

**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, 2013**

**WEDNESDAY 19 JUNE 2013 - MORNING 9.30 - 12.00**

**AGRICULTURAL ECONOMICS – ORDINARY LEVEL**  
**(320 Marks)**

Answer **fifteen** questions from Part 1 and **four** questions from Part 2.  
You should not spend more than one hour on Part 1.

**PART 1 (120 marks)**

Answer **fifteen** questions.  
Write the answers in the spaces provided on this question paper.  
All questions carry equal marks (8 marks).

**PART 2 (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 2 on this question paper.

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK(S) USED  
TO ANSWER THE QUESTIONS IN PART 2.**

## PART 1 (120 marks)

Answer **fifteen** questions.

Write the answers in the spaces provided.

All questions carry equal marks.

1. State **two** factors a consumer would consider when purchasing agricultural food products:

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

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

2. Circle the **correct** words in this sentence.

*Engel's Law states that as people's incomes rise over time the proportion / amount of income spent on food falls / stays the same.*

3. State **one** example of a direct tax and **one** example of an indirect tax that a large dairy farmer milking 100 cows might be expected to pay in a typical year:

(i) Direct tax: \_\_\_\_\_

(ii) Indirect tax: \_\_\_\_\_

4. State **two** factors that could influence the market supply of wheat in a given year:

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

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

5. Indicate which of the following statements is correct by circling the letter A, B or C.

*When the market demand curve for potatoes shifts to the right, it means:*

A. More potatoes are demanded at a given market price

B. Less potatoes are demanded at a given market price

C. The same amount of potatoes are demanded at a lower market price.

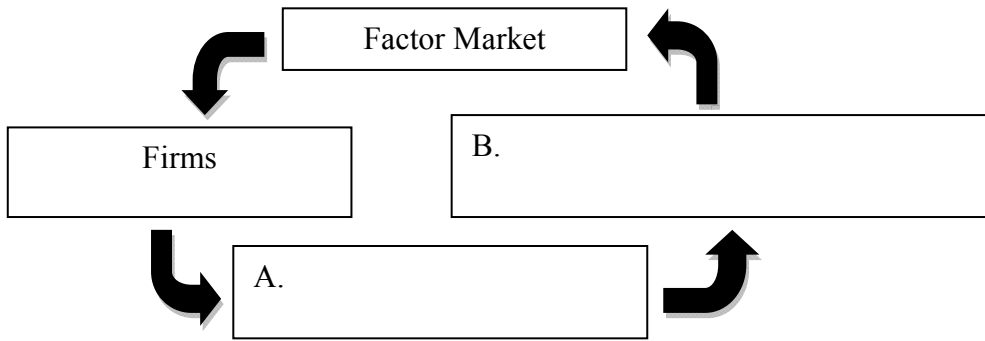
6. Outline **two** reasons why it is important for a farmer to keep financial accounts:

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

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

7. The number of people unemployed in Ireland according to the Live Register for October 2012 was approximately: [tick ( ✓ ) **one** of the following boxes]
- (i) 300,000                       (ii) 420,000                       (iii) 580,000
8. Outline **one** reason why family farm income can differ from farm household income.
- \_\_\_\_\_
- \_\_\_\_\_
9. Explain why a farmer might be regarded as being ‘asset rich and income poor’.
- \_\_\_\_\_
- \_\_\_\_\_
10. Outline **one** example of how a farmer of mixed livestock (cows, cattle and sheep) might engage in diversification on the farm.
- \_\_\_\_\_
- \_\_\_\_\_
11. The number of dairy cows in Ireland in June 2012 was: [tick ( ✓ ) **one** of the following boxes]
- (i) 1.12 million                       (ii) 2.11 million                       (iii) 21.1 million
12. Agricultural output today in a typical western economy accounts for approximately what percentage of GDP? [tick ( ✓ ) **one** of the following boxes]
- (i) 33%                       (ii) 13%                       (iii) 3%
13. State **two** reasons for the general rise in food prices in the last few years:
- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_
14. Assume the income elasticity of demand (YED) for cheese is + 0.6. This means that a 10% increase in income would lead to a \_\_\_\_\_ % **increase / decrease** in quantity demanded. Fill in the blank **and** circle the **correct** word.

