

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, 2003

WEDNESDAY, 18 JUNE 2003, 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. State the payment for the use of **any two** of the following factors of production.

(i) Land: _____

(ii) Labour: _____

(iii) Capital: _____

2. Expenditure on food overtime as a % of the income of families in Ireland is:
(Place (✓) in the correct box)

(i) rising

(ii) constant

(iii) falling

3. On a Balance Sheet, Net Worth is the difference between

_____ and _____

4. Equilibrium price may be defined as: _____

5. What is a family farm? _____

6. State **TWO** criteria which may guide farmers in making production decisions.

(i) _____

(ii) _____

7. The appropriate measure of the size of a business such as a farm is:

8. The production function describes the relationship between _____ and _____

9. Explain the term *conarce*:
-
10. State **ONE** characteristic of a perfectly competitive market.
-
11. State **ONE** fixed asset in a farm Balance Sheet.
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12. Farmers' revenue is determined by the price of output and the _____ of output.
13. State **ONE** example of *transfer payments* in household accounts:
-
14. Name Ireland's two main farming organisations:
- (i) _____ (ii) _____
15. Explain *bank overdraft*.
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16. State the **TWO** main methods of acquiring land in Ireland:
- (i) _____ (ii) _____
17. The EU budget is financed by the member states in a number of ways. Name **ONE** of them:
-
18. State the main source of information in Ireland on the distribution of farm income within farming.
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19. Name any **TWO** of the many direct payments, or "cheques in the post", now received by farmers:
- (i) _____ (ii) _____
20. Ireland's multilateral aid programme consists of:
-

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

PART II (200 marks)

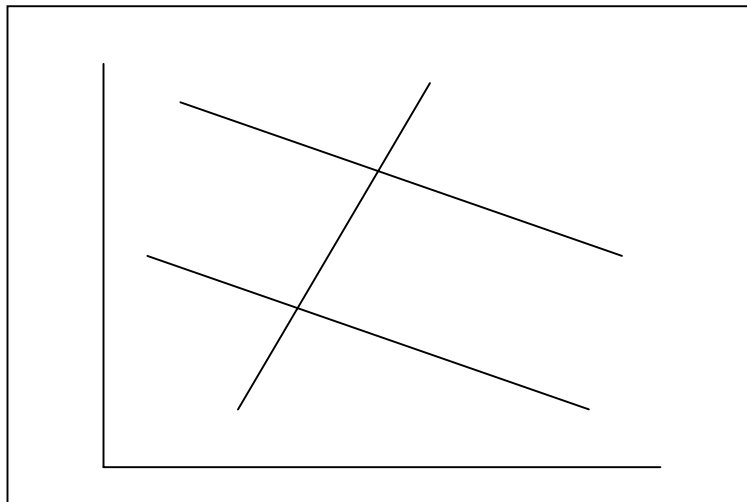
Four questions to be answered in your answer book(s).

All questions carry equal marks (50 marks).

1. (a) State and explain **TWO** advantages and **TWO** disadvantages of part-time farming.
- (b) (i) The most significant change in the resource mix in farming is the substitution of capital for labour. What statistics would you need to quantify this substitution?
- (ii) Describe **TWO** surveys that supply such information, and outline how the results from the two surveys differ.

[50 marks]

2. The diagram below illustrates an increase in the price of land between 1990 and 2000. Copy the diagram into your answer book.



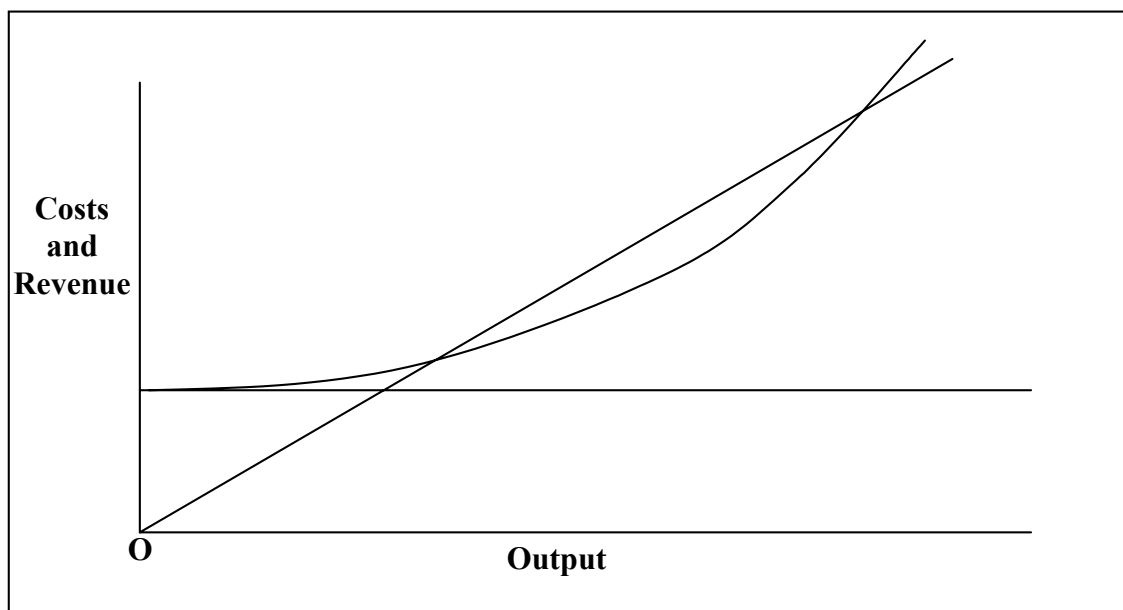
- (a) Label the axes, the demand for land in 1990 and 2000 and the supply of land, which is assumed to be the same in both years.
- (b) Show on the diagram the equilibrium price of land in **each** of the two years.
- (c) Explain **TWO** reasons for the shift in demand for land between 1990 and 2000.

