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

- **PES** measures how much quantity supplied responds to a change in price (K)
- PES $= \frac{\text{\% change in quantity supplied}}{\text{\% change in price}}$

2.2

- quantity supplied rises 10% when price rises 20%

$$\text{PES} = \frac{10}{20} = \mathbf{0.5}$$

- less than 1, so supply is **inelastic** (K)

2.3

- any **two** of: **more time** / **spare capacity** / **stocks held** / **easily switched factors** (K, K)

3.1 C

- a **long production time** makes supply slow to respond, so it is **inelastic** (K)
- A, B and D all make supply *more* elastic

3.2

- fresh vegetables take a **growing season** and cannot be stored long (K)
- if the price rises, farmers cannot quickly grow more this season (An)
- quantity supplied responds little → supply is **inelastic in the short run** (An)

3.3

- a manufactured good can be made faster: extra shifts, spare capacity, or stocks (K)
- when the price rises, firms raise output quickly → supply is **elastic** (An)
- a farm crop takes a whole season → output cannot rise quickly → supply is **inelastic** (An)