



SUBJECT:	Economics
PAPER NUMBER:	I
DATE:	2 nd May 2024
TIME:	4:00 p.m. to 6:05 p.m.

This paper has two sections. Answer any **FOUR** questions. Questions carry 25 marks each.

SECTION A: MICRO ECONOMICS

1. Terravia is an embattled country. It is facing a dilemma: whether to allocate its labour resources to the military or to healthcare. Table 1 shows the different production possibilities.

Table 1

Combination	Military units	Healthcare units
A	0	160
B	70	150
C	120	120
D	150	70
E	160	0

- a) Define opportunity cost. (2)
- b) Plot the Production Possibilities Curve (PPC) on the graph paper provided. (5)
- c) Suppose that Terravia is producing at combination D. What would be the opportunity cost of producing 80 more healthcare units? Show your working. (3)
- d) Briefly explain **THREE** factors that would lead to an outward shift of this PPC. (6)
- e) Imagine that there is currently an output of 120 military units and 70 healthcare units. Keeping the number of healthcare units constant, how many more military units can be produced before the economy reaches full productive capacity? Explain your reasoning. (4)
- f) If Terravia persists in experiencing war, what is likely to happen to the PPC? Make use of a diagram to explain your reasoning. (5)

(Total: 25 marks)

Please turn the page.

2. A local discount store is selling imported flour. Table 2 shows the total revenue that this seller would be generating by selling flour at different prices.

Table 2

Price (€) per kg of flour	Total Revenue (€) per week
0.50	250
1.00	450
1.50	600
2.00	700
2.50	750
3.00	750

- a) Define effective demand. (2)
- b) Given the above information in Table 2, calculate the quantity demanded for flour for **each** price, in kg per week. Show your working. (3)
- c) Does Table 2 follow the law of demand? Give reasons for your answer. (4)
- d) Table 3 shows the supply schedule for flour. Plot the demand and supply curves on the graph paper provided, using the figures you calculated in part b) and those provided in Table 3. (6)

Table 3

Price (€) per kg of flour	Quantity supplied (kgs per week)
0.50	300
1.00	350
1.50	400
2.00	450
2.50	500
3.00	550

- e) Work out the equilibrium price and quantity of flour. (2)
- f) Explain what happens to the equilibrium quantity of imported flour when the following happens. **No** diagrams are required for your explanations.
 - i. Shipping fees increase following the imposition of an eco tax. (2)
 - ii. The government stops the subsidy on imported flour and grains. (2)
 - iii. Local producers of flour reduce their prices. (2)
 - iv. People’s salaries increase due to a generous Cost of Living Adjustment. (2)

(Total: 25 marks)

3. Tear and Wear Ltd. is a private limited company that produces ripped jeans. Table 4 shows data about its production and costs.

Table 4

Output (no. of jeans)	Variable Cost (€)	Fixed Cost (€)	Total Cost (€)
0			50
10	45		
20	62		
30			120
40	94		
50			195
60			280

- a) Define variable cost. (2)
- b) Copy and complete Table 4 above on the script provided. (6)
- c) Calculate the Marginal Cost and the Average Cost at **each** level of output. (4)
- d) Plot the Marginal Cost and Average Cost curves on the graph paper provided. (5)
- e) Economists would like firms to operate in a productively efficient way.
 - i. How much should Tear and Wear Ltd. produce to obtain productive efficiency? What would be the cost of every pair of jeans? (2)
 - ii. With reference to the graph you plotted in part d), explain whether diminishing marginal returns have already started at the point of productive efficiency. (3)
- f) If Tear and Wear Ltd. decides to replace some of its workers with Artificial Intelligence (AI), would it be more likely to produce the same output at a higher or lower variable cost? Explain why. (3)

(Total: 25 marks)

Please turn the page.

SECTION B: MACRO ECONOMICS

4. In 2022, despite an increased level of general Government revenue, the ratio of government revenue to GDP decreased by 1.0 percentage point from the previous year to 35.1 per cent. Tax revenue remained stable at 24.4 per cent of GDP, in spite of absolute increases across all tax components.

(Adapted from: the Pre-Budget document 2024)

- a) List the following:
 - i. **THREE** sources of tax revenue. (3)
 - ii. **TWO** sources of government revenue apart from tax revenue. (2)
- b) List and explain **TWO** sets of principles that are considered important when designing and implementing an ideal tax system. (4)
- c) Consider Table 5 below and indicate whether the tax as % of income is regressive, progressive **or** proportional at the following ranges of income. Show your workings.

