Solutions

Economics answers are marked by **level of response** against the assessment objectives: award **AO1** knowledge, **AO2** application, **AO3** analysis and **AO4** evaluation.

Each answer shows the steps, then the **result**.

2.1

- a measure of how much the quantity supplied responds to a change in price, equal to %ΔQs ÷ %ΔP (2 for a clear definition; 1 for a partial idea)

2.2

- PES = $\frac{+30}{+20}$ = +1.5; greater than 1, so supply is **elastic** (2; award 1 for a correct value with no classification)

2.3

- any two of: spare capacity; large stocks; easily mobile factors of production; more time (1 + 1)

3.1 C

- A long production time makes supply slow to respond, so it is inelastic

3.2

- *[6]* AO1 1 + AO3 up to 5 — in the short run at least one factor is fixed, so firms can increase output only a little when price rises; in the long run all factors can be varied (new machines, more workers, new firms enter)
- output can respond fully
- supply is more elastic

3.3

- *[6]* AO1 1 + AO2/AO3 up to 5 — crops take a growing season to produce, so a price rise cannot raise this year's output (momentary/short-run supply is fixed); farmers also cannot store some perishable goods
- quantity supplied responds little to price
- supply is inelastic