

## Best answers in economics

### **1. Explain how changes in price work to reallocate resources in a market. [10 marks] - M15/3/ECONO/HP1/ENG/TZ2/XX**

Time allowed 18 ( 16 writing + 2 planning)

### **Best Answers in Economics:**

1. Define +/- or explain key economic terms
2. Diagrams used expertly connecting text of answer to diagram
3. Use examples. Diagrams provide examples but try and provide real world examples where appropriate. Collect examples over time in your note taking. Try and use your IA or even your extended essay if relevant.
4. Answer. Stay focused on the question.
5. Paragraphs. Separate your answer into clear paragraphs. Each paragraph connects with the question.

### **P1:**

- define key terms. These include resource (re)allocation and market. Focus on resource allocation as the placing in or out of factors of production into markets to produce quantities of goods and services. Highlight that the price mechanism allocates resources.
- Address the question. Make a statement about the title e.g. the market and the price mechanism is key to allocation of resources

## P2:

- Use a specific market example e.g. rice.
- Draw supply and demand to show movements/shifts in supply and demand. **Draw and use expertly. Use a ruler and refer to exact points/lines on the graph. Focus on q1 – q3**
- explain that these changes adjust price and therefore send signals the market to adjust the quantities on the X-axis and more or less rice is produced. If more is produced then more factors of production are required and therefore resource allocation takes place. The opposite occurs when the market for rice contracts/becomes smaller.

## P3:

- Make a brief closing statment about the importance of the market as a key resource allocation system in a mixed market economy.

