Additional case study: Supply of salt

At the start of 2010 the UK was hit by extremely cold weather including snow and ice. As a result there was a major increase in demand for salt to put on the roads to make them safer. However, the supply of salt in the UK comes mainly from three salt mines; one in Cheshire, one in Cleveland, and one in County Antrim. The shortage was so great that at one point the government ordered councils to use less grit on the roads and stopped gritting the hard shoulder of the motorways. Problems in the past meant councils had been instructed to hold a few days worth of stock of salt but this was not enough to make the roads safe in what was the coldest period since 1963.

Questions

1. Sketch a supply curve that represents the supply of salt in the short run. Explain your diagram.

2. Why do councils keep stocks of salt?

3. Add to your first diagram a long run supply curve for salt; explain your diagram.