

International Baccalaureate · IB Diploma · Economics · SL

IB economics first assessment 2022. Three supervised news commentaries cover microeconomics, macroeconomics and the global economy through distinct key concepts. School checks source recency and commentary requirements against the full guide.

Source vocabulary

tax incidence ; price elasticity .

Equilibrium joins quantity demanded and supplied at one price. An own-price change moves along a curve; a changed determinant shifts it. Elasticity uses proportional changes, not the slope alone. A tax creates a wedge between consumer and producer prices; incidence depends on relative responsiveness.

Original price: 10

Consumer price after tax: 12

Producer receipt after tax: 9

Tax wedge = $12 - 9 = 3$



Compared with the original price, buyers bear more.

revenue.

Percentage price change= $(12-10)/10 \times 100\% = 20\%$. Percentage quantity change= $(90-100)/100 = -10\%$. PED= $\% \Delta Q_d / \% \Delta P = -10\% / 20\% = -.5$, dimensionless. Revenue initially= $10 \times 100 = 1,000$ units; finally= $12 \times 90 = 1,080$ units. Demand is inelastic over this change under this convention.

Advertising changes while price rises and sales fall. Can the observed ratio identify PED on one demand curve?

Checked original model

Advertising can shift demand, so the two observations may not lie on the same curve. The percentage ratio is arithmetic but cannot isolate the own-price response without other determinants controlled or accounted for. Explain the movement/shift distinction.

These are authored formative expectations, not official IB descriptors. Accept other justified arguments with evidence and material limits.

This supplement teaches the method for this part of the course. The full assessment criteria and any texts your school chooses come from your teacher.