Supported preparation: Equilibrium, elasticity and intervention

International Baccalaureate · IB Diploma · Economics · HL

Scope and prerequisites

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.

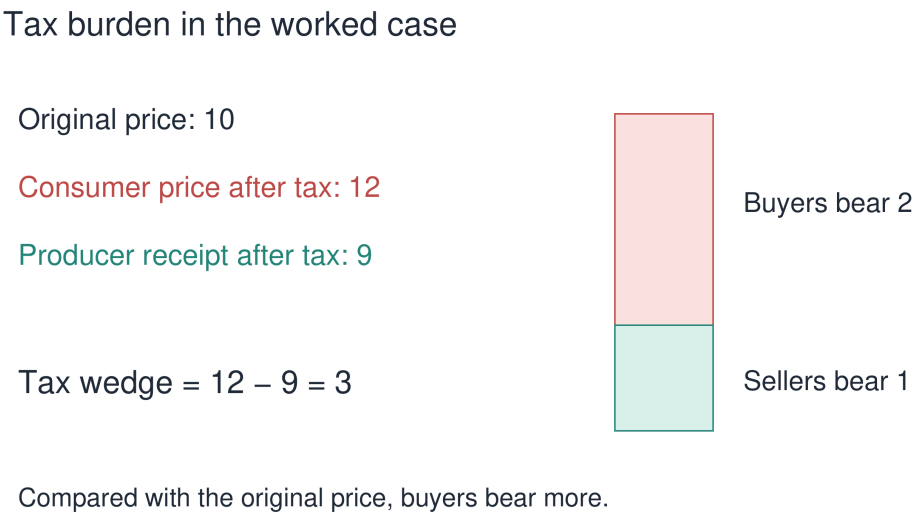
Mapped preparation outcomes: ib_economics_hl.2.1, ib_economics_hl.2.2. Read the matching native lesson first. Actual approved choices, evidence and final learner work remain separate.

Source vocabulary

tax incidence ; **price elasticity** .

Explanation and worked method

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.



Task: price rises from 10 to 12 currency units and quantity demanded falls from 100 to 90 units. Use the original-value percentage convention to compute PED and interpret

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revenue.

Percentage price change=(12−10)/10×100%=20%. Percentage quantity change=(90−100)/10
PED=%ΔQd/%ΔP=−10%/20%=−.5, dimensionless. Revenue initially=10×100=1,000 units; finally=12×90=1,080 units. Demand is inelastic over this change under this convention.

Independent transfer

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

Attempt independently before reading the model.

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.

Source and task holds

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.