IB ECONOMICS
PAPER 1

10 MARKS

They are "EXPLAIN" questions.

Show-off your THEORY ONLY. Nothing else!
- No 2-sided argument!
- No Evaluation!
- No Judgement!

(15 minutes maximum!)

Examiner will match your essay with the grade table. You want to get the highest level!

① Define the key terms!   [Example (if applicable]

② You must give a diagram. EXAMINERS LOVE A DIAGRAM!   [Example]
- Label fully
- No mistakes!!

You must talk about the diagram! Don't leave it. Step by step analysis. Tell about what and why is happening in the diagram. Why this curve Shifts? IMAGINE EXAMINER IS DUMB!!!

- No product or good X. Must apply to real situation. E.g. Price of Apples

③ Depth of analysis
- Minute details of the theory. Don't take anything for granted PLEASE!
Tell everything as examiner does not know anything.   [Example]

④ EXAMPLES
Examiners always complain about lack of example.
Weak example - 8 marks max
No example - 6 marks max

DO NOT PUT 2 LINES ABOUT AN EXAMPLE IN THE END!
Examples must be there throughout the response! Explain theory with
Time for Example: Cost of inflation, EXAMPLES!
Benefits of growth. etc.

IB ECONOMICS
Paper 1

15 MARKS

ONE POLICY!

'TWO-SIDED ARGUMENT'

The question is a 'debate'!!!

① Definitions
  - in questions
  - any other that will be discussed

② On the one hand... (One argument)
  Answer the question straight away

  - Diagram is good
  - Depth of analysis (like Paper 1 10 marker)
    Everything is explained DON'T SKIP
  - APPLICATION (like Paper 1)(10 marker)
    Keep using examples to back your analysis!
    VERY IMPORTANT TO HAVE EXAMPLES

  - Then Evaluate (Massive skill)
    - Evaluate THROUGHOUT the answer

Now you have answered the question from one POV.

③ On the other hand... (the contrasting argument)
  - Depth of analysis (with diagram if can!)
  - Application
  - Evaluation

X 2

X 2

Yes, you are probably going to have 2 points for both sides. So, you are following the structure 4 times. Sometimes lesser is fine! BALANCE IS IMPORTANT IN THE END!

④ Judgement (Very important to examiners)
  - MUST BE PERFECT TO GET TOP MARKS
  + 5 MIN TO WRITE (Minimum)
  - Half a page long is alright!!!

Range of policies in question to discuss
E.g. Resolving Market Failure, Have Economic Growth, etc.

Follow the 'TWO-SIDED ARGUMENT' approach from step 1-3. Just once though, not twice!!! Then,

4) Policy 2 (answer the question) to overcome problem in Policy 1. Analyze well with depth & eg.
5) Problem with Policy 2... Also with depth, diagram, example, evaluation!!!
   (Repeat process if there are more policies. So do No. 4 & 5 ~~for~~ for Policy 2)
6) Judgement (!IMPORTANT for TOP MARKS!)

RITING A PARAGRAPH

CHAINS OF ANALYSIS

{This also works for diagrams!}

General Structure

"Discuss the cost & benefits of Economic Growth to an economy." (Tax revenues for govt.)

① Start by making the point

One simple point turns into a wonderful paragraph!

"An increase in economic growth can generate a fiscal dividend for the government."

② Explain Why → CAUSE | Go into the theory! Like in black part! Explain very well using theory!

"~~As a result~~ This is because with higher economic growth, the government will receive a higher income tax revenue, a higher corporate tax revenue from businesses and greater sales tax revenue collection. Hence, the government earns a higher fiscal dividend." (Tell how there is Increase in Yd which means higher income taxes. Spending increases, so higher sales taxes. Company profits rise....")

③ Now answer the question → Why is it a benefit? What is the consequence of this?

"~~The greater~~ As a consequence of the government receiving extra revenues, they can spend it to improve key things in the economy like infrastructure, healthcare, education and welfare." (Always think examiner does not know.) "Minute details"

④ Use of EXAMPLES/EVIDENCE

Examiners want examples.

