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

- **excess demand** is when, at the current price, quantity demanded is **greater** than quantity supplied (a **shortage**) (K)

2.2

- a surplus means unsold stock builds up
- the price **falls** (K)

2.3

- a rightward shift in supply
- **price falls** and **quantity rises** (K, K)

3.1 B

- a price **below** equilibrium causes **excess demand**, which pushes the price **up** (K)
- A is a price above equilibrium; C and D are false

3.2

- a surplus means firms supply **more than buyers want** at the current price (K)
- unsold stock builds up, so sellers **cut the price** (An)
- as price falls, quantity demanded rises and quantity supplied falls → the market **returns to equilibrium** (An)

3.3

- destroying part of the harvest **cuts supply** — the supply curve **shifts left** (K)
- at the old price there is **excess demand** (An)
- the price is bid up → a **higher price and lower quantity** of coffee (An)