Table 5

Income	Tax paid on income
€	€
8,000	400
12,000	1,200
16,000	1,600
20,000	1,800

- i. €8000 to €12000; (2)
 - ii. €12,000 to €16,000; and (2)
 - iii. €16,000 to €20,000. (2)
- d) Given the increase in general government revenue discussed in the extract above, explain how this might:
 - i. impact government spending; and (2)
 - ii. contribute to economic growth. (2)
- e) What led to the stability of tax revenue as a percentage of GDP, despite absolute increases in all tax components? (2)
- f) Explain how **each** of the following might influence tax revenue:
 - i. an increase in inbound tourists; and (2)
 - ii. strong employment growth. (2)

(Total: 25 marks)

5. In the aftermath of a sudden conflict in the nation of Novaterra, the landscape of the country is undergoing many changes. As families are displaced, cities disrupted, and lives disturbed, the demographic make-up of Novaterra is inevitably being reshaped. The war has brought about a complex set of factors, that will affect birth rates, death rates, and migration patterns. It is predicted that these demographic shifts will have lasting effects on the age distribution of the population, influencing the nation in unforeseen ways.

- a) Briefly explain the impact of the war on the following:
 - i. Birth rates of Novaterra; (1)
 - ii. Death rates of Novaterra; (1)
 - iii. Migration patterns of Novaterra; and (2)
 - iv. Natural growth rate. (1)

b) Figure 1 below shows the population pyramid of Novaterra before the conflict.

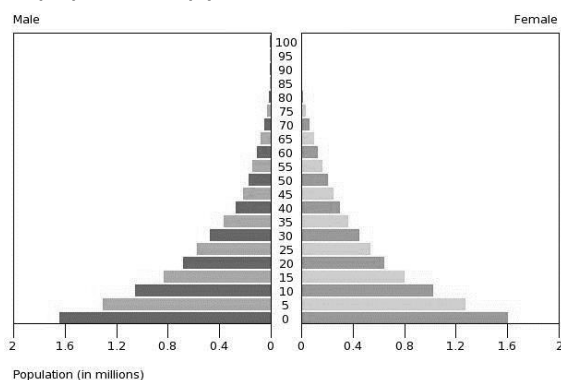


Figure 1

- i. Identify **TWO** elements that are shown by a population pyramid. (2)
 - ii. Consider the shape of the population pyramid of Novaterra and determine whether Novaterra is a developed or a less developed country. Give a reason for your answer. (3)
- c) Imagine that the conflict in Novaterra lasts until 2028. Explain how the impact of this long war will be shown on the population pyramid in 20 years' time? Give a reason for your answer and draw a new population pyramid to show your answer. (5)
- d) Mention **TWO** other ways by which the population may be distributed other than those shown in the population pyramid. (2)
- e) As a result of the conflict, would an increase or a decrease in the dependency ratio be expected? Provide a reason for your answer. (4)
- f) Discuss **ONE** possible government policy that Novaterra may implement to address the demographic changes which come about as a result of the conflict. (4)

(Total: 25 marks)

Please turn the page.

6. Imagine a scenario in a small village where the traditional monetary system has collapsed, and villagers have resorted to a barter system for their economic transactions. Sarah, who is a skilled potter, wants to exchange her handmade pottery for other goods and services. She is seeking to barter with three different villagers: Mark, who is a farmer and has a surplus of fresh vegetables; Emily, who is a carpenter and specializes in crafting wooden furniture; and John, who is a beekeeper and produces high-quality honey.

- a) i. What is used for exchange in a traditional monetary system? (1)
 - ii. Mention **ONE** institution you expect to have been in place prior to the collapse of the monetary system in this village. (2)

- b) i. Propose a potential barter exchange, considering the goods they can offer and their respective needs, between Sarah and Mark. (2)
 - ii. Explain **TWO** situations where this exchange **cannot** take place. (4)

- c) Explain **TWO** weaknesses of the barter system. (4)

- d) Elaborate on the role of money in overcoming the weaknesses mentioned in 6.c) above. (4)
- e) Describe **TWO** characteristics of money, which are ideal to have in this village. (4)

- f) Describe **TWO** functions of money. Show clearly how these functions can facilitate economic transactions within this village. (4)

(Total: 25 marks)



SUBJECT:	Economics
PAPER NUMBER:	IIA
DATE:	3 rd May 2024
TIME:	9:00 a.m. to 11:05 a.m.

This paper has two sections. Answer **FOUR** questions, at least **ONE** from **each** section. Questions carry 25 marks each.

