

HOW TO REVISE IB ECONOMICS



From the IB graduates at

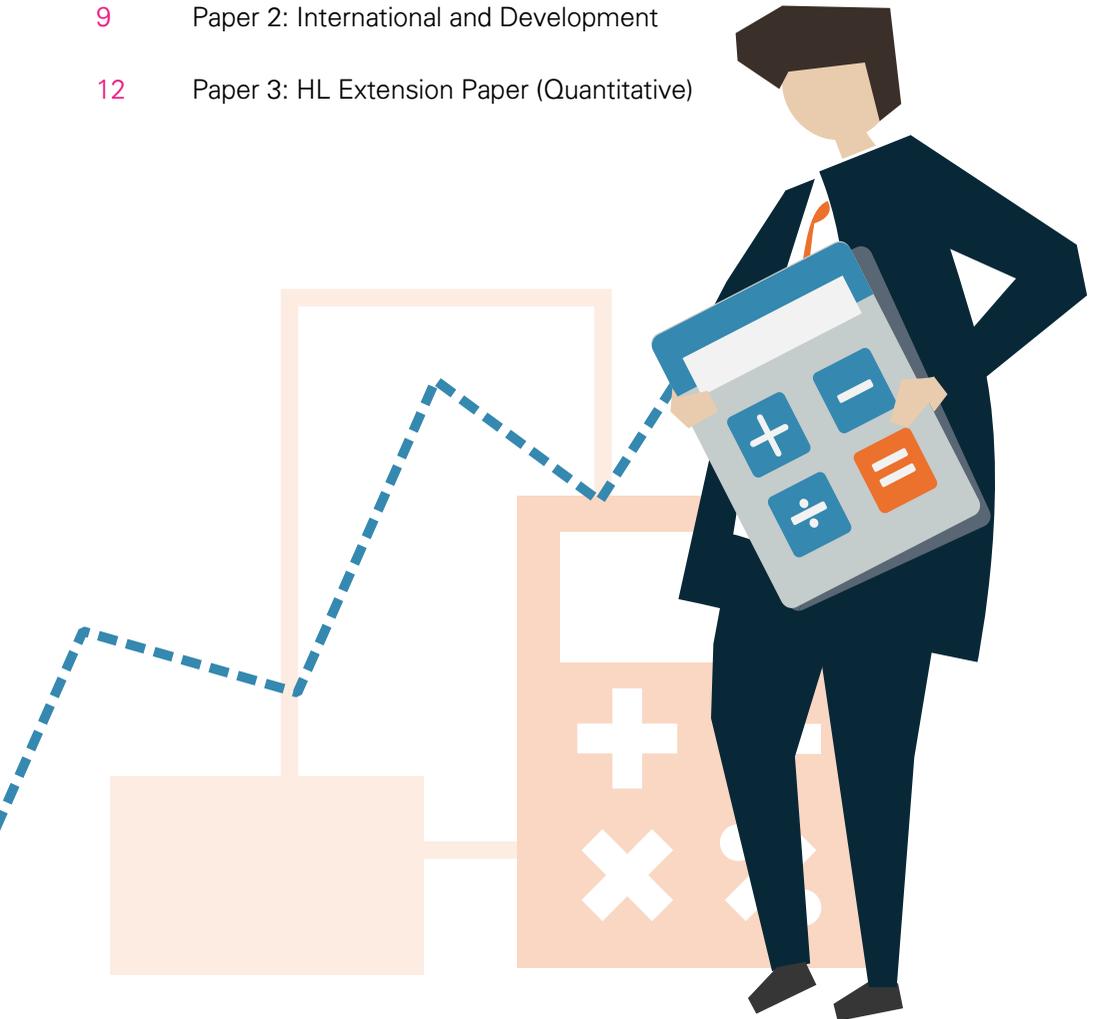


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Lantern Economics Guide

Introduction:

