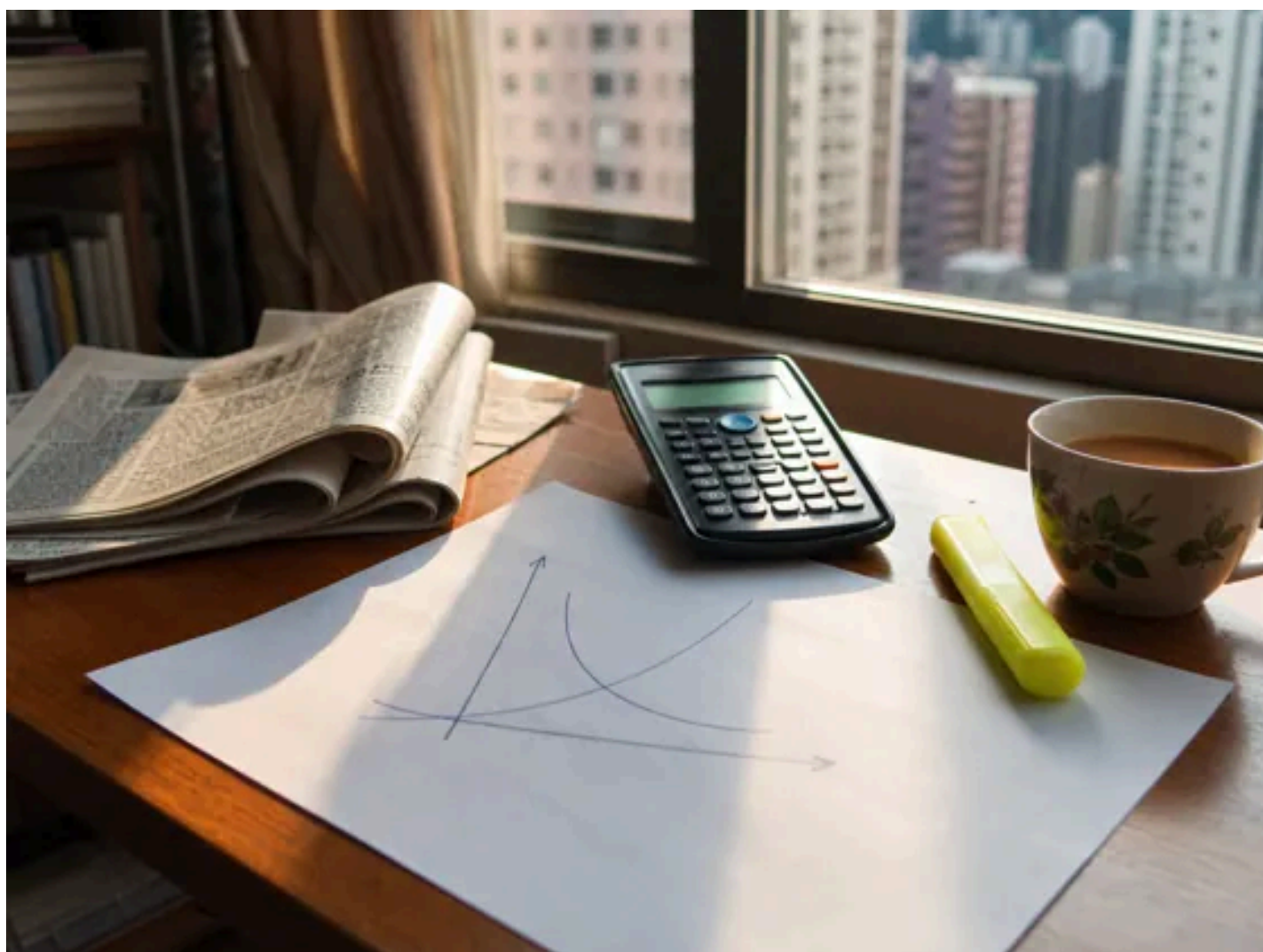


IB Economics Mock Paper — Paper 1 and Paper 2 with Model Answers, Marking Notes and an IA Guide