SECTION A: MICRO ECONOMICS

1. When the smartphone was invented in the 1990s, it was perceived by people as a luxury good, meaning that it was wanted but not really needed. However, over time, it began to be increasingly recognised as a necessity.
 - a) Define income elasticity of demand (YED). (2)
 - b) Suppose that people's monthly income increases by 8%, and as a result, the quantity demanded of smartphones increases from 5,000 to 5,300 per month.
 - i. Write the formula for YED. (1)
 - ii. Use the information in b) to calculate YED for smartphones. (5)
 - c) Explain the meaning of the value of YED and whether this value shows smartphones to be:
 - i. normal **or** inferior goods; (4)
 - ii. necessities **or** luxury goods. (4)
 - d) Economists also measure the cross elasticity of demand (CED).
 - i. Define CED. (2)
 - ii. Write the formula for CED. (1)
 - iii. With reference to CED, and assuming other things remain equal, explain how a change in the price of smartwatches can affect the demand for smartphones. (4)
 - iv. Why is knowledge of CED useful for businesses? (2)

(Total: 25 marks)

2. The World Economic Forum has predicted that Artificial Intelligence (AI) will replace around 85 million jobs by the year 2025. *(Source: World Economic Forum, The future of Jobs Report, 2020)*
 - a) What do the following mean?
 - i. Labour demand. (2)
 - ii. Labour supply. (2)
 - b) Illustrate how wages are determined in a free market. Include a diagram in your explanation. (6)
 - c) AI can significantly transform the labour market, as pointed out in the information provided above. Explain, with the use of diagrams, how the development of AI can influence:
 - i. labour demand of non-skilled jobs; and (4)
 - ii. the equilibrium wage rate of non-skilled jobs. (4)
 - d) Apart from AI, trade unions also play an important role in the labour market.
 - i. What are the main roles of a trade union? (3)
 - ii. What would be the probable impact on the labour market if trade unions hold significant negotiating power in wage determination, irrespective of the influence of AI on the equilibrium wage rate? Use a diagram in your explanation. (4)

(Total: 25 marks)

3. Last year, Malta Dairy Products Ltd. increased the price of *Benna* fresh milk twice, in June and again in December 2023. Given the dominant position that this company has in the market, the Malta Competition and Consumer Affairs Authority (MCCAA) decided to investigate this price hike.
(Source: *The Malta Independent*, December 2023)

- a) Describe **THREE** main characteristics of a monopoly. (6)
- b) Many Maltese firms in various industries increased their prices during 2023. Why would the MCCAA want to investigate Malta Dairy Products Ltd. specifically? (5)
- c) Is the government necessarily against the existence of monopolies? Mention **THREE** reasons for your answer. (6)
- d) The government, owning 30% of the shares of Malta Dairy Products Ltd., might decide to sell its shares, completely privatising the company. Discuss **TWO** advantages and **TWO** disadvantages of such a move. (8)

(Total: 25 marks)

4. During the Budget speech in October 2023, the Minister of Finance and Employment announced that €40 million cash grants will be distributed to SMEs during 2024, to help them develop and reach new markets.
(Source: *Ministry of Finance*, *The Budget 2024*, October 2023)

- a) i. What does SME stand for? (1)
- ii. Mention **ONE** criteria that is used to classify the size of a firm. (1)
- b) There are various ways to fund a business, and government subsidies are just one source of finance.
 - i. Describe **TWO** external sources of finance other than government subsidies. (4)
 - ii. Describe **TWO** internal sources of finance. (4)
- c) Despite incentives to expand their business, many entrepreneurs may still decide to maintain the small size of their firms. Explain **THREE** reasons why this may be the case. (6)
- d) The choice of where to set up a business is shaped by various factors that can affect its success.
 - i. Suppose you are considering opening a bakery. State in which sector of production the bakery would operate. (1)
 - ii. Discuss **FOUR** factors that would be taken into consideration when deciding on the business location of your bakery. (8)

(Total: 25 marks)

SECTION B: MACRO ECONOMICS

5. Provisional data recorded a total trade in goods deficit of €318.1 million during October. Imports amounted to €724.0 million, while exports totaled €405.9 million. Goods were imported (54.6 per cent) and exported (38.0 per cent) mainly from the European Union. The introduction of a new EU environmental tax on shipping next year is expected to lead to more costly imports and higher export cost.
(Source: *National Statistics Office*, October 2023)