IB Economics has different connotations for everybody. For some, it is the most difficult subject in their IB Diploma, and for others it's a breeze. Interestingly, IB Economics HL is one of the courses with the highest average score (5.09) and highest percentage of students getting a 7 (12.6%)! To us, this shows that IB Econ is far from impossible. The part where most students struggle generally isn't in the comprehension of any given theory/diagram/concept, but in how to answer questions about those topics on the final exam! What ultimately costs you points in the exam generally isn't a lack of knowledge, but the inability to convey that knowledge in a thoughtful way. So, here's a comprehensive guide to the IB Economics exam. Through reading this, you'll learn:

1. What you can expect to see on each of the papers
2. How to structure a good essay answer
3. How to pick up the 'easy' points
4. How to revise efficiently for each of the papers

If you follow our tips, along with making sure that you have a solid foundational knowledge about the economic theories at question, there's no reason why you can't SMASH the final IB Econ exam and get a 5 or higher (like 70% of Econ HL candidates do!).





Paper 1:

Facts about the Paper 1:

- It's worth 30% of your overall Economics grade if you're an HL student, and 40% if you're an SL student.
- It focuses on the first two sections of the syllabus (Microeconomics and Macroeconomics).
- You're given 90 minutes (+5 reading time)

Paper 1 is broken up into 2 sections: Section A and Section B. Each section contains 2 questions, of which you're only expected to answer 1. Let's break down these sections one at a time to get an idea of what you can expect and how to properly prepare for all the questions!

Section A: Microeconomics

Section A of the paper 1 focuses only on the **microeconomics** section of the syllabus. You'll be given 2 questions (Question 1 and Question 2), of which you are required to **answer 1**. These questions can be about any topic on the microeconomics section of the syllabus (including Theory of the Firm for HL!), so there is no way to predict exactly what topic you'll see on the exam. When you've chosen the question you feel most comfortable with, you'll see that the question contains two parts (**part [a]** and **part [b]**). Part [a] is worth 10 marks while part [b] is worth 15 marks. Let's have a look at what you're expected to write for each of the parts.

Part (a) - 10 marks

Your prompt might look something like: "explain in what circumstances the government may choose to impose direct taxes or subsidies". What do you need to include in your answer to make sure you check off all the boxes?

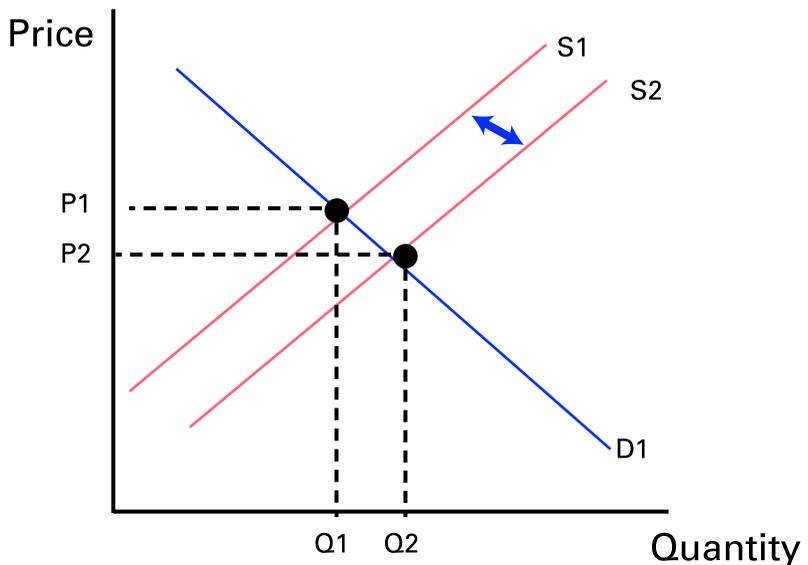
DDEE

Definitions. Define all key terms asked in the question (direct taxes, subsidies...) as well as any key terms that you bring up in your own explanations. Make sure to interweave your definitions into your writing,



rather than defining all key terms at the top of the essay. Define a term if it is relevant to the question and needed for your explanation!

