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 supply**: when price **rises**, quantity supplied **rises** (and vice versa) (K)

2.2

- any **two** of: **costs of production** / **technology** / **taxes or subsidies** / **weather** / **number of firms** (K, K)

2.3

- higher costs mean firms supply less at every price
- supply **falls** (the curve shifts **left**) (K)

3.1 B

- a **subsidy** lowers costs, so supply shifts **right** (K)
- A is a tax; C confuses demand with supply; D is false

3.2

- draw a labelled supply diagram: supply shifts **left** $S \to S_1$ (K)
- dearer raw materials **raise costs** (An)
- firms supply less at every price → the supply curve shifts **left** (An)

3.3

- technology is a **condition of supply** (K)
- better technology **lowers costs**, so firms can make more for the same cost (An)
- the supply curve **shifts right** → supply rises (and, with demand unchanged, price falls and quantity rises) (An)