"An example of this is seen in various African economies where the increase in commodity exports has caused economic growth and as a result greater fiscal dividends for the government. Zambian government has increased spending on infrastructure, healthcare and sanitation as a result of the increased fiscal dividends."

⑤ EVALUATE - crucial!!!

At the end of each paragraph, you should evaluate!!!

4 ways to EVALUATE   ① Weighing up points   ③ Winners-Losers
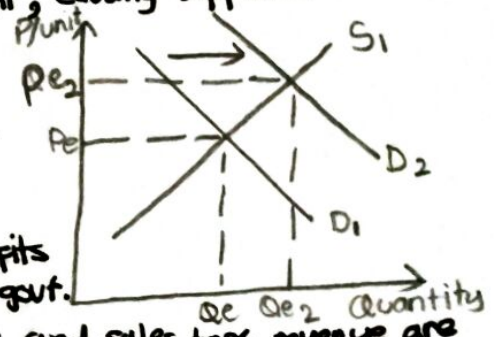
④ Example of Evaluation For number 4 !   ② SHORTRUN-LONG RUN ④ Assumptions in theory

"However, although economic growth should generate fiscal dividend, it may not because some assumptions we have held will not hold. For example - the government may be corrupt and they refrain from spending the revenue on key areas of the economy. They could instead pocket the money. Somalia is one of the most corrupted countries and despite increased fiscal dividends, the economy's infrastructure and healthcare is very poor. Another possibility is tax evasion as the government could be poor at collecting tax. This is the case for Zambia's government. The businesses can therefore evade tax, which means there is no fiscal dividend from corporate taxes. India is a good example where people report their incomes lower than what they earn. Self-declaration tax system limits the income tax revenue.

PARAGRAPH SAMPLE

Discuss the cost & benefits of economic growth to an economy.

We will write about greater fiscal dividend (tax revenues) for the government.

An increase in the level of economic growth or even consistent levels of economic growth can generate high fiscal dividends for the government. This is because due to economic growth, living standards and household incomes rise, automatically increasing income tax revenues for the government without any alterations to the income tax rate. As there is a higher income for the average households, disposable income (Y_d) rises and consumer spending increases in the economy, leading to an increase in indirect sales taxes for the government as consumers purchase for products. More goods & services. Also, increasing spending on consumption means demand shift to the right, causing suppliers to sell at a higher price and a higher quantity. Initially, as demand curve is D_1, the equilibrium price is Pe and equilibrium quantity is Qe. As demand curve shifts to the right to D_2 due to increased consumer spending, the businesses or producers sell at a higher price Pe_2 and a higher quantity Qe_2, leading to an increase in their profits and hence, an increase in corporate tax revenue for the govt. Hence, higher income tax revenue, corporate tax revenue and sales tax revenue are received by the govt. as a result of economic growth.

As a consequence of this, the government can increase expenditure on key public and merit goods in the economy by improving infrastructure, healthcare, education and other sources of welfare. Thereby economic growth is beneficial in this scenario for economies. An example of this can be seen in African nations such as Zambia, where higher economic growth due to an increase in commodity exports has increased tax revenues for the Zambian government which it is spending on better infrastructure, healthcare and sanitation for the economy. The increased tax revenues are highly beneficial for the developing countries. However, although economic growth should generate fiscal dividend, it may not be beneficial for the economy as we cannot assume that governments are not corrupt. The corrupt governments may refrain from spending the revenue on public goods and pocket the money instead. This is a key issue for Somalia, another african nation, which is the most corrupted country in the world. Its infrastructure and living conditions remain poor despite assistance from other nations as the government officials pocket the economy's income. Another possibility is tax evasion as the govt. is poor at tax collection and it is easy for businesses and tax workers to evade tax. India uses a self-declaration system and the workforce often under-reports its income to evade taxes. Hence, economic growth is beneficial in terms of higher fiscal dividends if the institutional framework of the economy is robust and transparent.

EVALUATION

The evaluation is very important for 15 markers. Use in every paragraph!

HOW TO EVALUATE?

1) **Weigh up** (prioritise) points on paragraph using examples or theory.
("This point is significant". "This point, however, is weak because theoretical"

2) **Short run - long run impacts** (powerful for 'judgement').

