

**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, 2000**

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

**WEDNESDAY 21 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. What do you understand by the term "**farmers as consumers**"?

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2. What is the main difference between Leinster and Connacht in terms of land use or crops grown?

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3. Gross Capital Formation **minus** \_\_\_\_\_ equals Net Capital Formation.

4. Name **one** of the two largest **intermediate inputs** by value used by the Irish farming sector.

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5. Give **one** reason why the processing capacity of Irish Dairy companies is often under-utilised.

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6. What do you understand by the **planning horizon** of a farmer?

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7. Give **one** example of **resource immobility** in farming.

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8. Name **one** of the three production periods which are usually distinguished in supply analysis:

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9. Distinguish between the role played by the farmer in the product market and in the factor market.

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10. Name the index which measures inflation:

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11. What is **straight-line** depreciation?

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12. Name **two** productivity ratios used in comparative analysis of farms:

(1) \_\_\_\_\_ (2) \_\_\_\_\_

13. What is the purpose of a **cash flow budget** for a farm?

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14. State **one** capital tax applying to farmers:

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15. What is the **Household Budget Survey**?

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16. The \_\_\_\_\_ is the main decision-making body of the EU.

17. Outline **one** common criticism of part-time farming.

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18. The EU budget is financed by the member states in a number of ways. Name **one** of them.

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19. What do you understand by the term REPS?

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20. What was the main change in cereal policy agreed in the Agenda 2000 negotiations?

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**M.41(A)**

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**AGRICULTURAL ECONOMICS - ORDINARY LEVEL**

**WEDNESDAY 21 JUNE - MORNING 9.30 - 12.00**

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

**OVER®**

**PART II (200 marks)**

**Answer four questions.**

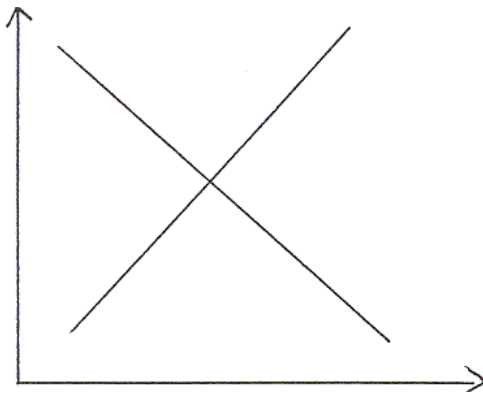
**Write your answers to this part in the answer book provided.**

**All questions carry equal marks.**

1. In relation to the workforce in farming:

- (a) What are the special difficulties in measuring the farm workforce?
- (b) Explain the difference in approach between the **Census of population** and the **EU Survey** in estimating the farm workforce.
- (c) How do the results from the two sources differ?

2. Given the demand and supply diagram representing the market for beef:

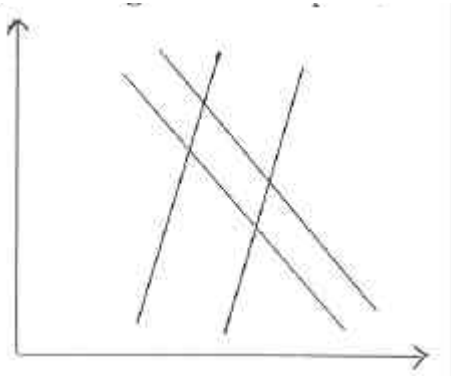


- (a) Copy the diagram above into your answer book and clearly label the axes and the demand and supply curves.
- (b) Show on the diagram the equilibrium price and the equilibrium quantity.
- (c) Explain how the following changes would affect the price of beef on a free market:
  - (i) a decrease in the price of pigmeat;
  - (ii) an increase in the purchasing power of consumers;
  - (iii) a further epidemic of BSE.

(You may use diagrams, if you wish.)

3. The diagram below illustrates the long-term movements in supply, demand and prices of agricultural output.

Copy the diagram into your answer-book.



- (i) Label the axes, the demand and supply lines and the equilibrium price levels.
- (ii) What are the main forces shifting the demand for and the supply of agricultural output over time?
- (iii) How do these forces differ for different commodities?
4. (a) Given the following data in £IR for a farm, calculate the following:
- Total Output
  - Gross Margin
  - Family Farm Income.

Sales less Purchases	Direct Payments	Change in Inventories	Household Consumption
+ £55,000	+ £12,000	- £500	+ £750

Fixed Costs      £17,000  
Variable Costs    £25,000

- (b) State **three** examples of fixed costs and **three** variable costs as they apply in farming.
5. (a) Given the following data for Ireland in 1998, calculate the income gap:
- |   |         |
|---|---------|
| Family Farm Workforce                     | 130,000 |
| Family Farm Income                        | £1,690m |
| Average Annual Wage of Industrial Workers | £15,000 |
- (b) The figure calculated for family farm income is an average which hides the variation in income distribution within farming.  
Explain **two** reasons for this variation in income.
6. (a) Explain why **supply control** is operated under the Common Agricultural Policy.
- (b) It is implemented in farming by:
- controlling inputs;
  - controlling the volume of production at farm level.
- Describe how **each** of these two approaches works, giving one example in each case.