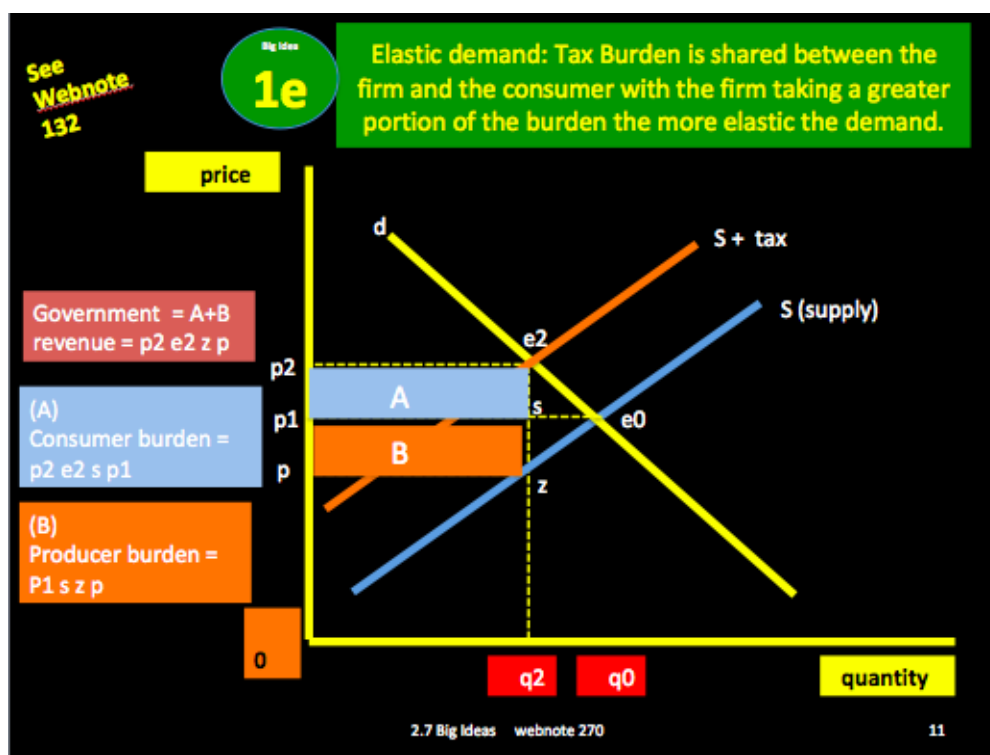


- Use appropriate information to show that you understand the key term. If it is elasticity use the formula and give a brief example.
- Must not be a formal textbook definition but explanation shows clear understanding.
- You may want to quote from any data that is provided to you to highlight your understanding here (i.b. data response paper 2 sl (40%) + 2 hl (30%))



Item
2

Question:

