

WARNING

This Question Paper **MUST** be returned with your answer book(s) at the end of the Examination, otherwise marks will be lost.

Write your Examination Number here ⇒

AN ROINN OIDEACHAIS AGUS EOLAÍOCHTA
LEAVING CERTIFICATE EXAMINATION, 2002

WEDNESDAY, 19 JUNE 2002, MORNING 9.30 – 12.00

AGRICULTURAL ECONOMICS – ORDINARY LEVEL
(320 Marks)

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.

PART II (200 marks)

Four questions to be answered in your answer book(s).
All questions carry equal marks (50 marks).

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK(S)
USED TO ANSWER THE QUESTIONS IN PART II.**

PART I (120 marks)

Answer **fifteen** questions.

Write the answers in the spaces provided.

All questions carry equal marks.

1. “The typical farmer in Ireland owns most of the resources s/he employs.” Give **ONE** example.

2. How is a farmer defined in the Census of Population?

3. State **ONE** major difference between land use in Ireland and land use in mainland Europe.

4. Name the **TWO** most important enterprises in Irish agriculture in terms of Gross Agricultural Output:

(a) _____ (b) _____

5. _____% of the output of beef is exported.

6. Name the organisation which co-ordinates agricultural co-operatives in Ireland.

7. Define Marginal Revenue Product.

8. How does an increase in the cost of production of a commodity affect the supply curve of that commodity?

9. Distinguish between *demand* for food and *need* for food.

10. Name the ratio which shows the effect on demand of a change in real income.

11. What is the difference between the nominal price of land and the real price of land?

12. The *liquidity ratio* for a farm is defined as the ratio of _____ assets to _____ liabilities.

13. State the **TWO** broad categories of information required to produce a farm plan.

(a) _____ (b) _____

14. What is the main difference between a personal loan and a hire purchase loan?

15. How is growth in the national economy measured?

16. Why is the income from farming no longer an adequate measure of the economic status of many farmers?

17. Civil Servants have two key functions in the process of agricultural policy formation. Name **ONE** of them.

18. Who are “potentially viable farmers”?

19. There are many deviations from the general CAP price support system. Name **TWO** of them:

(a) _____ (b) _____

20. Describe **ONE** serious limitation of the use of a food aid policy to help developing countries.

Remember to return this question paper with the answer book(s) used to answer the questions in Part II.

PART II (200 marks)

Four questions to be answered in your answer book(s).
All questions carry equal marks (50 marks).

1. The Irish national economy is divided into three broad sectors A, B and C. The Gross Domestic Product of each in 1999 was as follows:

	€ billions	% of total
A	29.8	38.3
B	3.3	4.2
C	44.7	57.5
Total	77.8	100.0

- (i) Name the **THREE** sectors.
- (ii) The proportion of each sector is changing over time. State which sector is declining, which is growing and which is relatively stable.
- (iii) The subdivision of the economy into the three sectors gives an incomplete picture of the full importance of the agricultural sector. Explain why.

[50 marks]

2. (i) What are the components of Capital Formation in farming?
- (ii) Distinguish between **Gross Capital Formation** and **Net Capital Formation**.
- (iii) Capital Formation in farming is funded from three sources. State the **THREE** sources.
- (iv) Where in the Farm Accounts would you find information on the capital stock of a farm?

[50 marks]

3. (i) Given the following demand and supply schedules for a certain crop, draw the diagram into your answer book. Clearly label the axes and the demand and supply curves.

Price (€ per tonne)	Demand (tonnes)	Supply (tonnes)
15	500,000	150,000
20	400,000	300,000
25	300,000	450,000
30	200,000	600,000
35	100,000	750,000

- (ii) What total revenue would farmers receive for the crop on a free market?
- (iii) If the Government, wishing to increase farmers' receipts, guaranteed the price at €24 per tonne, what total revenue would farmers receive **and** what surplus production would the Government be left with?

[50 marks]

4. Given the following farm accounts data for a typical Irish dairy farm:

		€
Sales less purchases of:	(i) Milk	66,000
	(ii) Livestock	30,000
	(iii) Crops	4,000
Change in inventories		-5,000
Household consumption		1,500
Variable costs		36,000
Fixed costs:	(i) Depreciation	3,000
	(ii) Other	24,000

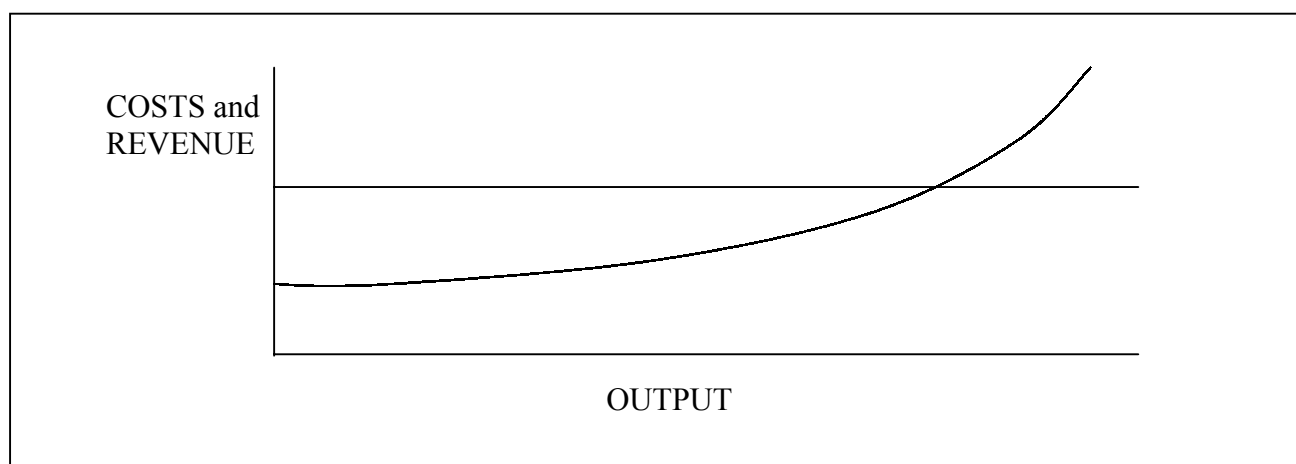
- Calculate:**
- (i) the Farm Output
- (ii) the Farm Gross Margin
- (iii) the Family Farm Income.

[50 marks]

5. A farmer is considering the purchase of extra land and hopes to borrow the money required.
- (i) Explain how the bank manager is likely to decide on the amount of money s/he could borrow.
 - (ii) In the event of the farmer experiencing difficulty in meeting the repayments on the land, explain **THREE** options available to him.

[50 marks]

6.



- (i) Explain
 - (a) marginal cost
 - (b) marginal revenue.
- (ii) Copy the above diagram onto your answer book, fill in the missing labels, and identify the most profitable level of production (Q).
- (iii) Explain why producing either more than or less than this level (Q) would be less profitable.

[50 marks]

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