



Coimisiún na Scrúduithe Stáit State Examinations Commission

Scéimeanna Marcála

Scrúduithe Ardteistiméireachta, 2004

*Eacnamaíocht
Talmhaíochta*

Gnáthleibhéal

Marking Scheme

Leaving Certificate Examination, 2004

*Agricultural
Economics*

Ordinary level

State Examinations Commission
Ordinary Level Agricultural Economics
2004

<p>MARKING SCHEME and NOTES for use with the Marking Scheme</p>

In considering this marking scheme the following points should be noted:

- In many instances only key words are given i.e. these words must appear in the correct context in the candidate's answer in order to merit the assigned marks.
- Words, expressions or statements separated by solidus (/) are alternatives, which are equally acceptable.
- The descriptions, methods and definitions in the scheme are **not** exclusive and alternative valid answers are acceptable.
- The detail required in any answer is determined by the context and the manner in which the question is asked and by the number of marks assigned to the answer in the examination paper. Requirements may therefore vary from year to year.

AGRICULTURAL ECONOMICS-ORDINARY LEVEL, 2004

STRUCTURE	Two Parts:	1 and 11
	Part 1	20 Questions- 120 Marks
	Part 11	6 Questions- 200 Marks
		Total - 320 Marks

OUTLINE MARKING SCHEME

<u>PART 1</u>		Answer 15 questions	(15x8=120 marks)		
(1) 1x 8	(2) 1X8	(3) 2x 4	(4) 4+2+2	(5)2x4	
(6) 1x8	(7) 1x8	(8)1x8	(9)2x4	(10)1x8	
(11)2x4	(12)1x8	(13)1x8	(14)2x4	(15)1x8	
(16)2x4	(17)1x8	(18)1x8	(19)1x8	(20)2x4	

<u>PART 11</u>		Answer 4 questions	(4x50=200 marks)	
Question 1 (a) 20	(b) 20	(c) 10		
Question 2 20+20+10				
Question 3 (a) 20	(b) 10	(c) 20		
Question 4 (a) 20	(b) 30			
Question 5 1x20+3x10				
Question 6 1x20+2x15				

STATE EXAMINATIONS COMMISSION

LEAVING CERTIFICATE 2004

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

MARKING SCHEME

PART I (120 MARKS)

ALL QUESTIONS CARRY EIGHT MARKS.
TOTAL = FIFTEEN HIGHEST SCORING ANSWERS

Question 1.

The economic activity involved in the production of crops and livestock on farms/The economic activity on the farms of the country.

(8 MARKS)

Question 2.

Short-term leasing is most common / conacre/ Only 10% of land is rented.

(8 MARKS)

Question 3.

- | | | |
|-------|--|---------|
| (i) | Average farm size is small | 4 marks |
| (ii) | Low incidence of high income enterprises | 4 marks |
| (iii) | Poor quality soils | 4 marks |
| (iv) | Elderly farmers | 4 marks |

(Any 2 x 4 marks)

(8 MARKS)

Question 4.

- | | | |
|-------|-----------------------------|---------|
| (i) | Purchased inputs | 4 marks |
| (ii) | Processing of farm products | 2 marks |
| (iii) | Distribution of food | 2 marks |
| (iv) | Farmers own resources | 2 marks |

(4 marks + Any 2 x 2 marks)

(8 MARKS)

Question 5.

Quotas on milk production
Increasing milk yields

4 marks
4 marks

(8 MARKS)

Question 6.

France

(8 MARKS)

Question 7.

Management

(8 MARKS)

Question 8.

Acreage is limited by quotas/Distance from beef factory

(8 MARKS)

Question 9.

Irish Farmers Association (IFA)

4 marks

Irish Creamery Milk Suppliers Association (ICMSA)

4 marks

Irish Cattle Stock Owners Association (ICSA)

4 marks

Macra Na Feirme

4 marks

ICOS

4 marks

(Any 2 x 4 marks) (8 MARKS)

Question 10.

Price elasticity of supply = $\frac{\% \text{ change in quantity of good supplied}}{\% \text{ change in the price of that commodity}}$

or

Responsiveness of supply to change in price

(8 MARKS)

Question 11.

Changes in real income	4 marks
Change in the price of substitute e.g. lamb	4 marks
Change in taste and preference	4 marks
Change in population	4 marks
(Any 2 x 4 marks)	(8 MARKS)

Question 12.

Labour unit = 250 man-days	8 marks
Or	
A person over 18 years of age working whole time on a farm	8 marks
Or	
No other source of employment	8 marks
(Any 1 x 8 marks)	(8 MARKS)

Question 13.

Grouping of farming organizations from EU member states which represents farmers in Brussels.

(8 MARKS)

Question 14.

Borrowing	4 marks
Grants	4 marks
Savings	4 marks
(Any 2 x 4 marks)	(8 MARKS)

Question 15.

Economic growth is the continued rise in the volume of a nation's output of economic goods and services.

(8 MARKS)

Question 16.

- | | | |
|------|--|-----------------|
| (i) | Land, Seed, Feed, Young Livestock | Any 1 x 4 marks |
| (ii) | Fuel, Building Materials, Labour,
Capital, Telephone, Power | Any 1 x 4 marks |

(8 MARKS)

Question 17.

The Council of Agricultural Ministers is the main decision making body within the EU in relation to agricultural matters/Consists of ministers from the governments of the member states.

(8 MARKS)

Question 18.

The provision of livestock headage or hectare payments to farmers in hill and poor land areas.

(8 MARKS)

Question 19.

