Supported preparation: Externalities, public goods and fairness

International Baccalaureate · IB Diploma · Economics · SL

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_sl.3.1, ib_economics_sl.3.2. Read the matching native lesson first. Actual approved choices, evidence and final learner work remain separate.

Source vocabulary

common-access resource ; **equity** .

Explanation and worked method

A negative production externality makes marginal social cost exceed marginal private cost. Unregulated private choice can exceed the socially efficient quantity. A public good is non-rival and non-excludable; a common-access resource is rival and difficult to exclude. These properties create different problems. Efficiency and fairness are distinct criteria.

Original source / task evidence

Task: a shared fishery is depleted, while a warning signal is available to everyone. Compare the problems and evaluate one fishery policy.

Separate what is stated from the interpretation.
Externalities, public goods and fairness

Task: a shared fishery is depleted, while a warning signal is available to everyone. Compare the problems and evaluate one fishery policy.

Catch removes fish available to others, so the resource is rival; weak exclusion can encourage overuse. A broadcast warning can be non-rival and hard to exclude, creating financing/free-rider issues. A monitored catch limit can reduce depletion but requires enforceability and affects livelihoods. Assess ecological evidence, compliance

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and distribution; a price or quantity instrument is not automatically fair.

Independent transfer

A fishing subsidy lowers private costs without catch controls. Predict a risk and evaluate a condition for use.

Attempt independently before reading the model.

Checked original model

Lower private costs can increase effort and catch, worsening common-resource depletion. Sustainable stock evidence, enforceable limits and livelihood effects are relevant conditions. Do not infer that every subsidy has the same effect; specify its mechanism and design.

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.