- a) Outline **TWO** ways how Malta benefits from engaging in international trade in goods. (4)
- b) Apart from trade in goods, Malta also trades in services, such as tourism or financial services.
 - i. Explain the difference between absolute and comparative advantage. (4)
 - ii. Consider Table 1 on page 3 which assumes that Malta and Germany operate within two industries, manufacturing and tourism. Both countries are assumed to have the same number of resources. Identify which country has a comparative advantage in **each** of the industries. (3)

Table 1

	Manufacturing	Tourism
	Units	Units
Germany	500	800
Malta	200	500
Total	700	1300

- c) i. Define protectionism. (2)
 ii. Can the new EU environmental tax on shipping be considered as a form of protectionism? Provide **ONE** reason for your answer. (2)
 iii. Explain **ONE** method other than taxation used as a form of protectionism. (2)
- d) As outlined in the text, most of the trade in Malta is carried out with the European Union.
 i. Explain **TWO** objectives of the European Union. (4)
 ii. Outline **TWO** requirements for member countries to achieve European and Monetary Union (EMU) status. (4)

(Total: 25 marks)

6. Despite global uncertainty and significant inflationary pressures, the Maltese economy continued to expand strongly during 2022, with real GDP growing by 6.9%. At the same time, employment registered a strong growth of 6.4%.

(Source: Malta Fiscal Advisory Council, Assessment of the Draft Budgetary Plan 2024, December 2023)

- a) Differentiate by providing concise explanations for **each** between:
 i. Gross Domestic Product (GDP); (1)
 ii. Gross National Product (GNP); and (1)
 iii. Net National Product (NNP). (1)
- b) i. Briefly explain the **THREE** methods by which GDP is measured. (6)
 ii. Describe **TWO** difficulties in measuring GDP. (2)
- c) i. Are GDP growth and changes in the level of labour employment related? Provide reasoning for your answer. (2)
 ii. Explain the circular flow of income model. In your answer include a drawing to illustrate it. (4)
 iii. Is saved employment income considered a withdrawal or an injection in the circular flow of income. Give a reason for your answer. (2)
- d) Briefly discuss **THREE** reasons why Malta's Economic Growth has remained resilient in 2022 despite global uncertainty and significant inflationary pressures. (6)

(Total: 25 marks)

7. Economic theory suggests that inflation and unemployment have a stable and inverse relationship. The claim is that economic growth leads to inflation but also leads to lower unemployment.

(Source: The Relationship between unemployment and inflation, Yizhuo Qin, 2020)

- a) i. Distinguish between inflation and unemployment. (3)
 ii. Name **TWO** types of inflation. (2)
 iii. Name **TWO** types of unemployment. (2)
- b) Describe:
 i. **TWO** effects of inflation; and (4)
 ii. **TWO** effects of unemployment. (4)
- c) Discuss:
 i. **TWO** methods intended to control inflation; and (3)
 ii. **TWO** methods to control unemployment. (3)
- d) Mention **TWO** advantages of unemployment and **TWO** advantages of inflation. (4)

(Total: 25 marks)

8. Economic development can lead to economic growth, however economic growth can also occur without economic development.

a) Define the following terms:

- i. economic development; and (1)
- ii. economic growth. (1)

b) Explain the importance of the **TWO** concepts mentioned in a)i. and ii. (4)

c) i. Mention **TWO** key indicators used to measure a country's level of development. (2)

ii. Compare and contrast the strengths and limitations of the indicators identified in c)i. (4)

d) i. Outline **TWO** strategies that a government can implement to promote economic development in a less developed country. (4)

ii. Evaluate the potential challenges and risks associated with the strategies mentioned in d)i., considering both economic and social aspects. (5)

e) Mention **TWO** benefits and **TWO** costs associated with economic growth. (4)

(Total: 25 marks)



SUBJECT:	Economics
PAPER NUMBER:	IIB
DATE:	3 rd May 2024
TIME:	9:00 a.m. to 11:05 a.m.

This paper has two Sections. Answer **FOUR** questions, at least **ONE** from **each** section. Questions carry 25 marks each.

