

3 (a) Using appropriate examples, explain the concepts of price elasticity of demand and price elasticity of supply. [10]

(b) Discuss the usefulness of elasticity concepts in helping governments achieve their economic goals. [15]

Question interpretation

(a)

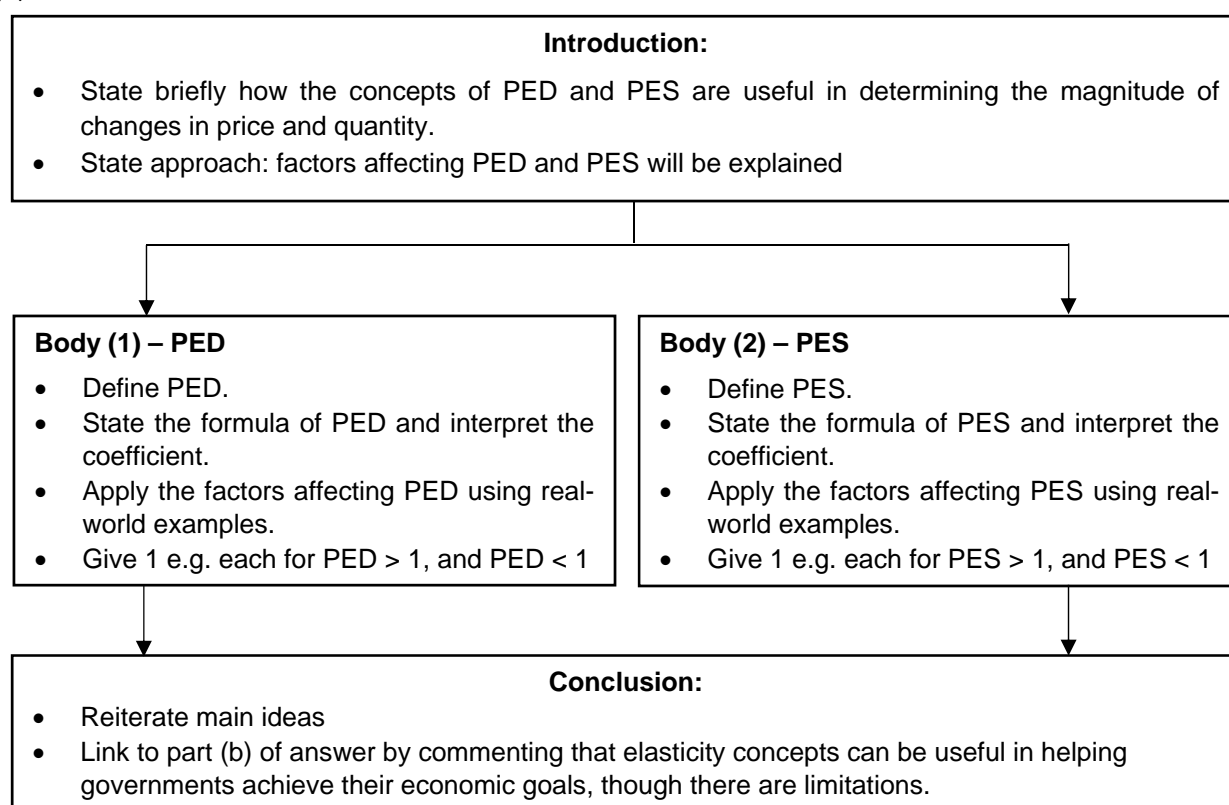
- What is price elasticity of demand (PED) and supply (PES)?
- What are the factors affecting PED and PES?
- What are some examples that can illustrate how these factors affect PED and PES?

(b)

