

Capital Long Questions

1997 Q6

- (c) Outline, with the aid of a diagram, how changes in the level of investment affect the level of National Income. (25 marks)

1998 Q5

- (a) Define: (i) Savings (15 marks)
(ii) Investment.
- (b) List and explain the factors affecting:
- (i) The level of savings.
(ii) The level of investment by entrepreneurs in the Irish economy at present. (35 marks)
- (c) Suggest some means by which the Irish government might encourage an increased level of investment in the Irish economy. (25 marks)
- [75 marks]

1999 Q3

- (c) (i) Explain what is meant by the term investment in economics.
(ii) Discuss the factors which affect the level of investment in Ireland. (35 marks)
- [75 marks]

2000 Q4

- (b) Explain Keynes's **THREE** reasons for holding money. Outline **TWO** main influences on each of these reasons. (30 marks)
- (c) Discuss the effects which a rise in interest rates may have on the Irish economy. (25 marks)
- [75 marks]

2002 Q4

- (a) Define: (i) Capital
(ii) Marginal Efficiency of Capital.
(iii) Investment
- (20 marks)

- (b) (i) State and explain **TWO** reasons why investment is considered to be important for the Irish economy.
- (ii) State and explain **FOUR** factors that influence the level of investment in the Irish economy **at present**.
- (30 marks)

- (c) J. M. Keynes identified three reasons (motives) for holding money.
- Explain the **THREE** reasons and outline **ONE** main influence on each reason.
- (25 marks)

2004 Q4

- (b) (i) Explain what is meant by the term **Marginal Efficiency of Capital (MEC)**.
- (ii) Discuss **FOUR** factors, other than MEC, which influence the level of investment by entrepreneurs.
- (30 marks)

2006 Q3

- (a) Distinguish between the following terms, using relevant examples in **each** case:
- (i) Fixed Capital and Social Capital;
(ii) Savings and Investment;
(iii) Capital Widening and Capital Deepening.
- (25 marks)
- (b) State and explain **FIVE** factors affecting the level of investment in the Irish economy.
- (25 marks)
- (c) (i) State and explain Keynes's **THREE** motives for holding money.
- (ii) Explain, with the aid of a diagram(s), Keynes's theory on the relationship between the holding of money and the rate of interest.
- (25 marks)
[75 marks]

2009 Q4

- (b) Keynes' concept of 'Liquidity Preference' is based on three reasons why people desire to hold wealth in money form.
- (i) State and explain **each** of these reasons.
- (ii) Discuss the effect a fall in interest rates is generally expected to have on **each** of these reasons.
- (30 marks)

2009 DEB Q4

- (a) The demand for Capital as a factor of production is affected by the Marginal Efficiency of Capital (MEC).
- (i) Explain **each** of the underlined terms.
 - (ii) Outline **two** reasons why the Marginal Efficiency of Capital may fall. (20 marks)
- (b) (i) Explain what is meant by the term **investment** in economics.
- (ii) State and explain **two** reasons why investment is important for the Irish economy.
 - (iii) Discuss **four** factors that influence the level of investment in the Irish economy at present. (35 marks)

2010 Q8

- (c) *There has been a sharp increase in the rate of savings in Ireland in the past year.*
- (i) Discuss **two** factors currently influencing the rate of savings in the Irish economy.
 - (ii) Outline **three** economic effects which an increase in the rate of savings may have on the Irish economy.

2010 EC Q3

- (b) Distinguish between the following terms:
- (i) Fixed Capital and Social Capital;
 - (ii) Savings and Investment;
 - (iii) Capital Widening and Capital Deepening; (25 marks)

2011 EC Q4

- (a) The marginal efficiency of capital is the additional profit earned by an entrepreneur from employing an additional unit of capital.
- (i) Define the underlined term.
 - (ii) State and explain **three** reasons why the marginal efficiency of capital may fall. (20 marks)
- (b)
- (i) Explain the meaning of the term 'investment' in economics.
 - (ii) Explain why investment is essential for the Irish economy.
 - (iii) Discuss **four** factors which affect the level of investment in the Irish economy. (30 marks)
- (c) In recent years the level of savings in Ireland has increased from 5% to 12%.
- (i) Explain the underlined term.
 - (ii) Discuss the main factors influencing the level of savings in the Irish economy. (25 marks)
- [75 marks]**

2011 DEB Q4

- (a) Distinguish between the following terms, using relevant examples in each case:
- (i) Fixed Capital and Social Capital.
 - (ii) Saving and Investment.
 - (iii) Capital widening and Capital Deepening. (25 marks)
- (b)
- (i) Explain what is meant by the term **Marginal Efficiency of Capital (MEC)**.
 - (ii) Discuss **four** factors, other than MEC, which influence the level of investment by entrepreneurs. (30 marks)

2011 Q3

- (a) (i) Define the term Marginal Revenue Productivity (MRP) of a factor of production.
(ii) State and explain **two** factors that can influence MRP.
(iii) Outline **two** difficulties that may arise in measuring MRP. (25)
- (b) *‘Capital Investment has been an important driver of economic advancement in Ireland over the past ten years, providing the capacity and scope for growth’.*
(The National Recovery Plan 2011 – 2014)
- (i) State and explain **three** reasons why investment is important for the Irish economy.
(ii) Describe **three** factors that currently influence the level of investment in the Irish economy. (30)
- (c) Advise the Minister for Transport on **two** possible economic advantages and **two** possible economic disadvantages of investing in public transport, rather than investing in the construction of new roads. (20)

2012 EC Q4

- (a) The marginal efficiency of capital is the additional profit earned by an entrepreneur from employing an additional unit of capital.
- (i) Define the underlined term.
(ii) State and explain **three** reasons why the marginal efficiency of capital may fall. (20)
- (b) (i) Explain the meaning of the term ‘investment’ in economics.
(ii) Explain why investment is essential for the Irish economy.
(iii) Discuss **four** factors which affect the level of investment in the Irish economy. (30)
- (c) In recent years the level of savings in Ireland has increased from 5% to 12%.
- (i) Explain the underlined term.
(ii) Discuss the main factors influencing the level of savings in the Irish economy. (25)