SECTION A: MICRO ECONOMICS

1. When the smartphone was invented in the 1990s, it was seen by people as a luxury good. However, over time, it began to be seen more as a necessity.
 - a) What is the difference between a luxury good and a necessity? (2)
 - b) Define income elasticity of demand (YED). (2)
 - c) Imagine that people's monthly income increases by 8%, and as a result, the quantity demanded of smartphones increases by 6% per month.
 - i. Write the formula for YED. (1)
 - ii. Use the information in c)i. to calculate YED. (5)
 - d) Given your answer in part c), would you say that demand for smartphones is income-elastic or income-inelastic? Explain why. (3)
 - e) What happens to the demand for an inferior good if people's disposable income increases? (2)
 - f) Economists also measure the cross elasticity of demand (CED).
 - i. Define CED. (2)
 - ii. Write the formula for CED. (1)
 - iii. Are smartphones and smartwatches substitutes or complements? Why? (2)
 - iv. Following a drop in the price of smartwatches by 10%, the quantity demanded of smartphones goes down by 5%. Calculate the CED of smartphones. (5)

(Total: 25 marks)

2. The World Economic Forum has predicted that Artificial Intelligence (AI) will replace around 85 million jobs by the year 2025. *(Source: World Economic Forum, The future of Jobs Report, 2020)*
 - a) What is the meaning of the following?
 - i. Labour demand. (2)
 - ii. Labour supply. (2)
 - b) Draw a diagram clearly showing both the labour demand and labour supply curves. (4)
 - c) Mark clearly both the equilibrium wage rate and equilibrium quantity of labour on the same diagram you drew in part b). (2)
 - d) AI can significantly transform the labour market, as pointed out in the information provided above.
 - i. Will the development of AI increase or decrease the labour demand for cashiers? (1)
 - ii. Give a reason for your answer in part d)i. (1)
 - iii. Draw a diagram, showing how labour demand for cashiers will be affected by the introduction of AI. (2)

This question continues on next page.

- e) Briefly explain and give **ONE** example of **each** of the following:
- i. unskilled labour; and (2)
 - ii. skilled labour. (2)
- f) AI may result in the wage rates for certain jobs to fall. However, trade unions can pressure firms to prevent this.
- i. List **THREE** main roles of a trade union. (3)
 - ii. If trade unions insist that wage rates should be higher than the equilibrium wage rate, what would happen to the labour market? Use a diagram in your explanation. (4)
- (Total: 25 marks)**

3. Last year, Malta Dairy Products Ltd. increased the price of Benna fresh milk twice, in June and again in December 2023. Given the monopoly power that this company has in the market, the Malta Competition and Consumer Affairs Authority (MCCAA) decided to investigate this price rise.
(Source: The Malta Independent, December 2023)
- a) One characteristic of a monopoly is the existence of barriers to entry. List **FOUR** different barriers to entry. (4)
 - b) Describe **TWO** other characteristics of a monopoly besides barriers to entry. (4)
 - c) The MCCAA will be more cautious of price increases by monopolies. Mention **TWO** disadvantages that monopolies have. (4)
 - d) The government is not necessarily against the existence of monopolies. Mention **TWO** possible advantages of monopolies. (4)
 - e) i. Which type of market structure is the complete opposite of a monopoly? (1)
 - ii. List **TWO** characteristics of the type of market structure you mentioned in e)i. (2)
 - f) The government, owning 30% of the shares of Malta Dairy Products Ltd., may decide to sell its shares, completely privatising the company. Briefly discuss **ONE** advantage and **ONE** disadvantage of privatisation. (6)
- (Total: 25 marks)**

4. During the Budget speech in October 2023, the Minister of Finance and Employment announced that €40 million cash grants will be given to SMEs during 2024, to help them develop and reach new markets.
(Source: Ministry of Finance, The Budget 2024, October 2023)
- a) What does SME stand for? (1)
 - b) There are various ways to fund your business, and government subsidies are just one source of finance. Describe **THREE** other sources of finance. (6)
 - c) List **THREE** reasons for expanding a business. (3)
 - d) Even though firms are encouraged to grow, many entrepreneurs may still decide to maintain the small size of their firms. Explain **THREE** reasons why this may be the case. (6)
 - e) Give **ONE** example of an industry that operates in the:
 - i. Primary sector; (1)
 - ii. Secondary sector; and (1)
 - iii. Tertiary sector. (1)
 - f) The choice of where to set up a business is shaped by various factors that can affect its success. Discuss **THREE** factors that would be taken into consideration when deciding on the location of any business. (6)
- (Total: 25 marks)**

SECTION B: MACRO ECONOMICS

5. Provisional data recorded a total trade in goods deficit of €318.1 million during October. Imports amounted to €724.0 million, while exports totalled €405.9 million. Goods were imported (54.6 per cent) and exported (38.0 per cent) mainly from the European Union. The introduction of a new EU environmental tax on shipping next year is expected to lead to more costly imports and higher export cost.