[50 marks]

3. Three types of budget are used in farm planning: Partial Budget, Complete Budget, and Capital Budget.
- (a) Explain **each** of the three types, indicating clearly the circumstances under which each budget is used.
- (b) State **TWO** examples of non-cash items in farming.

[50 marks]

4. The diagram below shows the relationship between revenue and costs on a farm as the level of output increases.



- (a) Draw the diagram into your answer book and indicate on the diagram:
- (i) total revenue (TR)
(ii) fixed costs (FC)
(iii) variable costs (VC)
(iv) total costs (TC)
- (b) (i) Distinguish between fixed and variable costs in farming.
(ii) State **TWO** examples of **each** type of cost in farming
- (c) Identify the most profitable level of output on the diagram you have drawn.

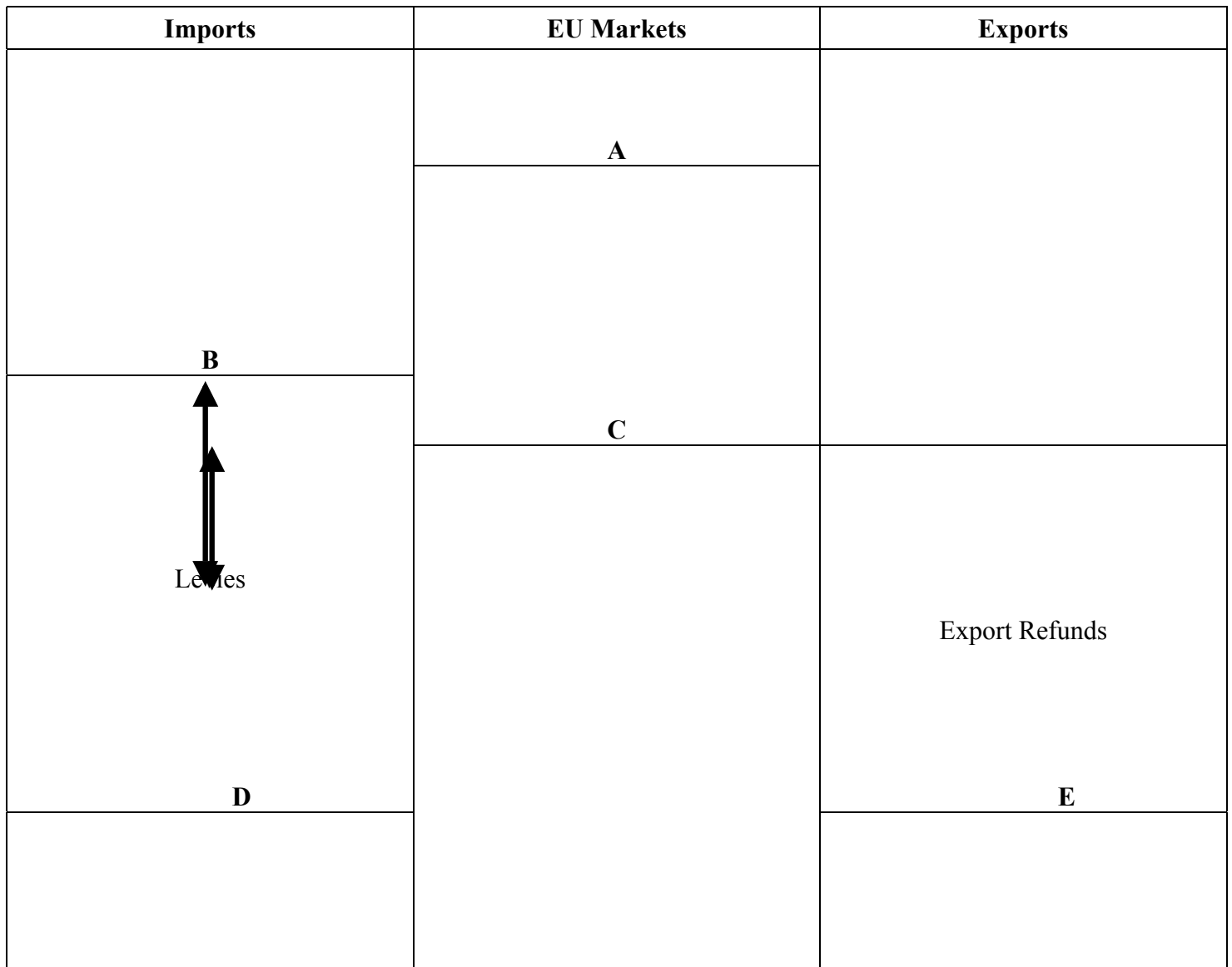
[50 marks]

5. (a) What do you understand by the price-cost squeeze on farm incomes?
- (b) Explain the contributions of product demand, product supply and product prices to this process.
- (c) What can a farmer do on his farm to survive under this squeeze?

[50 marks]

6.

The CAP Price Support System



- (a) Given the diagram above of the general CAP price support system, identify the prices indicated at A, B, C, D and E.
- (b) Indicate the approximate level of EU market prices under this support system when:
- (i) there is a deficit of a commodity within the EU.
 - (ii) there is a surplus of a commodity within the EU.
- (c) What are export refunds?

[50 marks]

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