

# Leaving Certificate Programme

## ECONOMICS

### *Ordinary and Higher Level Courses*

#### **Objectives**

- (1) To give students a general picture and an understanding of economic activities, patterns and principles.
- (2) To develop in students the capacity to apply these principles and to help them transfer this knowledge to new situations, and to achieve critical thought.
- (3) To develop in all our students an interest in everyday economics and to aid them in their education for citizenship.
- (4) To provide a suitable basis for further study of the subject.

#### **Note:**

While Ordinary and Higher level pupils cover the same ground, the latter will be expected to have a wider knowledge and deeper understanding than the pupils who present at Ordinary Level.

#### **Introduction**

Economics as a science; its scope, purpose and limitations. Basic economic concepts such as wealth, income, welfare, scarcity, choice, wants, needs, goods and services, utility, production, consumption and exchange, opportunity cost, diminishing returns, open and closed economics.

#### **Production and Consumption**

- (a) Resources (factors of production)  
Natural – Land, Man made – Capital; Human – Labour and Enterprise.
- (b) Production units; Firms and industries.  
Consumption units: Households.
- (c) Scale of production; size, type and location of firms and industries. Economies and diseconomies of scale.

#### **Economic System and Economic Thought**

Brief historical outline of economic thought – Smith, Marx, Keynes etc.  
Market, centrally planned and mixed economies.

#### **Demand and Supply**

- (a) Concept of a market.  
Factor, intermediate and final markets.
- (b) Consumer demand; assumptions; individual and market demand; influences on demand; marginal utility; demand curves; shifts in demand; different forms of demand; elasticities of demand.

- (c) Supply; assumptions; individual and market supply; significance of short-run and long-run in supply; influences on supply; shifts in supply. Cost curves; fixed, variable, average and marginal. Social costs and benefits; elasticity of supply.

### **Price and Output**

- (a) Determination of price and output under conditions of perfect competition. Assumptions. Short and longrun equilibrium of the firm and industry. Implications of perfect competition for producer, consumer and society.
- (b) Determination of price and output under monopoly conditions. Causes and characteristics of monopolies. Short and longrun equilibrium of the monopolist. Price discrimination. Implications of monopoly for producer, consumer and society. Control of monopolies.
- (c) Determination of price and output under conditions of imperfect competition and oligopoly. Assumptions. Short and longrun equilibrium of the firm and industry. Non-price competition.

### **Factor Incomes**

Demand for factors. Marginal revenue product theory; its uses and limitations.

Rent: supply and demand for land. Economic rent as applied to all factors.

Wages: supply and demand for labour. Influences on supply and demand.

Trade unions: their organisation and effects on the supply curve of labour. Differing wage rates.

Interest: outline of Classical and Keynesian theories of interest.

Profit: as an incentive, a reward and as a cost of production.

### **Determination of National Income and its Fluctuations**

Concept of national income; its measurement and statistical sources.

Factors influencing the size and composition of national income. Its limitations as a measure of economic performance.

### **Money and Banking**

Brief historical survey; functions of money; types of money. Banks and the creation of credit. Central banks and the control of money. Demand for and supply of money. National and international financial institutions. Recent developments.

### **The Government in the Economy**

Brief outline of the government's economic role.

Government finance. Sources of income of central and local government. Size, composition and influence of government expenditure. The budget. The economic implications of budget deficits and surpluses.

### **Inflation**

Measurement of prices. Causes, remedies and effects of inflation in open and closed economies. Deflation and its effects.

### **International Trade and Payments**

Brief historical survey. Theory of international trade. Arguments for and against free trade. Institutions which promote free trade. Restrictions on free trade.

Terms of trade.

Exchange rates and their determination. Floating, fixed and managed rates of exchange. Revaluation/Devaluation. Balance of trade and balance of payments. Short term and long term deficits and surpluses: significances and remedies.

### **Economics of Population**

Global and national population, size, composition and trends. Over, under and optimum population. The labour force and employment. The importance of population, and its influence on economic development and growth.

### **Economic Growth and Development**

Meaning and significance. Relative income levels of different countries. Reasons for disparities. Economic planning, growth and the environment; the Irish experience.

### **Economic Policies, Problems and Conflicts**

Government social and economic aims and their significance. Methods of achieving these aims. Possible conflicts in achieving them simultaneously in a national and international context.