(Source: National Statistics Office, October 2023)

- a) Discuss **ONE** way how Malta benefits from engaging in international trade in goods. (2)
- b) Apart from trade in goods, Malta also trades in services, such as tourism or financial services.
- Explain the difference between absolute and comparative advantage. (4)
 - Consider Table 1 below which assumes that Malta and Germany operate within two industries, manufacturing and tourism. Both countries have the same number of resources. Identify which country has an absolute advantage in **each** of the industries. (3)

Table 1

	Manufacturing	Tourism
	Units	Units
Germany	500	800
Malta	200	500
Total	700	1300

- c) Protectionism refers to government policies and measures designed to shield domestic industries from foreign competition.
- The new EU environmental tax on shipping may be considered as a form of protectionism by the EU. Provide **ONE** instance when this would be the case. (2)
 - Outline **ONE** other method which is used as a form of protectionism. (2)
- d) Outline what is expected to happen to the levels of Malta's imports and exports as a result of the new EU environmental tax on shipping. (4)
- e) As outlined in the text above, most of the trade in Malta is carried out with the European Union.
- Explain **ONE** objective of the European Union. (2)
 - Give **ONE** argument for and **ONE** against adopting a single European currency. (4)
- f) Outline **ONE** requirement for member countries to achieve European and Monetary Union (EMU) status. (2)

(Total: 25 marks)

6. Despite global uncertainty and significant inflationary pressures, the Maltese economy continued to expand strongly during 2022, with real GDP growing by 6.9%. At the same time, employment registered a strong growth of 6.4%.

(Source: Malta Fiscal Advisory Council, Assessment of the Draft Budgetary Plan 2024, December 2023)

- a) Provide definitions for **each** of the following terms, clearly highlighting the distinction between them:
- Gross Domestic Product (GDP); (1)
 - Gross National Product (GNP); and (1)
 - Net National Product (NNP). (1)
- b) Briefly explain **TWO** methods by which GDP is measured. (4)
- c) Explain why GDP growth and changes in the level of labour employment are related. (3)

This question continues on next page.

- d) i. Briefly explain the circular flow of income model. (2)
- ii. Draw a circular flow of income for an open economy with correct labelling. (3)
- iii. Mention **ONE** type of withdrawal and **ONE** type of injection. (2)
- e) Briefly discuss **TWO** problems related to calculating, interpreting, or comparing National Income statistics. (4)
- f) Explain **TWO** measures that the government may take to bring about long-term economic growth for Malta. (4)

(Total: 25 marks)

7. Economic theory suggests that inflation and unemployment have a stable and inverse relationship. The claim is that economic growth leads to inflation but also leads to lower unemployment. *(Source: The Relationship between unemployment and inflation, Yizhuo Qin, 2020)*

- a) Distinguish between inflation and unemployment. (2)
- b) i. Name **TWO** types of inflation; and (2)
- ii. Name **TWO** types of unemployment. (2)
- c) Inflation impacts various aspects of the economy.
 - i. Explain why inflation leads to reduced purchasing power. (1)
 - ii. Mention **TWO** other effects of inflation. (4)
- d) Mention **ONE** effect of unemployment on:
 - i. the unemployed person; (2)
 - ii. the economy; and (2)
 - iii. businesses. (2)
- e) Outline **ONE** method intended to:
 - i. control inflation; and (2)
 - ii. control the various types of unemployment. (2)
- f) Briefly describe **ONE** advantage of:
 - i. unemployment; and (2)
 - ii. inflation. (2)

(Total: 25 marks)

8. Economic development can lead to economic growth, however economic growth can also occur without economic development.

- a) Define:
 - i. economic development; and (1)
 - ii. economic growth. (1)
- b) i. How is economic growth measured? Provide a numerical example. (3)
- ii. Provide a brief explanation of how economic development and economic growth contribute to a nation's overall prosperity. (4)
- c) Economic growth brings with it various costs and benefits.
 - i. Explain **TWO** potential costs. (4)
 - ii. Explain **TWO** potential benefits. (4)
- d) i. Mention **ONE** key indicator used to measure a country's level of development. (1)
- ii. Compare and contrast the **ONE** strength and **ONE** limitation of the indicator identified in d)i. (2)
- e) i. Outline **ONE** strategy that a government can implement to promote economic development in a less developed country. (2)
- ii. Evaluate **ONE** potential challenge associated with the strategy mentioned in e)i., considering **both** economic and social aspects. (3)

(Total: 25 marks)