3) Talk about assumptions in the paragraph
   - Do the assumptions actually hold?
   - Does this make the point weak?

4) Stakeholders (Winners & losers)
   Who benefits?
   Who is disadvantaged?
   Should be implemented or not?

Evaluate throughout essay in all paragraphs and <u>must evaluate in judgement.</u>

[5-7 min] **JUDGEMENT** [End of 15 marker]

- A balanced, reasoned, effective <u>ANSWER TO THE QUESTION</u>

Don't say "In conclusion" or something like that.

1) Answer the question in the first line. Don't worry. You are right if you can justify your answer. "Indirect taxation is most effective method to reduce cigarette cons."

2) Weigh up the points. Not a summary!!! Talk about importance of each point. Don't repeat yourself though! Focus on the main points in the debate!

3) Show BALANCE. Your answer to the question is not certainly going to be right. So for example "Indirect taxation ... effective method .... cigarette consumption ... as long as the government ensures this... as long as businesses react like this... as long as this risk is eliminated in the long-run. Basically, you show humility!

4) Consider SR/LR impacts
"The policy is not effective in SR due to inelastic demand, but benefits are seen in long-run."
"Protectionism good in SR as protects industries, but not LR as it causes retaliation."

5) Real world examples to get the maximum marks.
Different questions involve different ways of making judgement, but you must think of it in the exam!

IB ECONOMICS
Paper 2

TIPS

Characteristics

1) 90 mins long ; 2 Questions to answer

1 international Econ   1 developmental Econ

2) • Two 2 markers /question [8 marks]
   Define, List, State

   • Two 4 markers /question [16 marks]
   Diagram! (usually)
   Analyze but not too much!
   Sometimes use extract!

   • one 8 marker/question [16 marks]
   Discuss, long essay question

① Be Fast with 2 and 4 markers!
   They are simple! No tricks.
   Practice Practice Practice! Every paper

② At least 30 mins FOR 8 marker.
   kinda like 15 marker!!!

③ Use extract!!!
   → Has a lot of the points that you need to answer the question!!!

④ Get all marks upto 8 marker.
   100% 12 marks !!!

⑤ Reading time
   - Pick questions
   - Plan out in your head what you will do to answer the questions!!!
   - Use it effectively!!!

2 Markers   [8 marks total]

1) Definitions or State 2 things or list 2 things

   Definitions can be surprising! Like what is infrastructure

2) [BANDS] Partial definition - 1 part
            Detailed definition - Both parts

   Write extra if you're unsure that you wrote enough!

   Put an example because sometimes mark is there for example!
   Just one sentence.
   Keep it short!

3) BE FAST AND ACCURATE !
   Get all the 8 marks!!!

4 Marks Questions   16 marks

1) Often Diagram questions
   But, sometimes explain and distinguish questions

Diagram questions

"Simple" because IB loves its diagrams!

① Fully labelled relevant diagram — Accurate
   ⟹ Start answering with Diagram!
        No Messing around!!!

(2 marks)

② Analyze diagram and answer question

(2 marks)

   ① IF shifting curve → refer to it nicely
   ② Why it shifts? Explain in depth!
   ③ Consequence on | price & quantity |

IF Micro diagram, then refer to P & Q
IF Macro, then APL and RGDP

Inflation
| APL
Currency Appreciation/ Depreciation

Not Diagram

① IF no diagram, start answer by explaining everything in depth! NO SHORTCUTS!!!!

IF "Distinguish", definitions are a good (where applicable) start!

Highlight key words and ANSWER THE QUESTION!!!

Refer to text when relevant!!! ONLY IF IT IS DIRECTLY RELEVANT!

Keep it nice and simple!
What shift? Why it shifts? What happened at axis?
HALF PAGE ANSWER GENERALLY

PRACTICE EVERY 4 MARKER in Past Papers!!!
   YOU CAN GET THE Repetitive style!
   16 Marks are a lot!
You should aim for all 16 since it is easy to get them!

- For the 8 marker, remember to define all key-terms First.
- Use the Case Study
- Just like the 15 marker. Check the 15-marker guide.