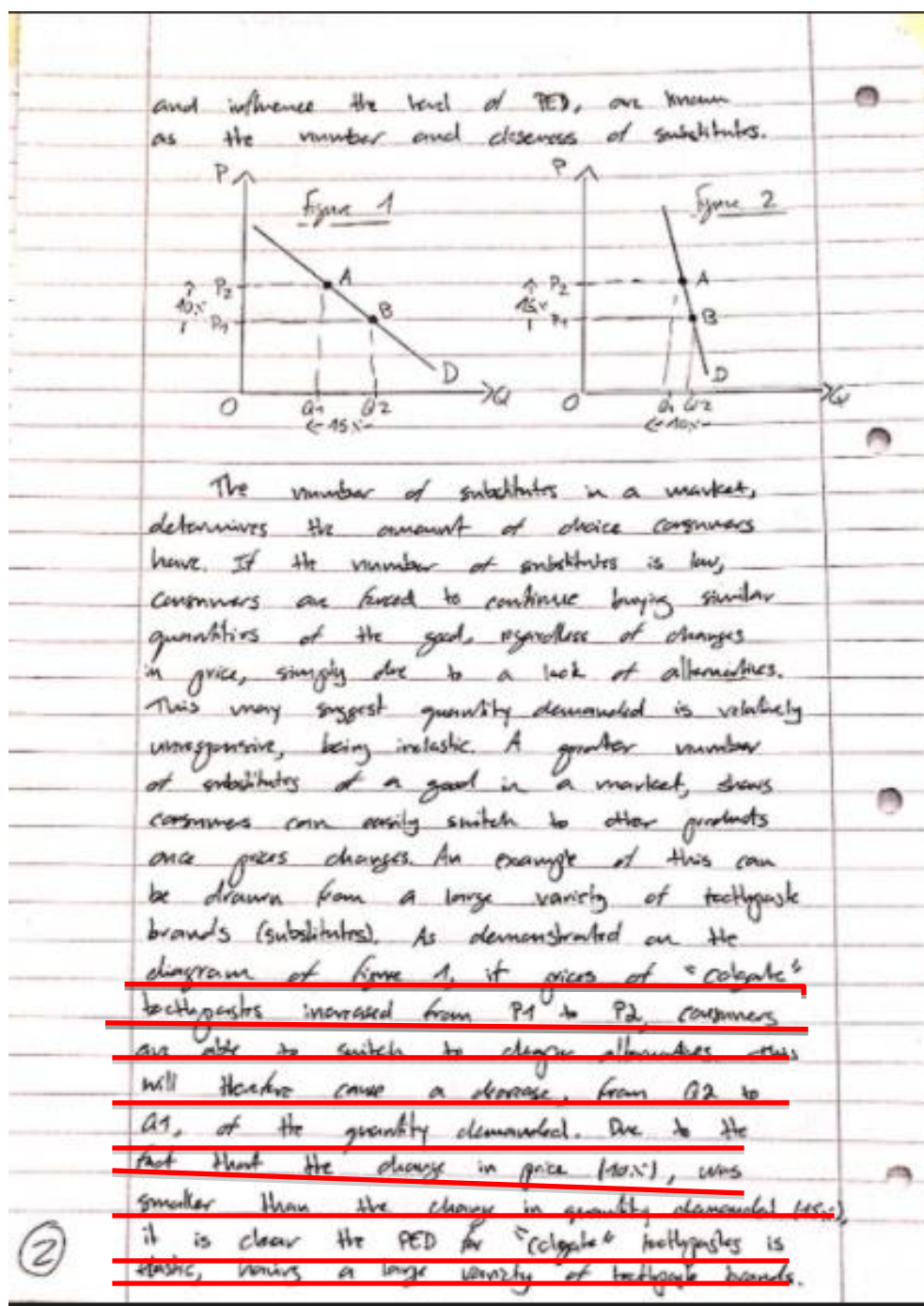
Explain how the price elasticity of demand for a good might be affected by the number and closeness of substitutes. (10 marks) M18/3/ECONO/SP1/ENG/TZ2/XX

- Worth noting here is the expert use of the diagrams with exact reference to exact points in the diagrams. This is an excerpt from the student answer. The question is highlighted above in green.
- see the sample student answer below and how the student uses the diagram expertly

Diagram Tips:

1. IBO says a title on diagrams are not required for testing but you should use a clear Number for the diagram e.g. Fig. 1.
2. all key points on diagram must be labelled accurately
3. refer to exact points in the diagram from the paragraph/text of answer e.g. p1, q2, S + tax
4. Diagrams may be drawn in pencil
5. The critical point to note about using diagrams in economics is how to use diagrams “expertly”. An excerpt from a student is copied below to show how to use a diagram expertly under exam conditions
6. Other samples of best student work are available in webnotes 980+ 981
7. Critical: when using a diagram for analysis or evaluation in writing answers in economics be sure to let the reader know exactly where your analysis starts...

e.g. This analysis commences at point e1 in figure 1. The market then adjusts to e2 because of a shift in



Item
2

NB see webnotes 980 + 981 for full student samples of best answers in economics.

Item
3

3. use of relevant world or theoretical examples

- examples can be theoretical (referring to a diagram) or real world but in HP1/SP1 part b of the questions ask for ‘real-world examples’. Examples highlight your understanding.
- Refer to a real-world event where possible especially from any news articles you have read. This is important helps to demonstrate your understanding of the question.
- Advice: if you are writing a long /short essay then try to provide from memory any relevant real-world example or theoretical example that you know
- examples should be short and precise and if possible use a real-world version so follow the news on the BBC or just refer to a specific piece of theory/diagram to highlight your understanding.

Item
4

Planning the Answer: How to Explain?

