

Elasticities of demand and supply

7 questions · 175 marks

Answer all questions. The marks available are shown against each part. Every question is taken unaltered from a past paper; the source is noted beneath it. Some questions are taken from higher level papers, where they examine the same standard level content.

Section A · Extended response

6 questions · 150 marks

Answer on lined paper. Draw every diagram asked for, fully labelled.

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| 1. | (a) Explain the difference between price elasticity of demand and income elasticity of demand. | [10] | 25 marks |
| | (b) Using real-world examples, evaluate the view that an understanding of price elasticity of demand can be useful for firms trying to increase total revenue. | [15] | |

— IB 8823 – 5108 Economics · November 2023 Paper 1 TZ2 SL, Question 1

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| 2. | (a) Explain how a decrease in income might affect the demand for normal goods and the demand for inferior goods. | [10] | 25 marks |
| | (b) Discuss the significance of income elasticity of demand for producers of primary products and producers of manufactured goods when incomes are rising. | [15] | |

— IB 8821 – 5110 Economics · November 2021 Paper 1 SL, Question 1

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|----|--|------|----------|
| 3. | (a) Explain how the availability of substitutes for a good and whether a good is a necessity affect its price elasticity of demand. | [10] | 25 marks |
| | (b) Using real-world examples, examine the importance of price elasticity of demand to firms and to governments. | [15] | |

— IB 8823 – 5107 Economics · November 2023 Paper 1 TZ1 SL, Question 1

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| 4. | (a) Explain how the price elasticity of demand for a good might be affected by the number and closeness of substitutes. | [10] | 25 marks |
| | (b) Examine the significance of price elasticity of demand for the decision making of firms and government. | [15] | |

— IB M18/3/ECONO/SP1/ENG/TZ2/XX Economics · May 2018 Paper 1 TZ2 SL, Question 1

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|----|---|------|----------|
| 5. | (a) Explain why the price elasticity of demand (PED) for primary commodities is generally lower than the PED for manufactured products. | [10] | 25 marks |
| | (b) Using real-world examples, discuss the importance of PED for the decision-making of firms and government. | [15] | |

— IB 2225 – 5202 Economics · May 2025 Paper 1 TZ1 HL, Question 1

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|----|---|------|----------|
| 6. | (a) Explain the importance of income elasticity of demand (YED) for the primary, manufacturing and service sectors of the economy when real incomes are rising. | [10] | 25 marks |
| | (b) Using real-world examples, evaluate the view that the consumption of demerit goods is best reduced through legislation and regulation. | [15] | |

— IB 2225 – 5203 Economics · May 2025 Paper 1 TZ2 HL, Question 1

Higher level extension

1 question · 25 marks

Higher level only. Standard level students can leave this section out. Answer on lined paper. Draw every diagram asked for, fully labelled.

7. (a) Explain **two** determinants of price elasticity of demand. [10] 25 marks
- (b) Using real-world examples, discuss how a government might respond to a situation in which there is a high concentration ratio in a market. [15]

— IB 8823 – 5102 Economics · November 2023 Paper 1 TZ1 HL, Question 1