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Quick answer: IB Economics at Standard Level is assessed by **Paper 1, extended response (1 h 15, 30%)**, **Paper 2, data response (1 h 45, 40%)** and the **Internal Assessment — a portfolio of three commentaries, 30%**. At Higher Level the weightings are Paper 1 20%, Paper 2 30%, **Paper 3, policy paper (1 h 45) 30%** and IA 20%. The three commentaries must each be based on a **different unit** (microeconomics, macroeconomics, the global economy) and on articles from published news media, published no earlier than one year before the commentary is written.



IB Economics splits its marks between the papers and the portfolio — accurate diagrams and genuine evaluation carry both.

Assessment at a glance (IB Economics SL and HL)

Component	Content	Time	SL	HL
Paper 1	Extended response, covering all units of the syllabus	1 h 15	30%	20%
Paper 2	Data response, covering all units of the syllabus	1 h 45	40%	30%
Paper 3	Policy paper — HL only	1 h 45	—	30%
Internal assessment	Portfolio of three commentaries (about 20 teaching hours)	During the course	30%	20%

Two things to remember: (1) for SL the IA carries **30%** — more than either paper; (2) Paper 3 exists only at HL, where the IA falls to 20%. An SL candidate who treats the portfolio casually gives away nearly a third of the grade.

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Course structure: four units, nine key concepts, six real-world issues

Unit	Content
Unit 1: Introduction to economics	What is economics? How do economists approach the world? (<i>not available for the IA commentaries</i>)
Unit 2: Microeconomics	Demand, supply, competitive market equilibrium, critique of maximising behaviour, elasticities, the role of government, market failure (externalities, common pool resources, public goods)
Unit 3: Macroeconomics	Measuring economic activity, aggregate demand and aggregate supply, macroeconomic objectives, inequality and poverty, monetary policy, fiscal policy, supply-side policies
Unit 4: The global economy	Benefits of trade, types of protection and the arguments around it, economic integration, exchange rates, the balance of payments, development economics

The nine key concepts: scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence and intervention. Papers and commentaries alike reward candidates who **organise arguments around these concepts** rather than reciting models.

*The course runs through **six real-world issues**, and questions regularly require real examples and data — a running "one issue, one example" notebook beats last-minute memorising.*

Syllabus validity (important): the current Economics course is the version **first assessed in 2022**, and Economics is **not on the IB's published curriculum-update lists** — the update pages cover 2025 first teaching (computer science, design technology, psychology, visual arts and others), 2026 (history) and 2027 (dance, language ab initio/B, religion and society, mathematics AA/AI). Economics is not among them, so candidates sitting in 2027 and 2028 are assessed on the four units and the structure used in this paper. If the IB announces a change, the official documents govern.

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How this paper was written, and its copyright status

This mock paper was written by TutorZone tutors from publicly available IB information — the *Economics—standard level* and *higher level* subject briefs and the assessment and IA requirements set out in the course guide. It is **not an IB past, specimen or official paper**. IB names and documents are the copyright of the International Baccalaureate Organization, and no official question is reproduced. Every question, data set, model answer and marking note is original; the figures used are **illustrative teaching data, not real statistics** — when you cite real data, reference the source.

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Paper 1 mock questions: extended response (SL 30% / HL 20%)

Paper 1 examines all units and asks for theory, diagrams, real examples and evaluation. The four questions below follow the paper's sectioned layout (25 marks each in this paper's own scheme); the answering rules on the day are those printed on the question paper.