Using diagram(s) explain the signaling and incentive functions of price. [10 marks] –N14/3/ECONO/HP1/ENG/TZ0/XX

Sample Answer Plan:

The Orange BOX: How to structure/plan a best answer in **4** minutes (see exam question above)
In this case possibly use 4 paragraphs...

P1: short introduction (4-5 lines explaining signalling and incentive functions of price highlighting that changes in price provides a signal change on the Y-axis and a resource change on the X-axis

P2: Signal: example + expert reference to diagram showing how a movement/shift in either demand or supply will adjust price and result in a resource allocation change on the X-axis

P3: Incentive: example + expert reference to diagram showing with consumer+producer surplus that changes in price adjust the areas of the surplus in the market and this changes the incentive for producers and consumers

P4: Brief conclusion highlighting that price (price mechanism) acts to give signals + incentives to consumers + producers and this invisible hand causes the market to move toward equilibrium.

Planning the Answer: How to Evaluate?

Item
4

Evaluation/discuss/consider in economics: this is a key skill

**4 approaches you can use for
an evaluation:**

1. Advantages / disadvantages
2. Stakeholders (firm, household,
government + society)
3. Prioritize (most important factors)
4. Long term/short term

Examples:

1. Evaluate the market system of resource allocation: use 'advantages + disadvantages' approach here
2. Evaluate the effectiveness of the market market system: use 'stakeholders' here e.g. consumer + producer surplus
3. Evaluate the main causes of unemployment: use 'prioritize' here to rank the key causes i.e which cause is most prevalent
4. Evaluate how a government manages an economy: use 'short run + long run' here to focus on the importance of how objectives change over time!

**NB Evaluate means you make a
decision/judgement: Your answer must
show that you favour one approach or another!
E.g. advantages > disadvantages**

5. answer the question

- Does the question ask you to?

Explain?
Show?
Examine?
Identify?
Outline?
Compare?
Analyse?
Define?
Construct?
Describe?
Discuss?

Evaluate?

**Identify key words in the
question!!!**

- Use key words in the question when writing your answer. Be sure to define these terms in the opening paragraph.
- Follow your P1, P2, P3,P4 answer plan. Use this paragraph plan to build your answer. Be sure to put key words, diagram sketch, example you will use in order to build your answer.
- Timing : divide the time available by the number of marks: see webnote 992 for timing your answer in SP1/HP1
- Only diagrams can be in pencil

Item

5

5. effective paragraphing: requires a **PLAN!** You are used to doing this on the reverse side of **Webnote 99** so this should be easy. Use the following tips to help you....

- Use a "p1/p2/p3 type plan for building your answer plan.
- 1st paragraph = address the question and define key terms maybe outlining the key focus of your answer
- Last paragraph = where you confirm your answer. State your answer appropriately **e.g.** when evaluating/discussing you are required to make a decision: e.g. the advantages of the market system significantly outweigh the disadvantages because the market system results in higher economic growth.
- How many paragraphs? Depends on the marks available but if it is a 10 mark question then you could look at the orange box below to understand how best to plan the paragraphing of your answer for an explain question.
- Study webnote 992 + 995 for further focus on timing and how to answer the question according to the marks available
- Know the answer before you write. The thinking here is to have the answer before you write and therefore your 'answerability' will be high.
- First sentence(s) of a paragraph has the key information **i.e. establishes a key connection to the question** so therefore pay particular attention to the 1st sentence of each paragraph making sure it connects clearly to the question
- the other key sentence is the last sentence in the paragraph and this should very briefly establish the significance of the paragraph and /or depending on how much time you have you then focus the reader on what is coming in the next part of your answer. There are different ways to do this (and different styles) but you must always remain connected with the question. The level of detail in each paragraph is determined by the time available to answer the question e.g. in the Orange Box below P1 requires less time /detail than P 2 and P3 etc.
- if you are answering a "discuss/evaluate" question be sure that you give full paragraph to each perspective e.g. each stakeholder. The last paragraph must make a clear decision in relation to the question. How long should the conclusion be? Depends on the marks (10 or 15) and time available. In an explain (10 marks) question the conclusion can be quite short simply stating the answer clearly but in a discuss (15 mark) question it should be more detailed.
- Practice how to plan your answers...