

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, 2010

WEDNESDAY JUNE 23, 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.**

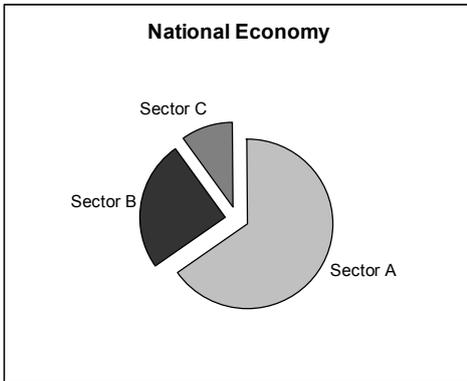
PART I (120 marks)

Answer **fifteen** questions.

Write the answers in the spaces provided.

All questions carry equal marks.

1. Referring to the pie chart below identify the sectors of the national economy according to their relative size:



Sector A: _____

Sector B: _____

Sector C: _____

2. The estimated percentage of Irish family farm holders over 55 years of age is:
(Tick (✓) the appropriate box)

5%

25%

51%

3. Management is defined as that factor of production which _____

4. State **two** principles of a Co-operative:

(i) _____

(ii) _____

5. State **two** characteristics of agriculture which are adverse to marketing:

(i) _____

(ii) _____

6. State **two** of the three production periods in supply analysis:

(i) _____

(ii) _____

7. Explain what is meant by *Third Party Insurance*: _____

8. Name the index used to measure inflation in the Irish economy: _____

9. Indicate by means of a (✓) whether the following statement is true or false according to Engel’s Law. “Higher income groups spend proportionately more of their total income on food than lower income groups”.

True False

10. Complete the table below:

<i>Description of Farmer</i>	<i>Farmer type</i>
(i) A farmer who is adaptive and keeps up with changing economic and technical conditions.	
(ii) A farmer who, with some assistance, could achieve a viable state.	
(iii) A farmer who does not have either the ability or resources to keep the farm modernised.	

11. Explain the term ‘Economic Growth’: _____

12. State **two** disadvantages of imports for Irish producers:

- (i) _____
- (ii) _____

13. State **one** way a loan from a bank can be secured: _____

14. State **one** reason why farmers are regarded as *price takers*: _____

15. **One** method of calculating depreciation is _____

16. An *EU Directive* is _____

17. Explain the term *decoupling* in the context of CAP reform: _____

18. The demand for a good is said to be “price elastic” if _____

19. Gross Capital Formation minus _____ equals Net Capital Formation.

20. Define the term *agricultural policy* _____

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

PART II (200 marks)

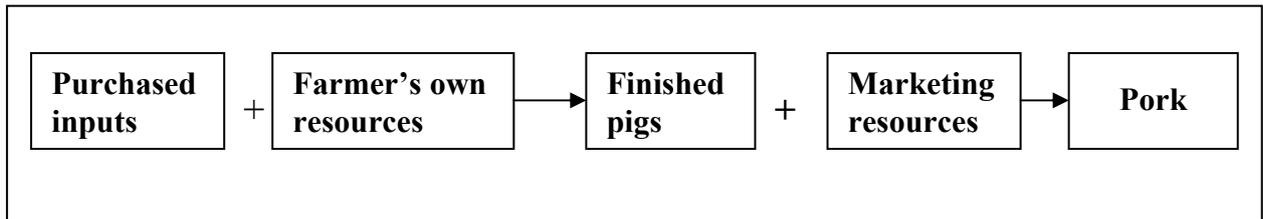
Answer **four** questions.

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) Explain **each** of the stages of the food chain, which ends with pork as purchased by the Irish consumer.



- (b) Outline how the Pig Industry could safeguard the food chain for pork.
 (c) What would be the implications for Irish agriculture of not safeguarding the food chain?

[50 marks]

2. Given the following financial account data for an Irish farm:

OUTPUT (€)

Product	Sales less Purchases	Changes in Inventories	Household Consumption	Total Output
Cattle	48,000	- 4,000	0	
Crops	5,000	+1,000	200	
Total	53,000	-3,000	200	

- (a) Calculate the following (showing all your workings):
- (i) The total output for **each** product category **and** for the farm as a whole;
 - (ii) The Gross Margin for the farm as a whole, if variable costs were €20,000.
- (b) Explain the following, using an example in each case:
- (i) An inventory change;
 - (ii) Variable Costs.

[50 marks]

