

UNIVERSITY OF SWAZILAND
FACULTY OF SOCIAL SCIENCE
DEPARTMENT OF ECONOMICS
FINAL EXAMINATION PAPER, MAY 2010

TITLE OF PAPER : AGRICULTURAL ECONOMICS

COURSE CODE : ECON 411

TIME ALLOWED : THREE (3) HOURS

INSTRUCTIONS : 1. ANSWER FOUR (4) QUESTIONS: TWO FROM SECTION A AND TWO FROM SECTION B.

2. ALL QUESTIONS CARRY EQUAL MARKS OF TWENTY FIVE (25) EACH.

DO NOT OPEN THIS PAPER UNTIL THE INVIGILATOR HAS GRANTED PERMISSION.

SECTION A

QUESTION 1

Write short explanatory notes on how the following are hypothesised to influence farm size.

- i) Net Farm Income
- ii) Risk Environment
- iii) Tax Structure
- iv) Labour Costs
- v) Rural Community

[5 marks each]

QUESTION 2

- (a) What is meant by the term 'income elasticity of demand' of agricultural products? [3 marks]
- (b) Explain why estimates of income elasticities of demand for agricultural products are used extensively by the Food & Agricultural Organisation (FAO) of the United Nations. Give reasons why the majority of the elasticities are positive but less than unity. [13 marks]
- (c) Explain how the following variables influence the quantity demand of agricultural products in Swaziland.
 - i) Religious Teaching
 - ii) Traditional taboos
 - iii) Habits [3 marks each]

QUESTION 3

- (a) Define the term 'Risk Aversion' and discuss its significance in agricultural economic theory. [6 marks]
- (b) Explain three (3) traditional views on how to solve 'Risk Aversion' in the agricultural sector. [9 marks]
- (c) Suppose maize output is 100 bags if the weather pattern is favourable. If drought occurs it is 40 bags. Drought occurs on an average of 1 every 4 years. Calculate the probabilities to alternative outcomes and the Expected Value of maize. [10 marks]

QUESTION 4

- (a) Explain the economic reasons for the government's intervention in the agricultural sector. [10 marks]
- (b) Explain how the following measures help increase farm revenue.
 - i) Deficiency payment
 - ii) Land retirement
 - iii) Control of imports [15 marks]

SECTION B

QUESTION 5

- (a) What do you understand by the term 'Irrigation Policy'? [5marks]
- (b) Discuss factors that lead to the irrigation programme failure and the proposed solutions to effective and successful irrigation on Swazi Nation Land. [20 marks]

QUESTION 6

- a) Discuss the effects of the present Land Tenure System (LTS) on agricultural development in Swaziland and its origins. [25 marks]

QUESTION 7

- a) Explain the crucial role played by women in agriculture and food security in Swaziland. [15 marks]
- b) Discuss the obstacles to women's empowerment. [10 marks]

QUESTION 8

- a) "Protectionism and discrimination are key features of international trade in agricultural products". Discuss the extent to which the above statement explains the ways in which countries have closed/prevented/ protected access to their agricultural sectors. [15 marks]
- b) Why is it believed that developing countries stand to benefit a lot from the conclusion of the Doha Development Round? [10 marks]