

WARNING

You must return this paper with your answerbook, otherwise marks will be lost.

M.41

Write your Examination Number here 

**AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA
LEAVING CERTIFICATE EXAMINATION, 1998**

**AGRICULTURAL ECONOMICS - ORDINARY LEVEL
(320 marks)**

THURSDAY 25 JUNE - MORNING, 9.30 - 12.00

Answer fifteen questions from Part I and four questions from Part II. You should not spend more than one hour on Part I.
Part I (120 marks)

Answer fifteen questions.

Write the answers in the spaces provided.

1. The economy is often divided into three sectors.
Name them: 1. _____
2. _____
3. _____

2. Name one distinctive characteristic of land tenure in Ireland:

3. Give an example of a hired factor input: _____

4. Price may be defined as: _____

5. What is the economic definition of a firm? _____

6. Give one example each of a (i) fixed cost: _____
(ii) variable cost: _____
on a typical family farm.

7. Give an example of (i) competing products _____
(ii) joint products _____
in Irish farming.

8. One of the two key variables affecting the long-term demand for agricultural commodities is:

9. Give an example of a commodity the price of which is determined:
- (i) in a product market _____
- (ii) in a factor market _____
10. If the nominal price of a good increases by 10% while the rate of inflation is 5%, what is the real increase in the price of the good?
- _____
11. Who carries out the National Farm Management Survey?
- _____
12. Give two examples of ratios that would be used in the comparative analysis of dairy farms:
- (i) _____
- (ii) _____
13. Financial feasibility of a farm plan refers to:
- _____
14. What is a pure life insurance policy?
- _____
15. What does the volume index of agricultural output tell you?
- _____
16. What is meant by the *income gap* in agricultural policy?
- _____
17. What is the main decision making body in the European Union?
- _____
18. What is the Disadvantaged Areas Scheme?
- _____
- _____
19. Name a country which is a substantial net contributor to the EU budget _____
and a country which is a substantial net beneficiary _____.
20. What is the Lome Convention?
- _____
- _____



AGRICULTURAL ECONOMICS - ORDINARY LEVEL

THURSDAY 25 JUNE - MORNING 9.30 - 12.00

Part 1 is on a separate sheet which provides spaces for your answers. The completed sheet should be enclosed in your answer-book.

PART II (200 marks)

Answer four questions.

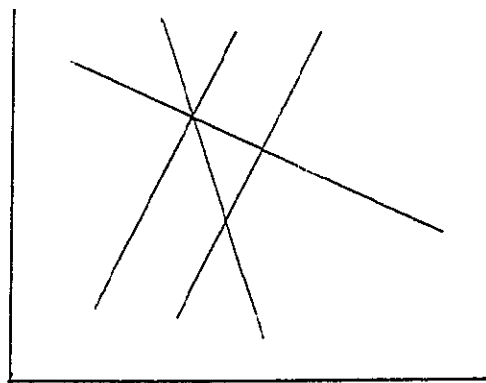
Write your answers to this part in the answer book provided.

All questions carry equal marks.

1. In free markets economic decisions may be classified in four categories. Name the four categories and explain any two of them.
2. Dutch farmers receive a much higher price per gallon of milk than Irish farmers. Suggest possible reasons for this situation.
3. The diagram below shows the impact on price of a shift in supply to the right on:
 - (i) a commodity with a relatively low price elasticity of demand; and
 - (ii) another commodity with a relatively high price elasticity of demand.

Copy this diagram into your answer book and:

- (a) Label the axes and the supply/demand curves.
- (b) Draw in the prices before and after the supply shift and explain your results.



4. In the case of any three of the following distinguish between:
 - a. Feed area and forage area;
 - b. Fixed assets and current assets;
 - c. An overdraft and a term loan; and
 - d. Partial and complete budgets.
5. Family farm income is no longer an adequate measure of the total income of many farm households. Explain why this is so and indicate the main trends which are occurring in the composition of farm household income.
6. Explain any three of the following;
 - a. Deficiency payments;
 - b. Headage payments;
 - c. Beef premia; and
 - d. Tiered prices.