Diagrams. Nearly all paper 1 questions require a diagram in order for you to get full points. The first step is to identify which diagram is most appropriate for conveying the information from the prompt (one diagram showing the imposition of a direct tax on a good and one diagram showing the imposition of a subsidy on a good). Make sure the diagrams are fully labeled (every curve, both axes) and that the diagrams are drawn with rulers for clarity. Make sure to use a pencil to draw your diagrams to allow you to go back and correct if you make a mistake! After having drawn a clear and relevant diagram, you must make sure to fully explain the diagram. This is where many students lose points. Leaving your diagram 'hanging', or without a full explanation, will lead you to lose significant points. Make sure to clearly explain any shifting curves, the reason behind these shifts, and the effect that this has! Below you can see an example of a fully labeled diagram along with an explanation of the shift caused by a subsidy.





The subsidy makes production cheaper at every quantity demanded, causing the supply curve to shift from S_1 to S_2 . The downward shift in supply causes the price to fall from P_1 to P_2 as well as the quantity demanded to expand from Q_1 to Q_2 .

Explanation. This is making sure that you give a full answer to the prompt. The diagram you've drawn may aid in your explanation, but you must also describe in words the situation at hand. Make sure to keep the explanations clear by using short sentences and short paragraphs.

Examples. A crucial part of getting great marks for your part (a) is including examples in your response. These examples do not need to be real-life examples or historical situations. Rather, they are typically examples of goods that could be relevant to whatever topic is being asked about (cigarettes being subject to an excise tax or dairy farmers being subject to a subsidy). Our top tip is to bring these examples up early in your response, and you can give your answer to the question through the lens of your particular examples.

If you've included the key definitions, clear diagrams, thorough explanation, and relevant examples, you're on your way to getting top points on your response! Make sure to not over-complicate your life in part (a). Many students lose points because they go on tangents, or include irrelevant information because they feel the need to write more. If you feel comfortable that you've given a response to the prompt while ticking off DDEE, move on to part (b)!

Part (b) - 15 marks

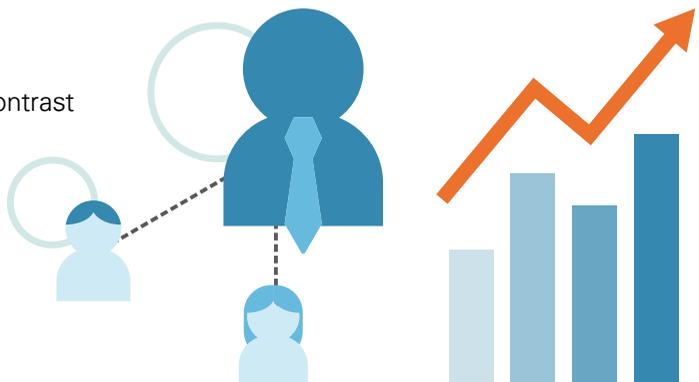
One of the key differences between part (a) and part (b) is that in part (b), on top of doing DDEE, you're also required to **evaluate** to get full marks. We say that for part (b) you need DDEEE! Now, what is evaluation? Well, we'll make it easy for you. For your evaluation, just remember **CLASPP!** If you're struggling to find anything to write about, choose 2 or more concepts from the list below and you're on your way to effective evaluation.



- **Conclusion** – recap the reason behind the implementation of the suggested policy and the effect it would have
- **Long-Term vs. Short-Term** – will the effectiveness of the policy change over time?
- **Assumptions** – what are the assumptions you have to make in order to conduct your economic analysis? Are you assuming anything that isn't realistic? How does this affect the proposal?
- **Stakeholders** – how might the different parties involved in the situation (consumers, producers, government) be affected? Even within these groups, who wins and who loses?
- **Priorities** – in the economic context, what should be the priority of policymakers?
- **Pros & Cons** – what are the advantages of the policy or situation? What are the disadvantages?

