

Exercise walk-through

1.1

Choice, models and market adjustment

Pearson Edexcel · International GCSE · Economics

2 . Choice, models and market adjustment: method

method

A market price links buyers and sellers. At equilibrium, quantity demanded equals quantity supplied. A lower price can create excess demand; explain the pressure on price without assuming immediate adjustment. Distinguish a movement along a curve from a change in another determinant.

Use all linked prerequisite lessons for the complete mapped method.

2 . Choice, models and market adjustment: worked reasoning

worked reasoning

The matching quantities identify equilibrium at price 20 currency units/item and quantity 100 items/day. At price 15 the shortage is $110 - 80 = 30$ items/day. Buyers competing for scarce stock or sellers revising prices may push the price up. As price changes, quantities move along unchanged curves. An income or cost change can instead shift a curve; actual adjustment depends on market conditions.

Check units, assumptions and the scope of the conclusion.

7 . IGCSE trade and exchange rates: transfer review

transfer review

Protection can support the targeted producer and revenue but raise input and consumer costs, reduce choice and harm export competitiveness. Consider jobs gained and lost, adjustment time, retaliation, quality and feasible training/competitiveness measures. Recommend only conditionally on evidence about the stated objective and net effects; set a review of prices, quantities, employment and distribution. Do not count all domestic firms as beneficiaries.

Accept justified alternatives; these are original formative expectations.

Exercises 2.1·3.1

2.1 For the worked case, state the method, show its application and give a limitation.[3]

3.1 A workshop has idle machines. A new order raises output. Has its production frontier necessarily shifted? [3]

Exercises 2.1·3.1

2.1 For the worked case, state the method, show its application and give a limitation.[3]

2.1 The slope gives $40/20 = 2$ chairs per desk. Five desks therefore cost $5 \times 2 = 10$ chairs per day. Reallocating existing resources moves along the frontier. More usable resources or better technology can shift it outward; demand alone does not increase physical capacity. Authored points for method, application and relevant qualification.

3.1 A workshop has idle machines. A new order raises output. Has its production frontier necessarily shifted? [3]

3.1 No. With usable idle capacity, production may move from inside towards the existing frontier. A capacity increase requires evidence about available resources or technology, while a new order changes demand. Compare feasible combinations before and after rather than equating actual output with potential output. Authored points for judgement, case-linked reasoning and justified qualification. Accept supported alternatives.