Economics
Standard level
Paper 1

16 May 2024

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

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 how a decrease in the price of travelling by train might affect the price and output of its substitutes **and** of its complements.   [10]

    (b) Using real-world examples, evaluate the view that the government should never provide subsidies to firms.   [15]

2. (a) Explain the difference between cyclical (demand deficient) unemployment and structural unemployment.   [10]

    (b) Using real-world examples, evaluate the view that fiscal policy is the most effective way of reducing a country's level of unemployment.   [15]

3. (a) Explain how capital flight **and** low levels of investment in human capital can act as barriers to economic growth.   [10]

    (b) Using real-world examples, evaluate the view that the level of real gross domestic product (GDP) is the best measure of economic development.   [15]