

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, 2007

WEDNESDAY, 20 JUNE, 2007, 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 **TWO** of the main sectors in the national economy:

(i) _____

(ii) _____

2. State **TWO** economic roles of government:

(i) _____

(ii) _____

3. Explain the term **food chain**. _____

4. Explain the term **conacre**. _____

5. Total Assets minus _____ equals net worth on the farm balance sheet.

6. State **ONE** capital tax applying to farmers.

7. State any **TWO** of the four Ps in the marketing mix:

(i) _____

(ii) _____

8. State **ONE** disadvantage for milk processors of the seasonality of Irish milk production.

9. State **TWO** Factors of Production:

(i) _____

(ii) _____

10. Fill in the blank:

The _____ the period of time available, the greater the scope for agricultural producers to change their production system.

11. What is a **Balance Sheet** in farm accounts? _____

12. Explain the term **Family Farm Income**. _____

13. What term is given to products which have an income elasticity of demand greater than 1.0?

14. State **ONE** characteristic of a perfectly competitive market. _____

15. State **TWO** factors which may encourage people to leave farming:
- (i) _____
- (ii) _____
16. Explain the term **Comprehensive Insurance**. _____

17. State **TWO** advantages of imports for Irish consumers:
- (i) _____
- (ii) _____
18. State **ONE** function of Teagasc. _____

19. State **TWO** factors which affect the level of interest rate charged by banks:
- (i) _____
- (ii) _____
20. State **TWO** of the three types of legislative instrument used by the EU:
- (i) _____
- (ii) _____

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

PART II (200 marks)

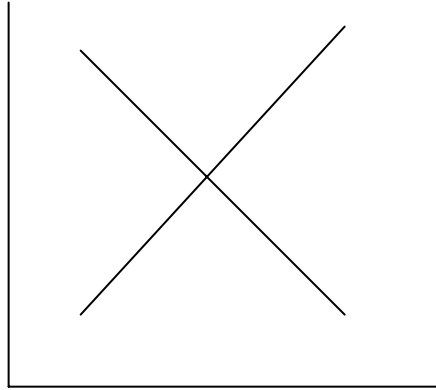
Answer **four** questions.

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. The diagram below shows the demand for and the supply of wheat.



- (a) Copy the diagram above into your answer book and label the axes, the supply and demand curves and the equilibrium price and quantity of wheat.
- (b) Explain with the aid of diagrams the effects which each of the following may have on the supply of wheat:
- (i) Bad weather conditions;
 - (ii) A decrease in the market price of barley.
- (c) Identify **FOUR** key variables which influence the demand for any commodity.

[50 marks]

2. A farmer is considering the purchase of extra land and hopes to borrow the money required.

- (a) Explain how the bank manager is likely to decide on the amount of money s/he could borrow.
- (b) In the event of the farmer experiencing difficulty in meeting the repayments on the land, explain **THREE** options available to him/her.

[50 marks]

3. A significant number of Irish farmers classify themselves as part-time farmers and avail of off-farm employment.
- (a) State and explain any **TWO** positive effects **and** any **TWO** negative effects of this development on Irish farming.
- (b) Describe briefly **TWO** sources of information on the agricultural workforce in Ireland.
- [50 marks]**

4. Distinguish between **each** of the following, using examples in each case:
- (i) Fixed costs and Variable costs;
(ii) A Bank Overdraft and a Term Loan;
(iii) Nominal Interest rate and Real Interest rate;
(iv) Factor Inputs and Intermediate Inputs.
- [50 marks]**

5. Given the following farm accounts for an Irish dairy farm:

		€
Sales less purchases of:	Milk	100,000
	Livestock	20,000
	Crops	1,500
Variable costs		25,000
Household consumption of own produce		5,000
Change in inventories		+3,000
Fixed costs (i) Depreciation		3,500
(ii) Other		13,000

- (a) Calculate, showing all workings:
- (i) the farm gross margin;
(ii) the family farm income.
- (b) Explain the term **depreciation**.
- (c) Outline **TWO** methods used to calculate depreciation.
- [50 marks]**
6. (a) Explain the difference between a *Developing* country and a *Developed* country.
- (b) Outline **FOUR** economic problems regularly experienced by developing countries.
- (c) State **TWO** advantages and **TWO** limitations of a Food Aid policy to help developing countries
- [50 marks]**

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