F.E.O.G.A. (Agricultural Guarantee and Guidance Fund) (8 MARKS)

Question 20.

- | | | |
|-------|----------|---------|
| (i) | Concern | 4 marks |
| (ii) | Gorta | 4 marks |
| (iii) | Goal | 4 marks |
| (iv) | Oxfam | 4 marks |
| (v) | Trocaire | 4 marks |
- (Any 2 x 4 marks)

(8 MARKS)

END OF PART 1

PART II (200 marks)

ALL QUESTIONS CARRY EQUAL MARKS (50 MARKS)

Question I

- (a) Reasons for the seasonal changes in the monthly supply of: -
(i) Milk – (a) Most calvings are in the spring- increase in milk yield after calving
(b) Most feed is grass-based – climate – seasonal grass production

Any one 10 marks

- (ii) Beef - (a) Most calvings are in the spring
(b) Most animals take more than 2 years to reach slaughter weight

Any one 10 marks

- (b) Marketing Problems
(i) Underutilisation of processing capacity outside of peak season
(ii) High unit production and storage costs
(iii) Supplies to the market are not constant
(iv) Seasonal variation in quality

Any two 2 x 10 marks

- (c) Reduction of Peaks

Milk - Higher winter milk price may lead to an increase in autumn calvings/
Continuous production of short-life dairy products

OR

Beef – Improvement in production methods may lead to age of finishing cattle coming down to 24 months/Change to continental breeds

10 marks

[50 marks]

Question II

Irish farmers are owner-occupiers meaning that Irish farmers own most (90%) of the land they farm/ Irish farmers rent only 10% of the land they farm

20 marks

Advantages of owner-occupier and tenure system

- | | | |
|-------|---|----------|
| (i) | Owner is secure in his / her tenure | 10 marks |
| (ii) | He / she possesses a valuable asset | 10 marks |
| (iii) | He / she does not have to pay rent for use of the asset | 10 marks |
| (iv) | Incentive to use the land | 10 marks |
- (Any 2 x 10 marks)

Disadvantages of owner-occupier land tenure system

- | | | |
|-------|---|----------|
| (i) | Owner-occupiers tend to retain control of the land to an advanced age | 10 marks |
| (ii) | Entry into farming of qualified people is restricted | 10marks |
| (iii) | Impedes structural reform | 10 marks |
- (Any 1 x 10 marks)

[50marks]

Question III

- | | | |
|-----|---|----------|
| (a) | Vertical Axis – Price | 5 marks |
| | Horizontal Axis – Quantity | 5 marks |
| | Demand Curve | 5 marks |
| | Supply Curve | 5 marks |
| (b) | Equilibrium Price | 5 marks |
| | Equilibrium Quantity | 5 marks |
| (c) | (i) Decrease in the price of pig meat would lead to a greater demand for pig meat and, hence, less demand for beef and a lower price for beef | 10 marks |
| | (ii) An increase in the purchasing power of consumers would lead to a greater demand for beef and, hence, an increase in the price of beef. 5 marks | |

(iii) A further epidemic of BSE would lead to less demand for beef and, hence, a lower price for beef.

5 marks

(First correct 10 marks+5+5)

[50marks]

Question IV

(i) A farmer's economic welfare is not determined by his / her farm income alone because most households are in receipt of other sources of income

20 marks

(ii) (a) Transfer Payments – income from the government e.g. Pensions, Dole etc.

15 marks

(b) Other Direct Income – Off-farm income e.g. off-farm employment of family members, investment income, property income etc.

15 marks

(c) Land and buildings are valuable assets

15 marks

(Any 2 x 15 marks)

[50marks]

Question V

(i) **Gross Agricultural Output** of a commodity is defined as that portion of the commodity sold off all farms to other sectors of the economy or for export, or which is consumed by persons on farms during the year of inquiry.

Gross Agricultural Product is calculated when material and service inputs are subtracted from Gross Agricultural Output.

(ii) **Deficiency Payments** – Difference between guaranteed price and market price.

Headage Payments – Payments per unit of livestock paid to farmers as an income support

- (iii) **An overdraft** – Borrowers have the permission of their bank to write cheques on their current account up to a certain credit ceiling / short term credit.

Term Loan – An amount of money borrowed for a period of time with a regular schedule of repayments / credit period up to 7 years.

- (iv) **Fixed Assets** – assets on the farm for long periods of time e.g. land, buildings, machinery, breeding livestock

Current Assets – assets on the farm for short periods of time e.g. trading livestock, saleable crops, cash

- (v) **Viable Farmer** – Those farmers who have a sufficient volume of production to earn satisfactory income with a moderate level of price support.

Non-Viable Farmer – Farmers who, because of a deficiency of either physical or human resources, cannot earn a reasonable income under any farm policy that would be acceptable to society as a whole.

(First 1 correct 2 x 10 marks)

(Any other three 3 x (2 x 5 marks))

[50 marks]

Question VI

- (i) It is an expensive undertaking because the farmers in the developed countries have to be paid to produce the food / transport and distribution costs of the food.
- (ii) Logistical problems about delivering food to the hungry – much of the food may be delivered to the black market or military.
- (iii) Food aid may dislocate commercial trade – exporting countries may feel that commercial markets would exist in some countries if these countries were not getting free food.
- (iv) Food aid may dislocate native production – when a country receives free food there is a risk that it might come to depend on such supplies to the detriment of its own native production/disincentive to local enterprise and initiative.

(First one correct 20 marks, next two 2 x 15marks)

[50 marks]