3. The following figures are taken from a Tillage Farmer's Balance Sheet on 31 December 2009.

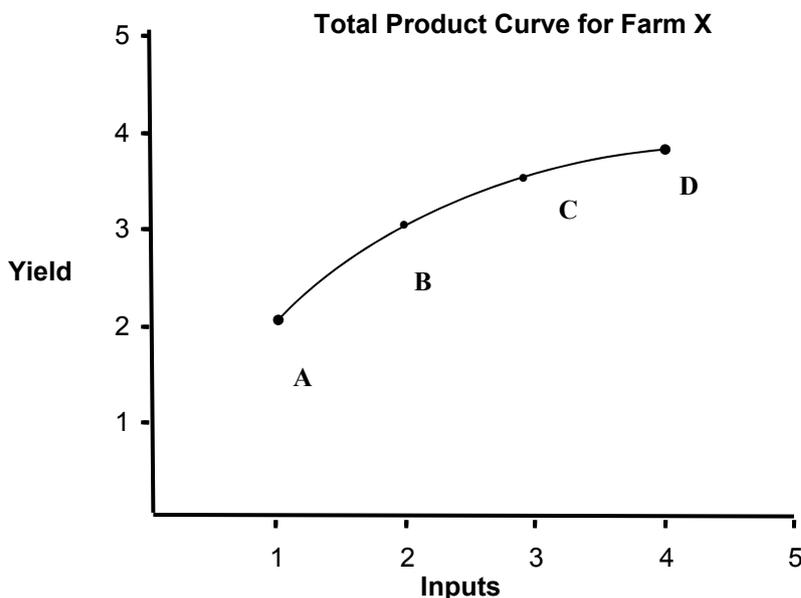
Assets €		Liabilities €	
Fixed Assets		Long- term	
Land,	300,000	Loans Outstanding	
Buildings &		for Building &	
Machinery	200,000	Machinery	160,000
Current Assets		Current Liabilities	
Feed	1,000	Bank Overdraft	15,000
Seed	4,000	Other Creditors	45,000
Liquid Assets	35,000		
		Net Worth	?
	540,000		540,000

Using the above information:

- (a) Calculate (showing all your workings) the farm's Net Worth;
 (b) Calculate (showing all your workings) the farm's Liquidity ratio **and** on the basis of this ratio, advise the farmer, who is considering the purchase of a new tractor.
 (c) Outline **two** possible options for a farmer experiencing difficulty in meeting loan repayments.

[50 marks]

4.



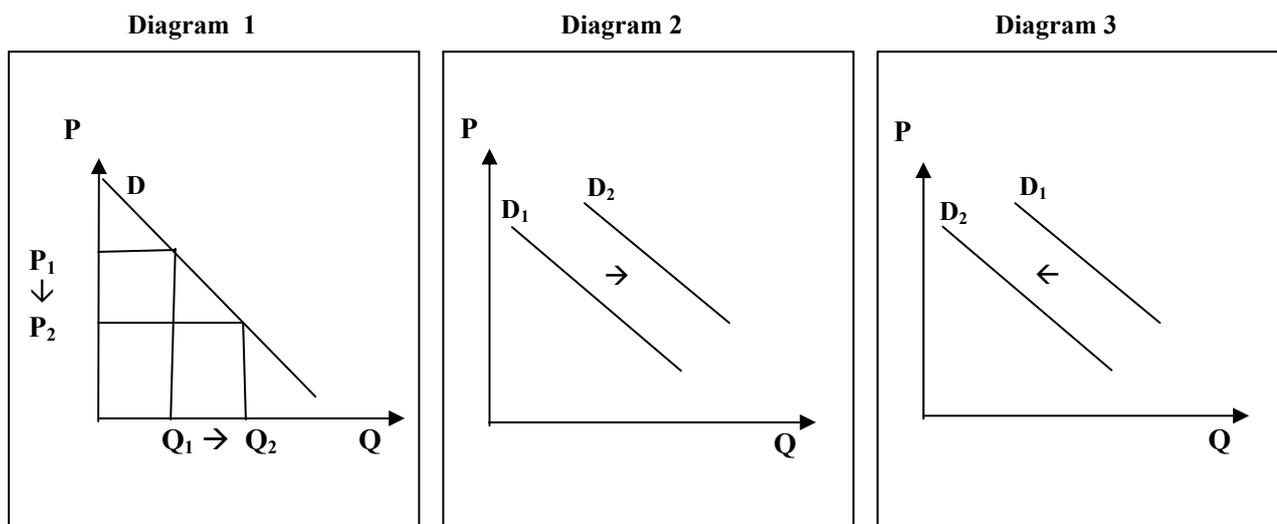
The total product curve above describes the relationship between output and input on Farm X. It shows the “output increasing but at a decreasing rate”.

- (a) Name the economic law the underlined concept above refers to.
 (b) Inputs can be classified as *factor inputs* and *intermediate inputs*. Distinguish between these two types of inputs, giving **one** example in each case.
 (c) The farmer as owner of Farm X has purchased new advanced machinery for the farm.

Explain, with the aid of a diagram, the likely impact this would have on the Total Product Curve for Farm X.

[50 marks]

5. The three diagrams below represent changes in the market demand for beef.



Three of the following developments are represented by the above diagrams:

- (i) successful advertising campaign promoting the nutritional benefits of eating beef;
- (ii) increase in beef processing costs;
- (iii) market price of beef decreases;
- (iv) decrease in consumer incomes, and beef is a normal good.

(Note that one of the developments does not match any of the diagrams).

- (a) Match **each** diagram with the appropriate development from the list above. In **each** case explain why demand reacts as illustrated on the diagram.
- (b) Ireland is the fifth largest beef exporter in the world. State **three** factors which have contributed to its success.

[50 marks]

6. Farm incomes fell in 2009 and some farming organisations expect them to fall again in 2010.

- (a) Name **one** farming organisation and outline its role.
- (b) Outline **three** factors which have contributed to the decline in farm incomes.
- (c) Discuss the possible economic impact of reduced farm incomes on rural towns and villages in Ireland.

[50 marks]

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

Blank Page

Blank Page