

LEAVING CERTIFICATE EXAMINATIONS 2001

AGRICULTURAL ECONOMICS – ORDINARY LEVEL PAPER

STRUCTURE

Two Parts: I and II

Part I 20 Questions – 120 Marks

Part II 6 Questions – 200 Marks

OUTLINE MARKING SCHEME

PART I Answer 15 questions (15 x 8 = 120 marks)

- | | | | | |
|------------|------------|------------|------------|------------|
| (1) 2 X 4 | (2) 2 X 4 | (3) 1 X 8 | (4) 1 X 8 | (5) 1 X 8 |
| (6) 1 X 8 | (7) 1 X 8 | (8) 2 X 4 | (9) 1 X 8 | (10) 1 X 8 |
| (11) 1 X 8 | (12) 1 X 8 | (13) 1 X 8 | (14) 2 X 4 | (15) 1 X 8 |
| (16) 2 X 4 | (17) 2 X 4 | (18) 2 X 4 | (19) 2 X 4 | (20) 2 X 4 |

PART II Answer 4 questions (4 x 50 = 200 marks)

Question 1

- (i) 4 x 10 (ii) 1 x 10

Question 2

- (i) (1 x 20) + (1 x 15) + (1 x 15)

Question 3

- (i) 20 Marks (ii) 1 x 10 (iii) 2 x 5 (iv) 1 x 10

Question 4

- (i) 1 x 20 (ii) 1 x 15 (iii) 1 x 15

Question 5

- (i) 1 x 15 (ii) 1 x 15 (iii) 2 x 10

Question 6

Explanation (1 x 20)

Advantages / Disadvantages (8+7) + (8+7)

DETAILED MARKING SCHEME

Introduction

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

1. In many instances only key words are given i.e. words that must appear in the correct context in the candidate's answer in order to merit the assigned marks.
2. Marks shown in brackets represent marks awarded for partial answers as indicated in the scheme.
3. Words, expressions or statements separated by a solidus (/) are alternatives which are equally acceptable.
4. The descriptions, methods and definitions in the scheme are not exclusive and alternative valid answers are acceptable.
5. 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

PART ONE

(120 MARKS)

MAXIMUM NUMBER OF QUESTIONS – 15

MARKS PER QUESTION – 8

- Q.1 Sectors of economy Industry 4 MARKS
Services 4 MARKS
- Q.2 Cereal growing provinces – Leinster 4 MARKS
– Munster 4 MARKS
- Q.3 Management is the factor of production, which organises the other factors of production to produce goods and services, OR decides what and how to produce 8 MARKS
- Q.4 Large no. of relatively small units
Geographic dispersal of farming over a wide area
Supply tends to vary seasonally and from year to year
Bulky and perishable nature of agricultural products
Over-supply of food on international markets ANY ONE 8 MARKS
- Q.5 Exports to non-EU countries attract export subsidies or refunds 8 MARKS
- Q.6 Diversify
Produce products with stable prices
Form contacts with processors etc. ANY ONE 8 MARKS
- Q.7 Technology and husbandry progress
Environmental factors e.g. Weather
Price of competing commodities
Cost of production
Cost of production of competing commodities ANY ONE 8 MARKS
- Q.8 German Market – Other substitutes – Elastic 4 MARKS
Irish Market – Limited substitutes – Inelastic 4 MARKS