Another main difference between part (a) and part (b), though, is that part (b) will typically test your knowledge of the slightly more difficult aspects of the syllabus. Although this might not sound ideal, it actually makes it easier for you to revise for it. What do I mean by this? Well, if you've ever looked at the IB Economics Syllabus, you might have noticed something called **command terms**. These are words like 'describe, distinguish, explain, define...', which describe the extent of knowledge you need to have about each topic in the syllabus. Luckily for you, the IB will **only** ask part (b) questions on topics that apply an AO3 command term. See the list below for all the AO3 command terms:

- Compare
- Compare and contrast
- Contrast
- Discuss
- Evaluate
- Examine
- Justify
- To what extent





So how can you use this to your advantage? To study for your part (b), go through the syllabus and highlight all the topics in the syllabus which uses one of the AO3 command terms listed above. Now you'll see that the number of topics they can ask you about in part (b) is actually quite limited, which will condense your study time immensely! In fact, you'll see that in the SL syllabus there are only 22 possible topics for the part (b) question. That doesn't sound too bad at all!

Section B: Macroeconomics

Section B of the paper 1 is extremely similar to Section A. In fact, the formats are identical, and the techniques suggested above are still applicable! The natural difference is that Section B will only be about the macroeconomics section of the syllabus. So, should we approach our responses to the prompts in a different way? Not really! We still need to define our key terms, draw clear and labeled diagram explaining the situation at hand, and give a thorough explanation to affirm or negate the notion. There is, though, a small difference in what the IB expects from your real-life example in the macroeconomics section of paper 1.

While the IB is happy for you to choose a relevant good or example in section A even if that is not based on current, or historical, events or facts, they are less lenient about this in section B. Generally, it's better to err on the side of caution and memorize a few examples that you can apply to a few different questions. For example, there may be a question about a country applying expansionary fiscal policy to escape from a recession. If you can give an example of a country that is currently applying such a policy, or a country that is currently in a recession that may benefit from such a policy, it will greatly strengthen your response. This is not





to say that if you haven't got a relevant real-life example you will instantly lose many marks. You may still be rewarded for explaining a hypothetical scenario in which a country may be in a given situation. So, how do we revise for this? Our top tip is to go through and make a list of typical questions that are asked in Section B of the paper 1, and research a few examples for each type of question, as done below:

Country with a low interest rate to boost AD - Switzerland, Sweden, The Netherlands

Countries fighting extreme inflation - Venezuela, South Sudan, Malawi

Countries with a more progressive tax structure - Denmark, Sweden, Norway

Having a memory bank of a few countries or situations that you can use to give credibility to your argument will naturally make your response stand out from the rest! Don't underestimate the impact of a good example.

Paper 2: International and Development

Facts about the Paper 2:

- It's worth 30% of your overall Economics grade if you're an HL student, and 40% if you're an SL student.
- It focuses on the last two sections of the syllabus (International Economics and Development Economics).
- You're given 90 minutes (+5 reading time)

Paper 2 is broken up into 2 sections: Section A and Section B. Each section contains 2 questions, of which you're only expected to answer 1. Each question is broadly related to a piece of text from which each part is taken from. Let's break these down the sections one at a time to get an idea of what you can expect and how to properly prepare for all the questions!





Section A: International Economics

Section A of the paper 2 focuses only on the **international** section of the syllabus. If you've ever taken a paper 2, you'll know that it's quite different to the paper 1 as on top 2 questions, you're given 2 corresponding articles. The paper 2 is known as the data-response paper for this reason! Similarly to paper 1, you'll be given 2 questions (Question 1 and Question 2), of which you are required to **answer 1**. Each question contains four parts (**part [a], part [b], part [c], and part [d]**). Let's break down each of these parts in a bit more detail.

