

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]