

**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 ⇒



# Coimisiún na Scrúduithe Stáit State Examinations Commission

**LEAVING CERTIFICATE EXAMINATION, 2008**

**WEDNESDAY JUNE 18, 2008 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)**

Answer **four** questions.  
Write the answers in your answer book(s).  
All questions carry equal marks (50 marks).  
Do **not** write answers to Part II on this question paper.

**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. State **one** example of a (i) Fixed cost: \_\_\_\_\_  
(ii) Variable cost: \_\_\_\_\_
2. Explain the term **Third Party Insurance**: \_\_\_\_\_  
\_\_\_\_\_
3. Gross Capital Formation minus \_\_\_\_\_ equals Net Capital Formation.
4. Name **one** farming organisation: \_\_\_\_\_
5. If the nominal price of a product increases by 8% while the rate of inflation is 5%, what is the real increase in the price of the product? \_\_\_\_\_
6. Approximately \_\_\_\_\_% of Irish beef is exported annually.
7. Explain how an increase in the cost of production of barley affects the barley supply curve.  
\_\_\_\_\_  
\_\_\_\_\_
8. Equilibrium price may be defined as \_\_\_\_\_  
\_\_\_\_\_
9. Name the Factor of Production which earns interest: \_\_\_\_\_
10. Incomes from dairy production have increased significantly in recent months. Explain why more Irish farmers do not enter dairy production. \_\_\_\_\_  
\_\_\_\_\_
11. The liquidity ratio for a farm is defined as the ratio of \_\_\_\_\_ assets to current \_\_\_\_\_.

12. State any **two** stages in the food chain.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

13. Farmers can acquire new capital from sources other than borrowing. Name **two** sources.

(i) \_\_\_\_\_

(ii) \_\_\_\_\_

14. The **Consumer Price Index** measures \_\_\_\_\_

\_\_\_\_\_

15. State **one** example in Irish farming of **each** of the following:

(i) Competing Products: \_\_\_\_\_

(ii) Joint Products: \_\_\_\_\_

16. Provide up-to-date statistical data concerning the Irish Agricultural Sector as shown below.

Number of Dairy Farmers in Ireland	
% of Irish agricultural land devoted to grass production	

17. What do you understand by the term **decoupling** in agricultural policy? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

18. Outline why income from farming is no longer an adequate measure of total income in many farm households.

\_\_\_\_\_

\_\_\_\_\_

19. Outline **one** limitation of the use of a food aid policy to help developing countries.

\_\_\_\_\_

20. **Gross Margin** is defined as \_\_\_\_\_ output minus \_\_\_\_\_ costs.

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

## PART II (200 marks)

Answer **four** questions.

Write the answers in your answer book(s).

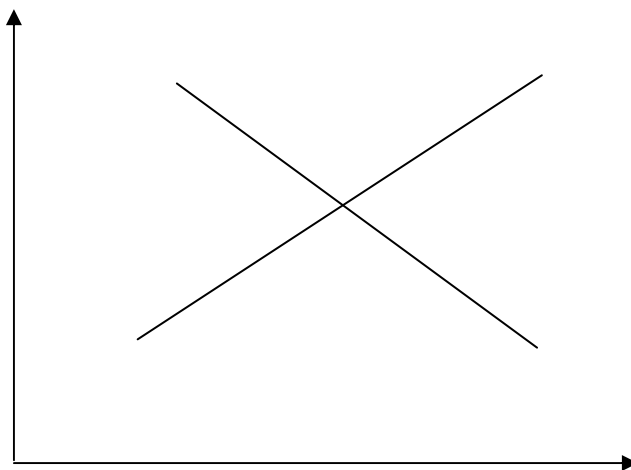
All questions carry equal marks (50 marks).

Do **not** write answers to Part II on this question paper.

1. (a) Describe the food chain which ends with lamb purchased by the consumer.  
(b) Explain the farmers' contribution to the final product purchased by the consumer.  
(c) Explain **two economic** advantages and **two economic** disadvantages of agricultural imports to Ireland.

[50 marks]

2. The diagram below shows the demand for and the supply of **pig meat**:



- (a) Copy the diagram into your answer book and label the axes, the supply and demand curves and the equilibrium price and quantity of pig meat.
- (b) Explain, using a separate diagram in **each** case, how the following changes would affect the equilibrium price of pig meat:
  - (i) An outbreak of BSE in the **beef herd**;
  - (ii) A successful advertising campaign informing consumers of the nutritional benefits of eating **pork**;
  - (iii) A decrease in the price of **lamb**.
- (c) Outline **two** variables which influence the supply of any commodity.

[50 marks]

3. (a) Explain **three** reasons why farmers prepare farm accounts.

(b) The following are the data for a family farm employing one person:

	€
Sales less purchases	200,000
Increase in inventories	5,000
Household consumption	1,000
Variable Costs	30,000
Fixed Costs	36,000

Calculate, showing all your workings:

- (i) Farm Output;
- (ii) Farm gross margin;
- (iii) Family farm income.

[50 marks]

4.

(a) Explain the difference between **cashflow** and **profitability** of a farm business.

(b) Explain and provide **one** agricultural example of **each** of the following sources of finance:

- (i) Short term finance;
- (ii) Medium term finance;
- (iii) Long term finance.

(c) Outline **three** possible options for a farmer experiencing difficulty in meeting loan repayments.

[50 marks]

5. Demand schedule for butter in Ireland.

Price of Butter per kg (€)	Quantity Purchased tonnes/annum, '000
3.00	30
2.50	35
2.00	40
1.50	45
.50	50

- (a) Using the data in the above table, construct a demand curve for butter.
- (b) 'The Demand Curve has a negative slope'. Explain this statement.
- (c) Calculate the revenue that would be earned at 35,000 tonnes.
- (d) State **three** factors which could cause a shift in the demand curve for butter.

[50 marks]

6. The European Union (EU) currently has 27 member states with more countries yet to join. Outline, in **each** case, **two** potential implications of enlargement for:

- (i) Irish farmers;
- (ii) Irish consumers;
- (iii) EU labour markets.

[50 marks]

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