

Answer **one** question.

1. (a) Explain the difference between price elasticity of demand and income elasticity of demand. [10]
 - (b) Using real-world examples, evaluate the view that an understanding of price elasticity of demand can be useful for firms trying to increase total revenue. [15]
 2. (a) Explain how an increase in consumer confidence **and** an increase in interest rates might affect macroeconomic equilibrium in the short run in an economy. [10]
 - (b) Using real-world examples, evaluate the view that economic growth always leads to a rise in economic well-being. [15]
 3. (a) Explain how a country might use trade protection to raise government revenue **and** protect employment in an industry. [10]
 - (b) Using real-world examples, evaluate a country's decision to impose trade protection on imported goods. [15]
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