



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, 1999**

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

THURSDAY 24 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.

All questions carry equal marks.

1. The percentage of *Gross Domestic Product* currently accounted for by Agriculture in Ireland's official statistics is approximately _____%

2. A farmer is a _____

3. What is a family farm?

4. What is a farm Balance Sheet?

5. How does seasonality affect the level of farm prices?

6. Name *one* criterion which a farmer might use to arrive at a production decision.

7. The price elasticity of supply for most agricultural products is relatively low. Explain.

8. Marginal Revenue Product = Price multiplied by _____
9. What is the *marketing margin*? _____
10. What does the Food Price Index tell us?
11. Give *one* example of a positive inventory change in farm accounting.
12. Name *one fixed asset* in a farm Balance Sheet.
13. The present value of a sum of money to be received in five years time is _____ than the actual sum of money to be received.
14. Name *one* Purchase or *one* Sales Tax which farmers have to pay.
15. Name *one* important *resource substitution* which is occurring in Irish Agriculture over time.
16. Why is income from farming no longer an adequate measure of income status in many farm households?
17. What is the function of COPA in the E.U.?
18. Which form of agricultural policy accounts for most of the expenditure under the CAP?
19. Name *two* commodities controlled by quotas at farm level under the CAP.
- (i) _____
- (ii) _____
20. What was Thomas Malthus concerned about?

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

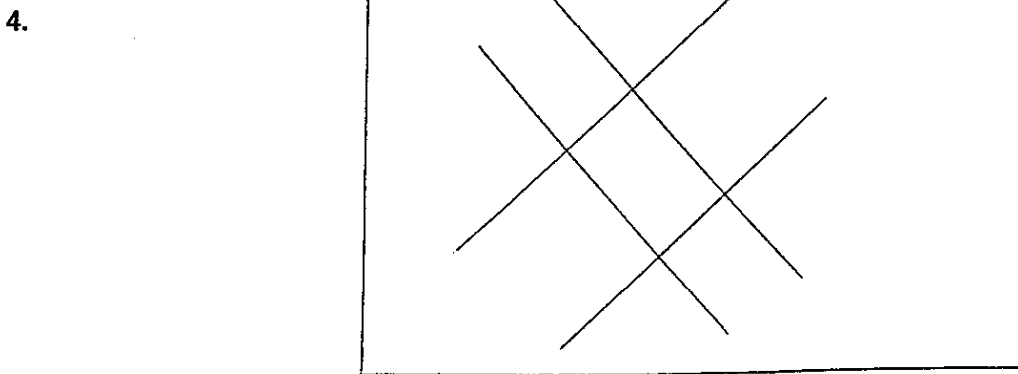
PART II (200 marks)

Answer four questions.

Write your answers to this part in your answer-book.

All questions carry equal marks.

1. "Farmers have weak bargaining power in marketing their products".
Explain *why* this is so and *describe* any two approaches towards overcoming it.
2. The effect of a price change on supply response depends on the length of time the farmer has to change the level of inputs in production.
Explain this statement as fully as possible.
3. Identify *three* types of budget used in Farm Planning and indicate the circumstances under which *each* budget is used.



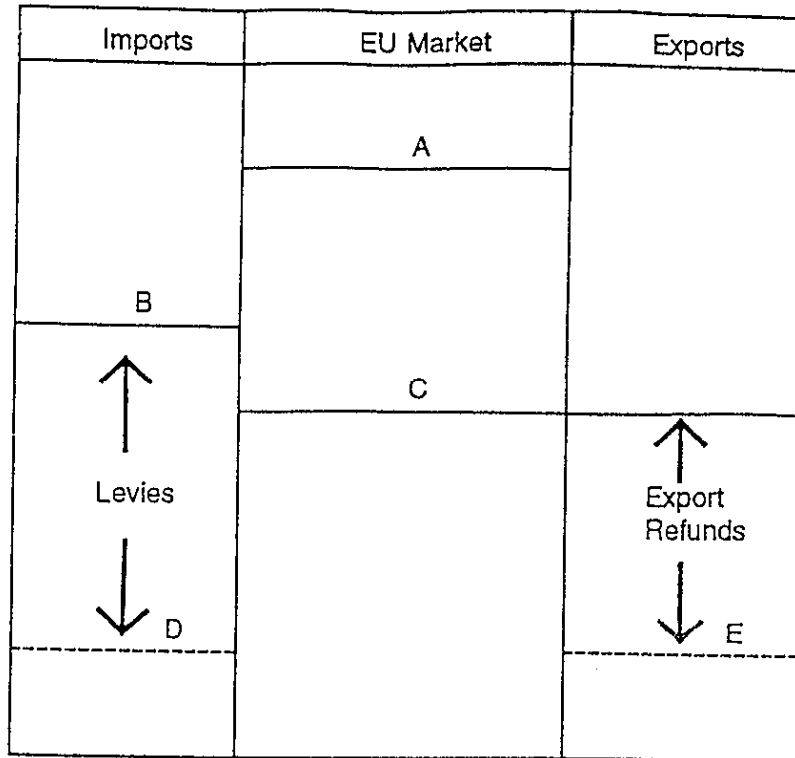
The above diagram indicates the shifts in demand for and in the supply of food products between 1985 and 1995.

- (a) Copy the diagram into your answer-book, labelling the axes and the demand and supply curves, showing the increases from 1985 to 1995.
 - (b) Show on the diagram the price change between 1985 and 1995 as a result of the shifts in demand and supply.
 - (c) Explain the main variables which cause the demand for and the supply of food products to shift to the right in the long-term.
- 5.
- (a) Distinguish between *fixed* and *variable* costs in farming.
 - (b) Identify a farming situation where:-
 - (i) land is a fixed cost
 - (ii) land is a variable cost
 - (iii) labour is a fixed cost
 - (iv) labour is a variable cost
 - (c) Copy and complete the following statement:

Output less variable costs equals _____

6.

The CAP Price Support System



- (a) Given the diagram above of the general CAP price support system, identify the prices indicated at A, B, C, D, and E.
- (b) Indicate the approximate level of EU market prices under this support system when:-
- (i) there is a deficit of a commodity within the EU.
 - (ii) there is a surplus of a commodity within the EU.