

- 2 Sonia owns a takeaway food delivery service. She decides to expand the firm, buying more vans and hiring additional drivers.

Which factors of production were changed?

- A capital and labour
- B capital and land
- C enterprise and capital
- D labour and land

- 3 In recent years, the quantity of Latvia's factors of production has changed. Since 2008, its capital has increased and its land has not changed significantly, but its labour force and its enterprise have decreased. Enterprise and conditions of supply can affect firms' prices. In 2022, the Latvian Government increased the country's national minimum wage (NMW). Its NMW did, however, remain one of the lowest in the European Union.

- (a) Identify the rewards to capital and land. [2]
- (b) Explain **two** causes of a decrease in enterprise in an economy. [4]
- (c) Analyse how changes in conditions of supply can affect a firm's prices. [6]
- (d) Discuss whether or not a rise in a national minimum wage will harm an economy. [8]

- 3 Estonia's factors of production are employed in a range of industries including education. In 2022, the country experienced a shortage of teachers. The government increased teachers' wages to attract workers from other industries. Two of Estonia's other industries are building and clothing. Estonia's clothing industry has firms of different sizes. Estonia's firms were affected in 2022 by the government increasing the money supply.

- (a) Define *factor of production*. [2]
- (b) Explain **two** reasons why building workers may **not** become teachers. [4]
- (c) Analyse how a small firm can compete successfully with a large firm in the same industry. [6]
- (d) Discuss whether or not an increase in the money supply will benefit an economy. [8]

- 2 In which case is it possible to set the level of reward before production takes place for the first factor of production but **not** for the second factor?

	first factor	second factor
A	capital	land
B	enterprise	labour
C	labour	capital
D	land	enterprise

- 26 African economies may have rapid economic growth because of a large increase in their working age population.

Based on this idea, which factor of production is most likely to grow significantly?

- A** labour
- B** enterprise
- C** capital
- D** land

- 2 The management of an airline decided to replace its aeroplanes with more technologically advanced aircraft. At the same time, the company retrained its pilots.

Which factors of production has the airline improved?

- A** capital and labour
- B** capital and land
- C** labour and enterprise
- D** land and enterprise