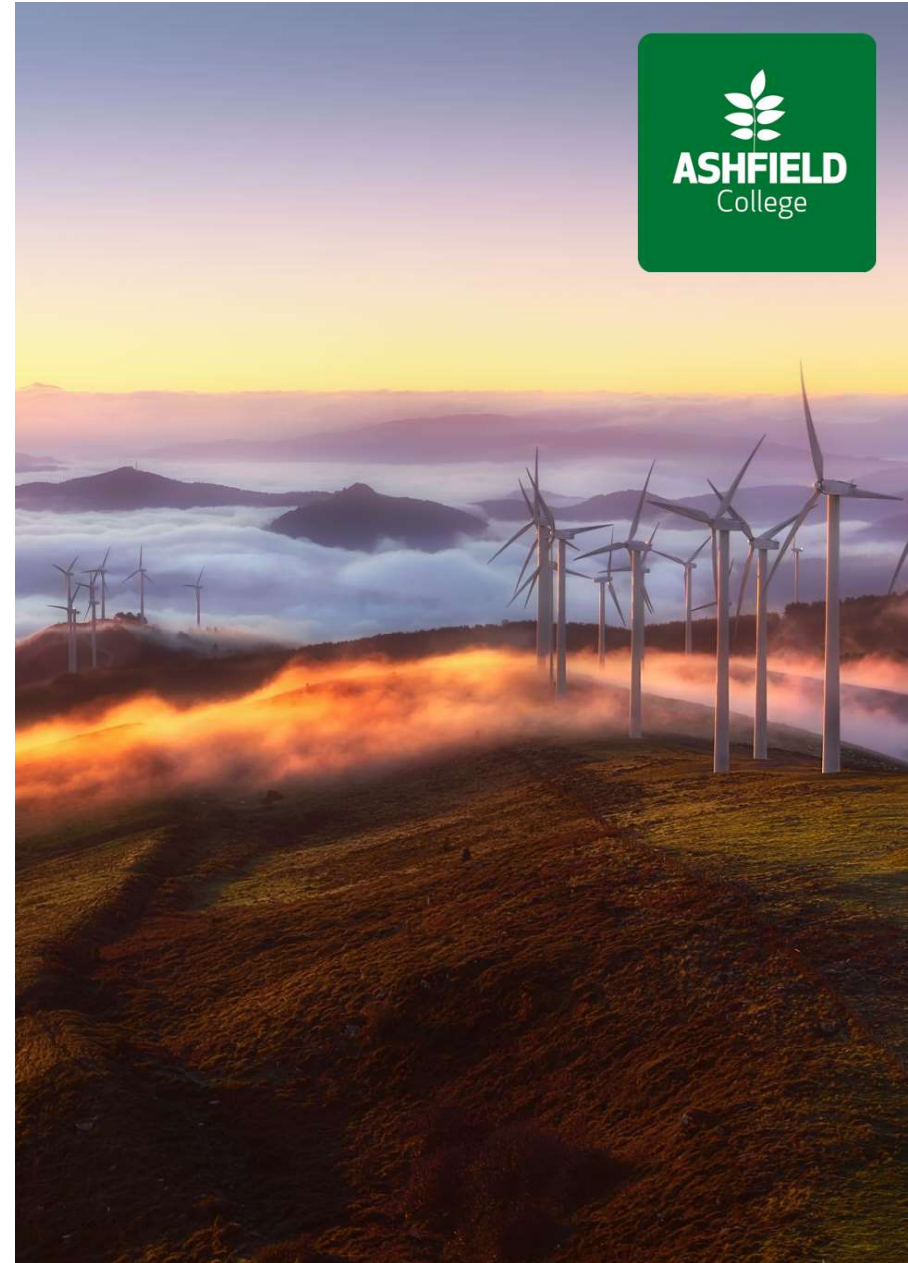


# Outline two economic effects of data centres

- **1. Attraction of Foreign Direct Investment (FDI) and Tech Sector Growth**
- **Impact:** Ireland hosts many global tech firms (e.g. Google, Amazon, Microsoft), which rely on data centres for cloud services and digital infrastructure.
- **Effect:**
  - Strengthens Ireland's position as a **global tech and digital hub**.
  - Encourages **continued FDI**, particularly in high-value sectors like ICT and AI.
  - Supports **high-skilled employment** and innovation ecosystems.

# Impact of data centres continued

- **2. Pressure on Energy Infrastructure and Climate Targets**
- **Impact:** Data centres are highly energy-intensive, accounting for over **18% of Ireland's electricity use** as of 2024.
- **Effect:**
  - Increases **demand on the national grid**, potentially requiring costly upgrades.
  - Challenges Ireland's ability to meet **renewable energy and emissions targets**.
  - May lead to **policy restrictions or moratoriums** on new data centre developments in certain areas.



# Summary

Label every question properly

Leave space between heading and paragraph

Minimum of two pieces of knowledge per definition

Answer what is asked and always show workings in calculations questions

Watch your timing

# Popular core topics



Demand/Supply/Elasticity



Costing and Economies of Scale



Market structures/SPECS/Price Discrimination/HHI



Market failure



Factors of Production



National Income



Government and Economic variables



International trade/FDI/Protectionism

