Zig Zag Education

2020 specification
first assessments in 2022

Topic Tests

Standard Level: Units 1 and 2

D Glover

Update v1.1, November 2022

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Contents

Teacher's Introduction

This resource consists of a set of Topic Tests that have been written to support the teaching of Unit 1 and Unit 2 of the Standard Level IB Economics syllabus. It allows teachers and students to check their understanding and consolidate knowledge of each part of the IB specification. In each Topic Test there is a mixture of numerical, multiple-choice, short-answer and essay-style questions of various levels of difficulty.

Each Topic Test is accompanied by a set of detailed answers that could be handed out to students as a basis for 'model' answers in the examination. Note that although the Topic Test questions aren't always in exam format, the questions within have been written carefully with the intention of testing the range of assessment objectives and often borrow aspects that are similar to those in the exam.

Most of the case studies in the Topic Tests include up-to-date economic data and scenarios that should place economic theory in recent history, enrich students' general knowledge of the subject, and prepare students for the Data Response aspects of the examination. Moreover, the resource also includes plenty of opportunities for students to practise the Quantitative Skills required as part of the IB syllabus.

It is intended that these Topic Tests should be presented to students *after* teaching the parts of the specification that are to be tested. However, the Topic Tests could also be given to students as homework in order to consolidate their knowledge outside of the classroom, or certain aspects could be used as a supplement to in-class learning.

It is important to note that this resource should be used as a complement to other resources such as textbooks and practice exam papers, and not in isolation. These Topic Tests include plenty of explanation of the theory in the mark scheme, but students should be encouraged to access information as widely as possible.

It is hoped that this resource, as well as offering support for teaching the essential elements of the IB Economics syllabus, will help students fully prepare for their examinations. The economic environment is constantly in flux, and full of fascinating current issues. This resource attempts to share some of these current issues as a basis for teaching in the most interesting way possible, meanwhile encouraging further study from the next generation of economists!

D Glover, January 2022

v1.1 Update November 2022
p. 2 – mark scheme for long-answer questions update to reflect the IB marking criteria

Mark Scheme: Levels of Response Tables for Long-answer Que

10 marks

	Assessment criteria
0	No relevant answer given.
1–2	Little relevant knowledge is displayed by the respondent. A few concepts ma inconsistently, and with inaccurate or absence of thought behind the causes terminology is used, it is unclear whether their meanings are understood.
3–4	Limited relevant knowledge is displayed by the respondent. Understanding o shown, but links to the question are minimal. Some economic terminology is
5–6	Broadly relevant knowledge is displayed by the respondent. Some knowledge partially linked to the question. Descriptive con... ...s...ong, but the answer content. Some economic terminology i us d c...c.ly. The answer may be a diagrammatical content, thou ... ...t compulsory.
7–8	Relevant knowledge ... pla... ... the respondent. Knowledge of economic linked to the q...t... ... ...scriptive and explanatory content is consistent, an ...ic ...ogy. Diagrammatical content is likely to be present but m...
9–10	S... nd accurate knowledge of the economic concepts is displayed by th ar... ear, with relevant examples. Analysis is well reasoned and logical, and a Economic terminology is used correctly throughout. Diagrammatical content fully explained.

15 marks

	Assessment criteria
0	No relevant answer given.
1–3	Little relevant knowledge is displayed by the respondent. A few concepts ma inconsistently, and with inaccurate or absence of thought behind the causes terminology is used, it is unclear whether their meanings are understood. Th or evaluative content. Examples given are lacking in relevance or absent enti
4–6	Limited relevant knowledge is displayed by the respondent. Understanding o shown, but links to the question are minimal. Some economic terminology is evaluative element is advanced. A relevant example is given, but not elabora
7–9	Broadly relevant knowledge is displayed by the respondent. Some knowledge partially linked to the question. Descriptive content is strong, but the answer content. Some economic terminology is used correctly. Displays basic reason on one side of an argument. Supporting evidence is present and relevant, bu
10–12	Relevant knowledge is displayed by the respondent. Knowledge of economic linked to the question. Descriptive and explanatory content is consistent, an economic terminology. Diagrammatical content is likely to be present but m content is well argued and mostly well balanced. A relevant example is given integrated into the evaluation.
13–15	Specific and accurate knowledge of the econor... ...c...ts is displayed by th are clear, with relevant examples. Anal.sis s w... ...asoned and logical, and a Economic terminology is used ...c ...throughout. Diagrammatical content explained. Evaluative ...en... ...sent throughout and well balanced. Evalu and examples a... ...gically and fully developed.

Topic Test 1.1: What is economics?

1. Economics is a 'social science'. Explain what is meant by a social science.

2. (a) Identify the **four** factors of production.
   (b) What are the rewards/economic benefits for each of these factors of p

3. What is meant by the 'basic economic problem'?

4. Identify which **three** of the following are 'needs'.
   A Food
   B Internet
   C Jewellery
   D Shelter
   E Holidays
   F Clothing

5. Explain the relationship between scarcity and sustainability.

6. Explain the relationship between interdependence and economic well-being

7. Explain, using an example, how scarcity necessarily means that economic ag

8. With reference to the concept of 'trade-offs', define the term opportunity c

9. Which of the following is the definition of a free good?
   A A free good is a good that is free of charge at the point of use – e.g. str
   B A free good is a good that's use has zero opportunity cost.
   C A free good is a good that is thought of as 'scarce'.
   D A free good is something you get for free as a promotional offer from a

10. State the **three** basic economic questions.

11. Explain **two** different economic systems.

12. How do *market* economies allocate resources?

13. How do *planned* economies allocate resources?

14. What is meant by the production possibility curve (PPC)?

15. Table 1 displays information on the production possibilities of a fictional ec[onomy].

Table 1

Pizzas	Pastas
0	320
100	240
200	160
300	80
400	0

(a) Draw the PPC for this economy.
(b) Using your PPC from (a) identify the following:
  (i) Scarcity
  (ii) Productive efficiency
  (iii) Inefficiency
(c) What is the opportunity cost of producing 100 more pizzas if the econo[my] p[roduces] 100 pizzas and 160 pastas?

