

3 Estonia's factors of production are employed in a range of industries including education. In 2022, the country experienced a shortage of teachers. The government increased teachers' wages to attract workers from other industries. Two of Estonia's other industries are building and clothing. Estonia's clothing industry has firms of different sizes. Estonia's firms were affected in 2022 by the government increasing the money supply.

(a) Define *factor of production*. [2]

(b) Explain **two** reasons why building workers may **not** become teachers. [4]

(c) Analyse how a small firm can compete successfully with a large firm in the same industry. [6]

(d) Discuss whether or not an increase in the money supply will benefit an economy. [8]