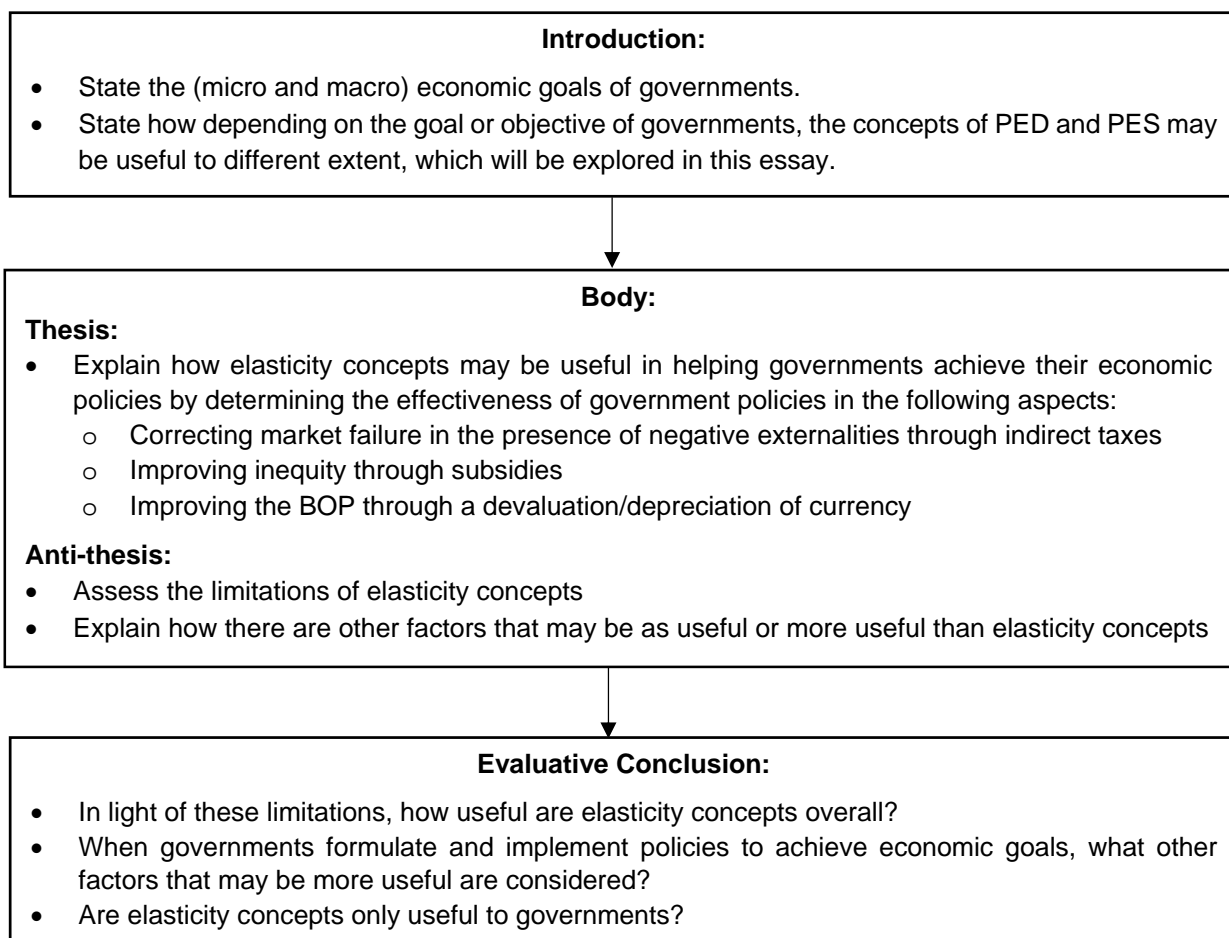
- What are the economic goals (both micro and macro) of governments?
- How do elasticity concepts help governments achieve their economic goals?
- What are the limitations of elasticity concepts?
- Overall, how useful are elasticity concepts in helping governments achieve these goals?

Schematic Plans

(a)



(b)



Level	Knowledge, Comprehension, Analysis and Application	Marks
L3	An answer that fully addresses the requirements of the question, explaining the factors affecting PED and PES, giving equal treatment to both concepts, with the use of real-world examples.	7 - 10
L2	Mainly theoretical answers that explain the factors that determine PED and PES, with limited use of examples, OR explanations lack elaboration to reflect good comprehension of both concepts.	4 - 6
L1	Incomplete answers that fail to recognise the factors that may determine the price elasticity of demand or supply. Answers may reflect weak understanding of the concept by only listing the factors.	1 - 3

Level	Knowledge, Comprehension, Analysis and Application	Marks
L3	An answer that assesses the usefulness of elasticity concepts in helping governments achieve their micro <u>and</u> macroeconomic goals. Answers have sufficient scope and rigour; contain at least 3 well-developed arguments supported with economic diagram(s) and real-world examples.	9 - 11

L2	For mainly theoretical answers that explained how elasticity concepts are useful in determining the effectiveness of government policies to help achieve economic goals but did not fulfil all the question requirements in terms of scope and/or rigour e.g. only analysed micro or macroeconomic goals.	5 - 8
L1	For answers which are mainly descriptive, have insufficient scope, have many missing gaps in analysis or fails to link back to the economic goals of governments explicitly to address the requirements of the question.	1 - 4
Level	Evaluation, Synthesis	Marks
E2	Insightful, evaluative comments supported by economic or contextual analysis.	3 - 4
E1	Statements that are unsubstantiated or not based on economic or contextual analysis. <i>*Statements which are generic or rehearsed are not awarded marks.</i>	1 - 2