2.2 Supply

Name: ______________ Class: __________ Date: ____________ **Total: 8 marks**

KEY WORDS law of supply 供给定律 • marginal costs 边际成本 • subsidies 补贴 • supply 供给 • demand 需求

Objective

Build the skills to answer exam questions on **supply**.

You must be able to:

- state the **law of supply 供给定律** and the direct price-quantity relationship
- explain the upward slope in terms of rising **marginal costs 边际成本**
- distinguish a movement **along** supply from a **shift**
- derive **market supply** by horizontally summing individual supply

1 Worked examples

Study these first. Each one shows the method for a question type used later.

> **■ The law of supply**
>
> As price rises, quantity supplied rises — the supply curve slopes **upward** because higher prices cover the **rising marginal cost** of extra output.
>
> **■ Movement vs shift**
>
> A change in the good's **own price** is a movement along the curve; a determinant change (input prices, technology, taxes, expectations, number of sellers) **shifts** it.
>
> **■ Market supply**
>
> The horizontal sum of all individual firms' supply curves.

2 Practice

2.1 State the law of supply. [1]

2.2 State why the supply curve slopes upward. [1]

2.3 State how market supply is derived from individual supply curves. [1]

3 Exam-style questions

3.1 The supply curve slopes upward because of rising [1]

A demand
B marginal costs
C taxes
D incomes

3.2 An improvement in technology shifts the supply curve [1]

A to the left
B to the right
C not at all
D vertically

3.3 The wage paid to workers producing a good rises.

(a) State the effect on supply. [1]

(b) State the direction the supply curve shifts. [1]

(c) Name one other determinant of supply. [1]