Part (a) - 4 marks

This part has two sections. Each section tends to be a 2 mark definition although occasionally you may be asked to list some functions of a specific organisation (e.g. list two functions of the central bank).

A typical question may look like this:

- Define the term fiscal policy indicated in bold in the text

Crucially, we must recognise that it is not enough to give a simple answer. The two marks indicate that an expansion or example is required to garner all the points. This takes a response from a vaguely correct idea to accurate.

An answer that only mentions one of the following, is only going to score one mark:

- a demand-side policy (conducted by the government)
- using changes in government expenditure (spending)
- using changes in taxation

Two marks would involve combining these ideas to give more depth, thus achieving the maximum.

Part (b) - 4 marks & Part (c) - 4 marks

Part B and C of paper 2 are similarly structured. They are both worth four marks and can be broadly divided in half; 50% for an explanation and 50% for



a diagram. Occasionally, a diagram is not necessary but for most cases, it is a central component of a response.

These questions should be some of the easiest to pick-up marks. Where some students have an issue is figuring out what particular economic idea they should be explaining. This is a skill to practice, working backwards from the question in order to explain what must have occurred to lead to the described outcome.

Using a demand and supply diagram, explain how the “imposition of the preliminary tariff” may have affected the market for new homes built in Canada

We do not instinctively know this relationship, but if we begin with a tariff diagram we can work from there. It is then important to check with the text who the tariff is being imposed upon to then use our economic knowledge to highlight the effect.

Part (d) - 8 marks

Part d questions always begin with the words, ‘Using information from the text/data and your knowledge of economics’.

As ex-students, we often found that the best way to attack this question was to treat it as almost a Paper 1 15-marker. That is, include definitions, diagrams, explanations, examples and evaluative points. This question is searching for how you can relate the economics you’ve covered in class and via the textbook with a real situation. How can we understand what’s going on? Is it what we expect as IB Economists?

It is therefore very important that you make use of the text that has been provided. Quote directly from it, or signal in which paragraph you have taken information from.

A special tip: a great way to start with this question is to note down all the economic theory/textbook ideas for the question and then read the given text to see whether the case study supports or undermines those statements. This comparison is crucial to score highly in these part D questions.



For instance, a question like this...

Using information from the text/data and your knowledge of economics, discuss the arguments for and against the protection of the domestic chicken market.

... could be drafted by first thinking about those general pro or anti protectionism thoughts and later by comparing them to the information the text has provided us with.

Section B: Development Economics

Section B has the 20 marks distributed in the same structure.

A couple of caveats to note, however:

- Part B and Part C can sometimes be in reference a data table that is provided and occasionally do not require a diagram
- The part D questions tend to be framed a little wider, which lends itself to more references to other parts of the Econ syllabus. This is a note for all parts of Paper 2 - although your responses will be rooted in either International or Development Economics, you may have to refer to some Micro or Macro content to elucidate your point.

Paper 3: HL Extension Paper (Quantitative)

Facts about the Paper 3:

- This Paper is only taken by **HL students**
- It's worth 20% of their overall Economics grade
- Choose to answer two questions out of three (25 marks each)
- Calculator is allowed!
- You're given 60 minutes (+5 reading time)

This paper can cover any of the four core IB Economics sections and is commonly referred to as the 'statistics/maths paper'.



If you're not a Mathematician then do not fear! Although the marks in this paper are mainly awarded for calculations, these are not particularly difficult. Related to some of the calculation questions are short answer questions (maximum four marks) that refer to a part of the content.

As with much many IB subjects, we find the best way to prepare for this paper is practice! The real skill is just trying to work out what equation we need to use for each part!

In fact, we've found some great sources that list all of the calculations you'll be expected to recall and apply: '[How to succeed in IB Economics Higher Level Paper 3](#)'

As is the case with all Maths questions, don't forget the units!



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