- Q.9 Tastes and preferences
Price of substitute commodities
- Q.10 Irish farmers rent 10% of the land they farm
Irish farmers hire 10% of the labour required
Irish farmers' total debt amounts to 10% of their assets ANY ONE 8 MARKS
- Q.11 $\frac{£500}{£300} \times 100 =$ OR $\frac{£500}{£300} = 1.4$ ANY ONE 8 MARKS
- Q.12 Return to Farmers' owned resources 8 MARKS
- Q.13 Complete budget is used when a farmer takes over a farm for the first time 8 MARKS
- Q.14 Two sources of capital other than borrowing:
1. Own savings 4 MARKS
2. Government grants 4 MARKS
- Q.15 R.E.P.S. / AREA-AID ANY ONE 8 MARKS
- Q.16 1. Land, feed, seed, young livestock ANY ONE 4 MARKS
2. Fertilisers, spray, medicines ANY ONE 4 MARKS
- Q.17 Disadvantages of Free Trade
1. Low and unstable prices 4 MARKS
2. Low and unstable incomes 4 MARKS
- Q.18 Difference between guaranteed prices 4 MARKS
And market prices 4 MARKS
- Q.19 Two commodities not covered by C.A.P.
1. Wool 2. Potatoes 2 X 4 MARKS
- Q.20 Advantage of the Celtic Tiger 1. More demand for food
2. Jobs outside of farming ANY ONE 4 MARKS
- Disadvantage of the Celtic Tiger 1. Higher Inflation
2. Higher cost of labour ANY ONE 4 MARKS

PART TWO

(200 MARKS)

MAXIMUM NUMBER OF QUESTIONS – 4

MARKS PER QUESTION – 50

QUESTION ONE

1 Food Chain

(i) Purchased + Farmers' → Finished + Marketing → Beef
Inputs Resources Cattle Resources

4 X 10 MARKS

(ii) Contribution of farmer diminishes over time because:

- a) More purchased inputs e.g. concentrates
- b) More processing and distribution costs

ANY ONE 10 MARKS

[50 MARKS]

QUESTION TWO – IRISH DAIRY INDUSTRY

- a) Main market outlets
- 1. Home
 - 2. U.K.
 - 3. Other EU
 - 4. Non-EU

b) Seasonality of Production

Peak month's supply six times higher than rough month's supply

Or summer production of milk much greater than winter milk production

- c) DIVERSIFICATION:
- 1. Liquid milk – 10%
 - 2. Butter – 70%
 - 3. Cheese – 10%
 - 4. Yogurt, cream, chocolate, etc. – 10%

d) Generally a low price receive by Irish farmers

REASONS: Low Fat
Low solids
High assembly and storage costs etc.

ANY THREE 20 + 15 + 15 MARKS

[50 MARKS]

QUESTION THREE

(i) Demand curve 20 MARKS

(ii) **NEGATIVE SLOPE** – As the price decreases, quantity demanded increases
OR As the price increases quantity demanded decreases

ANY ONE 10 MARKS

- (iii) a) Real income changes
b) Taste and preferences
c) Price of substitutes
d) Number of consumers

ANY TWO 10 MARKS

(iv) Revenue earned at 25,000 tonnes

$$\begin{aligned}\text{REVENUE} &= \text{Price per kg} \times \text{Quantity Purchased} \\ &= \text{£4} \quad \times 25,000,000 \text{ kgs} \\ &= \text{£100,000,000}\end{aligned}$$

10 MARKS
[50 MARKS]

QUESTION FOUR

1. Family Farm Income = Output less fixed and variable costs
= £106,000 – (£30,000 + £35,000)
= £106,000 – £65,000
= £41,000

20 MARKS

2. Management and Investment Income = Family Farm Income less Imputed Wages
= £41,000 – £15,000
= £26,000

15 MARKS

3. Profit = Family Farm Income less Imputed cost of Labour and Investment
= £41,000 – (£15,000 + £25,000)
= £41,000 – £35,000
= £6,000

15 MARKS
[50 MARKS]

QUESTION FIVE

Role in the formation of Agricultural Policy in the EU

1. Council of Ministers – Main decision-making body
2. European Parliament – Consultation Status

15 MARKS

15 MARKS

3. European Commission – Initiation of Proposals
Submits proposals to consultative bodies
Drafts proposal to Council of Ministers
Implementation of Proposals

2 X 10 MARKS
[50 MARKS]

QUESTION SIX

“Owner-occupiers” explanation

Most farmers own most (90%) of the land that they farm

20 MARKS

- ADVANTAGES:
1. Owner is secure
 2. A valuable asset
 3. Free of rent

ANY TWO 8 + 7 MARKS

- DISADVANTAGES:
1. Retain land to an advanced age
 2. Successors are insecure
 3. Elderly farmers are slow to change

ANY TWO 8 + 7 MARKS
[50 MARKS]