Section A

1. (a) Using a diagram, explain how a government-imposed maximum price (price ceiling) on a staple food affects market equilibrium. (10 marks)
(b) Using real-world examples, discuss the consequences of a price ceiling for different stakeholders, and evaluate. (15 marks)
2. (a) Using a diagram, explain how a negative externality leads to market failure. (10 marks)
(b) Evaluate the claim that "a Pigouvian tax is the most effective way to deal with a negative externality". (15 marks)

Section B

3. (a) Using the AD/AS model, explain how expansionary fiscal policy affects output and the price level. (10 marks)
(b) "In a recession, monetary policy is more effective than fiscal policy." Do you agree? Evaluate. (15 marks)
4. (a) Explain how the poverty cycle keeps low-income countries from escaping poverty unaided. (10 marks)
(b) Evaluate the claim that "higher foreign direct investment (FDI) is the most effective route to economic development". (15 marks)

05

Paper 1 model answers and marking notes

Question 1 (price ceiling), 25 marks

(a) 10 marks: define a maximum price — a legal ceiling set below the equilibrium price (2); draw the demand and supply curves with equilibrium P_e , Q_e (2); draw the ceiling at P_{max} below equilibrium (2); show that quantity demanded exceeds quantity supplied, creating a **shortage**, and label Q_s and Q_d (3); explain that the shortage forces **non-price rationing** — queues, quotas, black markets (1).

Common losses: omitting Q_s/Q_d labels, or drawing the ceiling above equilibrium — the latter is a conceptual error and loses marks heavily.

(b) 15 marks: take a real market (rent controls, fuel price caps, bread price controls) and analyse each stakeholder:

(1) consumers: affordability improves in the short run (+), but supply shrinks and quality falls over time (–); (2) producers: margins squeezed, some exit the market; (3) government: rationing and enforcement costs, and black markets may emerge; (4) overall welfare: deadweight loss and misallocation.

Evaluation (essential): compare short-run and long-run effects, use elasticity (the more inelastic demand is, the larger the shortage), consider enforcement capacity and market structure, and weigh alternatives (subsidies, cash transfers, expanding supply).

Top-band features: diagram + elasticities + a specific example + a conditional conclusion ("it is justified only when...").

Question 3 (expansionary fiscal policy), 25 marks (outline)

(a) 10 marks: AD/AS diagram with AD shifting right (higher government spending or lower taxes raising consumption); output rises $Y_1 \rightarrow Y_2$ and the price level $PL_1 \rightarrow PL_2$; explain the multiplier and the role of spare capacity; if the economy is near full employment (Y_f), most of the effect is inflationary.

(b) 15 marks: for monetary policy — central bank independence, speed of implementation, less political resistance, direct effect on interest rates and investment; for fiscal policy — investment may be interest-insensitive in a deep recession (liquidity trap), it can create demand and jobs directly and can be targeted; practical considerations — recognition and implementation lags, debt sustainability, the exchange-rate regime (fixed rates constrain monetary policy) and leakage through imports in an open economy.

Evaluation frame: define the cause and severity of the recession, then compare the tools on speed, scale and side-effects, finishing with a conditional judgement.

06

Paper 2 mock questions: data response (SL 40% / HL 30%)

The figures below are **illustrative teaching data** created for this paper, not real statistics. Answers must cite the data, draw diagrams and evaluate.

Rental housing market in a city (illustrative data)	Monthly rent	Quantity demanded (000 units)	Quantity supplied (000 units)
Current market outcome	12,000	60	60
Proposed rent ceiling	8,000	90	30

5. (a) Using the table, calculate the shortage at the proposed rent ceiling. (4 marks)
(b) Using a diagram, explain how the rent ceiling creates that shortage, and why its size depends on elasticity. (8 marks)
(c) Discuss the likely effects of the rent ceiling on tenants, landlords and the government. (8 marks)
(d) Evaluate the claim that "cash transfers to low-income tenants are better than a rent ceiling". (10 marks)
6. Data for a country (illustrative): nominal GDP growth 5.2%, inflation 4.6%, unemployment 6.8% (5.9% a year earlier), government debt 78% of GDP, current account deficit 4% of GDP.
(a) Calculate the real GDP growth rate (1 decimal place). (4 marks)
(b) Using the AD/AS model, explain why nominal growth exceeds real growth. (6 marks)
(c) Discuss two ways rising unemployment may affect the government's finances. (8 marks)
(d) Evaluate whether fiscal or monetary policy is the better response in this situation. (12 marks)

Paper 2 model answers and marking notes

Question 5, 30 marks

(a) 4 marks: $90,000 - 30,000 =$ a shortage of **60,000 units** (2); the unit ("thousands of units") must be stated (2).

