

5 Missions to outer space face the same basic economic problem as that experienced on Earth. The African Space Agency was created to improve science and technology on the African continent. This agency also aims to coordinate trade between African countries to help technological development. This may improve how markets work. In 2021, total government spending on this agency was more than \$500 million.

(a) Define *the basic economic problem*. [2]

(b) Explain how a market allocates resources. [4]

(c) Analyse the benefits a country may gain from exporting to and importing from other countries. [6]

(d) Discuss whether or not an increase in government spending will benefit an economy. [8]