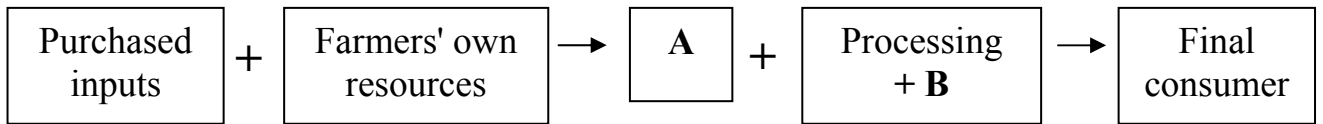
15. Fill in the **two** missing boxes A and B in the diagram of a simple market system.



16. State **two** objectives of the Common Agricultural Policy (CAP) as set out in Article 39 of the Treaty of Rome:

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_

17. Complete the food supply chain for cheese by filling in **A** and **B** below:



A = \_\_\_\_\_ B = \_\_\_\_\_

18. Farmers can raise capital from different sources. State **two** of these sources:

- (i) \_\_\_\_\_
- (ii) \_\_\_\_\_

19. Explain why the demand curve for milk output of a typical Irish dairy farmer is horizontal.

\_\_\_\_\_  
 \_\_\_\_\_

20. Explain why a fall in the value of the euro against the pound sterling should benefit Irish agri-food exports to the United Kingdom.

\_\_\_\_\_  
 \_\_\_\_\_

**REMEMBER TO RETURN THIS QUESTION PAPER WITH THE ANSWER BOOK(S) USED TO ANSWER THE QUESTIONS IN PART 2.**

## PART 2 (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 2 on this question paper.

1. The table below shows the supply and demand schedules for butter in a given market.

Price (€ per tonne)	Quantity supplied (million tonnes)	Quantity demanded (million tonnes)
3,000	15	45
4,000	20	35
5,000	25	25
6,000	30	15
7,000	35	5

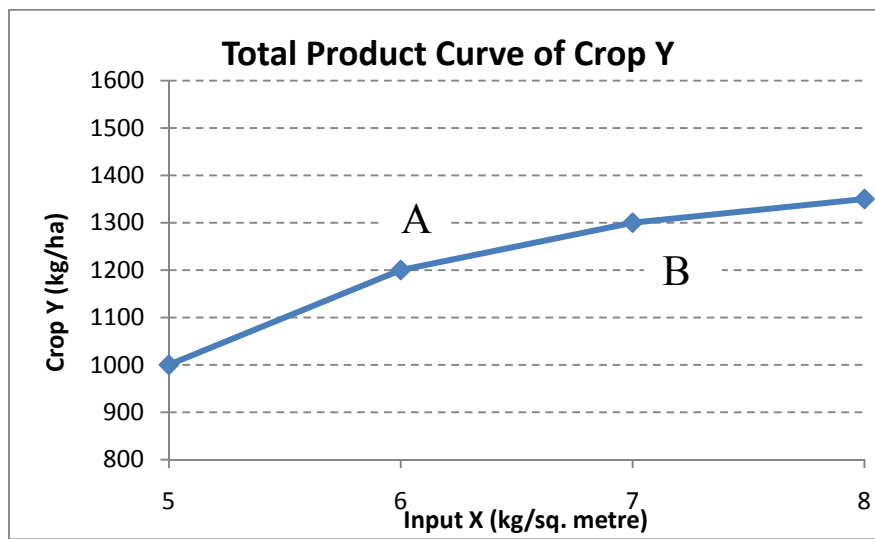
- (a) Using the data from the table:
- Draw the market equilibrium diagram labelling both axes and the Demand and Supply curves.
  - Show the equilibrium market price and quantity **and** explain what this equilibrium situation means.
- (b) Draw a new supply curve in your diagram to represent a **fall in supply**. A new equilibrium will emerge which should be different to the one you described in part (a) (ii) above. Explain how the new equilibrium price and quantity compare to the original ones.

[50 marks]

2. (a) Explain the term 'Quota system' in Irish agriculture **and** state what sector of Irish agriculture has been directly affected by the quota system.
- (b) Outline what you think is likely to happen in Irish agriculture when the quota system is abolished in 2015.
- (c) The agri-food sector in Ireland comprises more than farming.
- Name **two** companies or organisations that are involved in the agri-food sector.
  - Outline **two** ways in which the agri-food sector contributes to the Irish economy.

[50 marks]

3. The chart below shows the total product curve (TPC) describing the relationship between the yield of Crop Y in kilograms per hectare and Fertiliser X in kilograms per square metre (input) as found on John's farm.



- (a) Explain the movement from point A to B in the above diagram.
- (b) Inputs can be classified as *factor inputs* and *intermediate inputs*. Distinguish between these two types of inputs, giving **one** example in each case in a farming context.
- (c) Indicate what would happen to the TPC if farmer John were to grow a higher yielding variety of Crop Y. Explain your answer.