16. What two factors can cause the PPC to shift?

17. Explain the assumptions underlying the PPC model.

18. Explain, with the aid of a diagram:
  (i) Constant opportunity cost
  (ii) Increasing opportunity cost

19. What is meant by the circular flow of income?

20. Which of the following constitutes an injection into the circular flow of inco[me]
  A Savings   C Exports
  B Vaccinations   D Imports

21. Which of the following constitutes a withdrawal from the circular flow of in[come]
  A Investment   C Taxes
  B Government spending   D Exports

22. Explain the circular flow of income model using a suitable diagram.

Preview of Questions Ends Here

Topic Test 2.9: Market failure – public goods

1. Public goods are goods that exhibit the properties of non-exclusivity, non-rival

   [2 marks for a clear explanation of a public good; 1 mark for an explanation that i general meaning. Responses must include at least non-exclusivity and non-rivalry]

2. (c) – Air, (v) – Lighthouses and (vii) – Fireworks

   [1 mark per correct response]

3. **A** – Excludability means that it is possible to prevent access to a good if somebo refers to the concept of 'rivalry,' or 'diminishability,' **C** refers to the concept of 'r rivalry' aspect of a public good.

   [1 mark for correct response]

4. Non-rivalry of a public good is ⟨...⟩ ⟨...⟩ ⟨...⟩erred to as non-diminishability or Essentially, it means tha⟨...⟩ ⟨...⟩al's consumption of the good doesn't prev by another indivi⟨...⟩ ⟨...⟩enefiting street lighting doesn't prevent someone ⟨...⟩ same t⟨...⟩

   [2 mark⟨...⟩clear explanation of non-rivalry; 1 mark for an explanation that is general meaning]

5. Public goods are non-diminishable (or non-rivalrous) which means that consun reduce the stock that is able to be consumed by another individual. Therefore, o one individual, the *marginal cost* of supplying the good to an additional individu exhibits the trait of non-diminishability. Note, however, that this doesn't imply t provision is zero – the marginal cost of *producing* the public good is subject to t private good.

   [2 marks for a clear explanation of the reason that a public good exhibits zero ma for an explanation that is less clear but which conveys the general meaning]

6.

Advantages of nationalisation	Disadvantag⟨...⟩
• Tends to provide cheap goods and services for consumers	• Can be very inefficien⟨...⟩
• Leads to more equality in society	• Workers may not wo⟨...⟩
• Can achieve economies of scale	• Can result in overstaf⟨...⟩
• Profits can be used to fund other facilities	• Can create monopolie⟨...⟩
• Can provide a number of jobs if necessary	• If nationalised firms ⟨...⟩ might give lower pric⟨...⟩

   [2 marks for a clear explanation of the each advantage/disadvantage; 1 mark for but which conveys the general meaning]

7.

Advantages of privatisation	Disadva⟨...⟩
• Efficient firms	• Prices not as lo⟨...⟩
• More competition means l⟨...⟩ ⟨...⟩gh quality for consumers	• Require regulat⟨...⟩
• Government ⟨...⟩ ⟨...⟩oney by selling firms to ⟨...⟩at⟨...⟩	• Can create mon⟨...⟩

   [2 mark⟨...⟩clear explanation of the each advantage/disadvantage; 1 mark for but which conveys the general meaning]

8. The extract clearly highlights that national defence is a typical public good. It is [...] single person in an area is defended, then all other individuals in that area are t[...] Therefore, it is impossible to charge for defence on an individual basis because [...] problem; individuals are able to derive benefit from defence without funding it.[...] protects all members of society simultaneously and equally – if one person is de[...] another person from also being protected.

The free-rider problem implies that no private firm would provide national defe[...] unprofitable to do so. Individuals would wait until defence had been provided b[...] from it free-of-charge. Moreover, since it is non-rivalrous, the individual consum[...] prevent others from consuming it freely. However, national defence being unde[...] society is clearly an inefficient outcome – there needs to be some defence to pro[...] In the society's perspective, there would be too little defence if left to the free-m[...] for government provision of a national defence system.

Governments could provide systems of [...] na[...] fence through taxation and e[...] do so more cheaply than the p[...] by unlocking economies of scale. Ho[...] might be that state-pr[...] [...] ficient and open to corruption.

Altern[...] h[...] vernment could outsource national defence to private firms[...] Compe[...] plies that the government will be able to source the best firm to [...] to leave the defence of a nation and other military-related intelligence in the ha[...]

[Maximum 10 marks. Award 6 marks where applied accurately to the question, u[...] needed. Award 4 marks for a sound, well-reasoned analysis.]

Preview of Answers Ends Here