# Economics
# Standard level
# Paper 1

15 May 2023

**Zone A** afternoon | **Zone B** morning | **Zone C** afternoon

1 hour 15 minutes

## Instructions to candidates

- Do not turn over this examination paper until instructed to do so.
- You are not permitted access to a calculator for this paper.
- Answer one question.
- Use fully labelled diagrams where appropriate.
- The maximum mark for this examination paper is **[25 marks]**.

Answer **one** question.

1. (a) Explain **two** types of government intervention that could be used to correct the market failure arising from the consumption of demerit goods. [10]

   (b) Using real-world examples, discuss whether public goods should always be provided directly by the government. [15]

2. (a) Explain the difficulties involved in measuring poverty. [10]

   (b) Using real-world examples, evaluate the view that inequality can best be reduced through the use of taxation. [15]

3. (a) Explain **two** reasons why a high level of government indebtedness can act as a barrier to economic growth. [10]

   (b) Using real-world examples, evaluate the effectiveness of foreign aid in promoting economic development. [15]