IGCSE ECONOMICS • EXERCISE SHEET

2.3 Supply

Name: ____________ Class: ________ Date: __________ **Total: 15 marks**

Objective

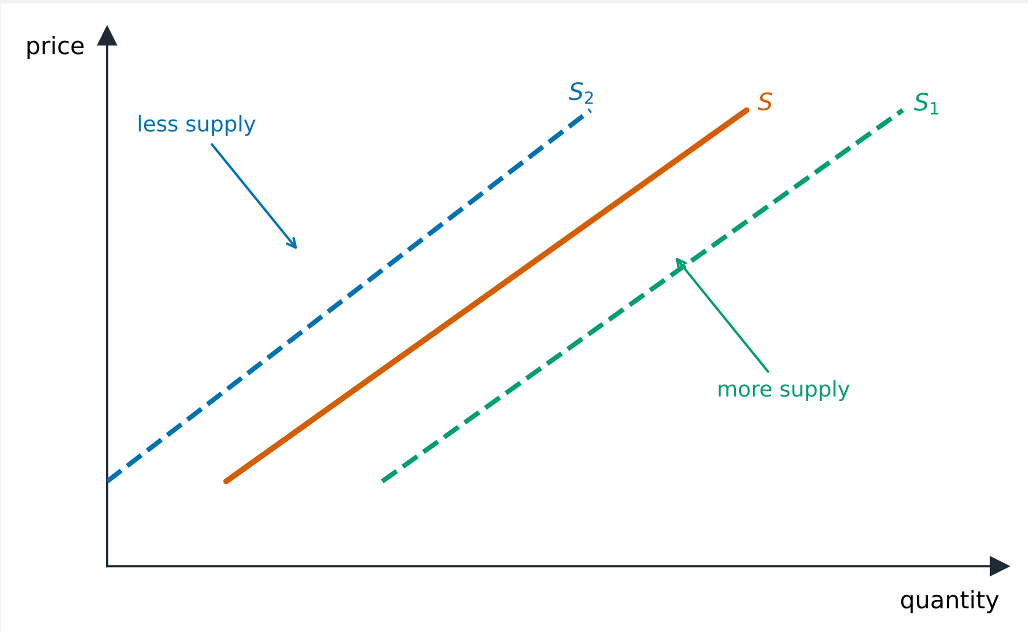
Build the skills to answer exam questions on **supply** 供给—the **law of supply** 供给定律, **movements along** versus **shifts**, and the **conditions of supply** 供给条件.

You must be able to:

- state the law of supply and explain the upward curve
- distinguish a movement along from a shift of the supply curve
- explain the conditions that shift supply

1 Worked examples

■ The supply curve



Own-price change = movement along; any other change = shift

- **Law of supply:** price up → quantity supplied up (a **direct relationship** 正向关系) —firms earn more, so supply more.
- **Conditions of supply** (shift the curve): **costs of production** 生产成本, **technology** 技术, a **tax** 税收 or **subsidy** 补贴, weather, number of firms.

> **Answer shapes:** an **Analyse** [**up to 6**] answer may use a supply diagram; **Discuss** [**8**] adds a judgement (Ev).

2 Practice

2.1 State the *law of supply.* [2]

2.2 State two conditions that shift the supply curve. [2]

2.3 State the effect on supply of a rise in the costs of production. [1]

3 Exam-style questions

3.1 A government **subsidy** to producers will shift the supply curve: [1]

- **A** left, because costs rise
- **B** right, because costs fall
- **C** left, because demand falls
- **D** there is no effect on supply

3.2 Using a supply diagram, explain how a rise in the cost of raw materials affects supply. [4]

3.3 Analyse how an improvement in technology would affect the supply of a good. [6]

4 Go further

You are now ready for the real exam questions on this subtopic. Open the **2.3 Supply** past-paper sheet in the Library, or try these in **Practice mode**:

- 0455/11 N25 —Q2 (supply)
- 0455/11 N25 —Q6 (shifts of supply)
- 0455/13 J25 —Q14 (conditions of supply)

Solutions

IGCSE Economics answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 when the price of a good rises, the quantity supplied rises, and when the price falls, the quantity supplied falls (2 for a clear statement; 1 for a partial idea).

2.2 any two of: costs of production; technology; taxes/subsidies; weather; number of firms (1 + 1).

2.3 supply falls (the curve shifts left) (1).

3.1 B. A subsidy lowers costs, shifting supply right.

3.2 *[4]* K 1 + **diagram up to 2** (supply shifts left $S \to S_1$) + An 1 —dearer raw materials raise firms' costs → they supply less at every price → the supply curve shifts left.

3.3 *[6]* K/App/An —technology is a condition of supply → better technology lowers firms' costs of production → they can make more for the same cost → at every price they supply more → the supply curve shifts right → supply rises (and, with demand unchanged, the price falls and quantity rises).