Solutions

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

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

2.1

- the **law of demand**: when price **rises**, quantity demanded **falls** (and vice versa) (K)

2.2

- any **two** of: **income** / **tastes** / **price of a substitute or complement** / **population** / **advertising** (K, K)

2.3

- coffee is a **substitute** for tea
- demand for tea **rises** (K)

3.1 C

- a change in the good's **own price** is a **movement along** the demand curve (K)
- A and B are shifts; D is supply, not demand

3.2

- draw a labelled demand diagram: demand shifts **right** $D \to D_1$ (K)
- higher income raises demand for a **normal good** (An)
- more is demanded **at every price** (An)

3.3

- advertising is a **condition of demand** (K)
- a successful campaign makes the product more popular (An)
- the whole demand curve **shifts right** → demand rises (and, with supply unchanged, price and quantity rise) (An)