

HL1 + SL1 Long Essay**May 2014 syllabus 1.2 SL**

2(a) Distinguish between the concepts of income elasticity of demand (YED) and cross price elasticity of demand (XED). (10 marks)

2b) To what extent might the concepts of income elasticity of demand (YED) and cross price elasticity of demand (XED) be of significance to business organizations? (15 marks)

May 2013 syllabus 1.2 SL

2(a) Explain the factors which might influence the cross price elasticity of demand between different products.

tip: see web 204

2 (b) Examine the importance of income elasticity of demand for the producers of primary products, manufactured goods and services.

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tip: see web 204

note: connects with syllabus item 23

Big Question:

What impact does elasticity have on the market mechanism and resource allocation?

HL2 + SL2: Data Response

HL1 + SL1**May 2013 syllabus 1.2 HL**

2. (a) Using diagrams, explain how the incidence of an indirect tax may be affected by the price elasticity of demand.

(b) To what extent might the problems of negative externalities of consumption be resolved by the use of indirect taxation?

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note: connects with syllabus item 36

HL2 + SL2