[50 marks]

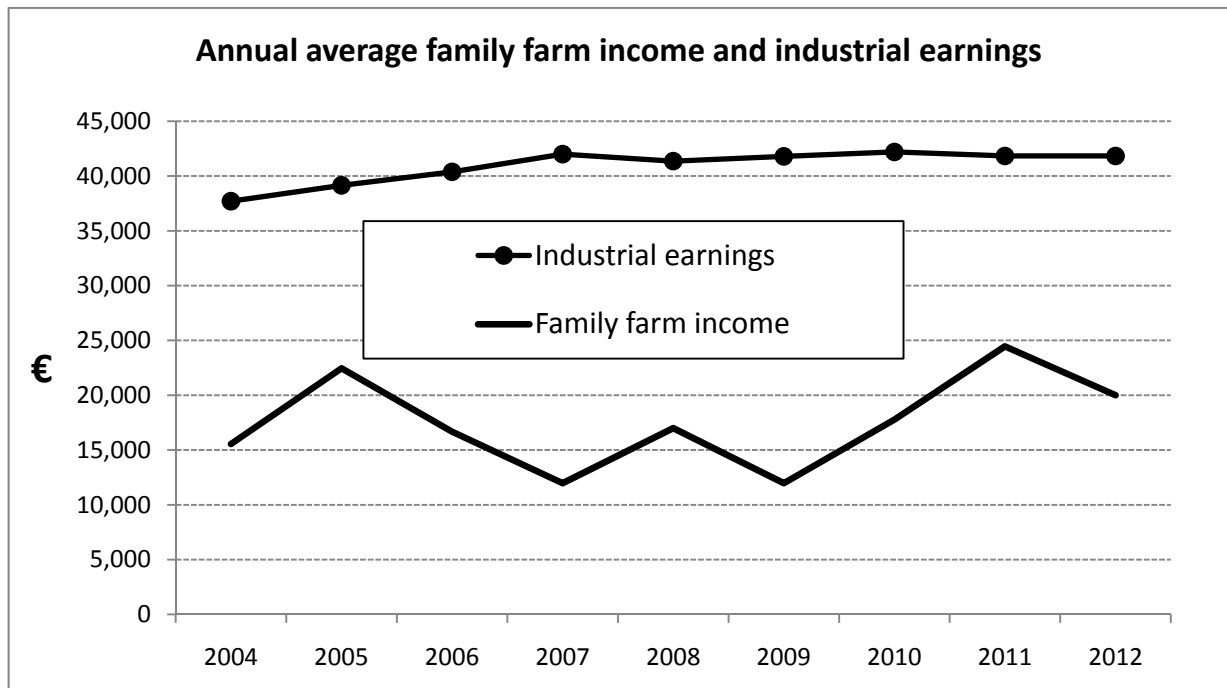
4. The following data is taken from the Balance Sheet of Farmer Joan on 31 December 2012.

Assets (€'000)		Liabilities (€'000)	
Fixed Assets	500	Long term Liabilities	150
Current Assets	200	Current Liabilities	150
<i>of which: Liquid assets</i>	?		
<i>Non-liquid assets</i>	50	Net worth	?
<b>Total assets</b>	<b>700</b>	<b>Total liabilities</b>	<b>700</b>

- (a) State **one** example of **each** of the following:
- (i) Fixed asset      (ii) Current asset      (iii) Long term liability      (iv) Current liability.
- (b) Calculate (showing your workings) the net worth of Joan's farm and explain this figure.
- (c) Calculate (showing your workings) the liquidity ratio of Joan's farm. What does this figure mean **and** would you regard the figure you calculated as satisfactory?

[50 marks]

5. The graph below shows average family farm income and average industrial earnings per worker for each year from 2004 to 2012.



- (a) Based on the above graph, explain briefly how average family farm income has compared to average industrial earnings over the period as a whole in terms of:
- (i) Level of income
  - (ii) Volatility (fluctuations) of annual income.
- (b) Outline the factors that explain:
- (i) The rise in farm incomes in 2010/11
  - (ii) The fall in farm incomes in 2012.

**[50 marks]**

6. (a) (i) Explain the term 'Single Farm Payment' which operates under the Common Agricultural Policy (CAP).
- (ii) Outline **one** reason for the existence of the Single Farm Payment.
- (b) Name **two** lobby or special interest groups that represent Irish farmers.
- (c) Choose **one** of the groups mentioned in (b) above **and** outline **four** ways in which it influences agricultural policy on behalf of its members.

**[50 marks]**

Blank Page