(b) 8 marks: diagram (4): axes, equilibrium (12,000, 60,000), ceiling at 8,000, Q_d and Q_s labelled; explanation (4): the more inelastic demand and the more elastic supply, the smaller the short-run shortage — and because rental supply is constrained by construction cycles, supply is inelastic in the short run, so the shortage persists.

(c) 8 marks: tenants (+ affordability, – queues, lower quality, key money and black-market rents); landlords (– lower yields, reduced maintenance, exit from the market); government (+ short-run social stability, – enforcement and administrative costs, long-run erosion of supply).

(d) 10 marks: advantages of cash transfers — they preserve the price signal, do not distort supply, can be targeted and cost less to administer; disadvantages — they may push rents up when supply is inelastic, require tax revenue, create eligibility and fraud issues, and do not address the underlying shortage; the alternative of expanding land and public housing supply tackles the supply side.

Top-band features: each effect labelled by "for whom, for how long, how large", with a conclusion on when transfers beat controls.

Question 6, 30 marks

(a) 4 marks: real growth $\approx 5.2\% - 4.6\% = 0.6\%$ (setup 2, answer to 1 d.p. 2).

(b) 6 marks: the AD/AS diagram shows AD shifting right so output and the price level both rise; nominal GDP is measured at current prices and so includes the price increase; if AS is inelastic near full employment, prices rise even more.

(c) 8 marks: higher unemployment reduces tax revenue (income tax, sales tax) while raising welfare spending, widening the deficit, pushing up the debt-to-GDP ratio and crowding out other spending through interest costs; automatic stabilisers cushion the fall but do not prevent it.

(d) 12 marks: the trade-offs given the situation (stagflation risk with debt at 78% and a current account deficit): fiscal space is limited and expansion may worsen inflation; tighter monetary policy can reduce inflation and attract capital, improving the current account, but it dampens investment and growth and raises debt-servicing costs; supply-side policy (productivity, competition) is the long-run answer.

Top-band features: naming the policy conflict (inflation vs unemployment vs debt) and evaluating along time, scale and sustainability.

HL Paper 3 (policy paper) guidance and an example

Paper 3 is HL only (1 h 45, 30%): a policy paper provides the context and candidates must use the tools of all units to analyse and evaluate the policy. An example from this paper:

7. A government publishes a "green transition" policy paper: raising the carbon tax from USD 15 to USD 45 per tonne, using the revenue to subsidise electric vehicles and public transport, and committing to 40% renewable energy within five years.

(a) Using an externalities diagram, analyse how the carbon tax moves the market towards the socially optimum quantity. (8 marks)

(b) Analyse the short-run effects of the higher carbon tax on prices and employment. (8 marks)

(c) Evaluate the policy package in terms of efficiency, equity and sustainability. (12 marks)

Marking notes (28-mark example): (a) negative externality diagram (MPC against MSC, the gap being the external cost), tax set equal to the marginal external cost, output falling from Q_m to Q_{opt} (4 + 4). (b) cost-push inflationary pressure, job losses in energy-intensive sectors, offset by jobs created through subsidies and public transport investment (4 + 4). (c) **efficiency:** a tax lets firms find the cheapest abatement, unlike direct regulation; **equity:** carbon taxes are regressive (energy is a larger share of low-income budgets) so transfers are needed; **sustainability:** long-run emissions cuts and green investment (6 + 6). *Top-band features: naming the trade-offs and the implementation risks (carbon leakage, relocation of firms).*

09

The Internal Assessment: a portfolio of three commentaries (SL 30% / HL 20%)

Requirement	Detail
Number and units	Three commentaries , each based on a different unit : Unit 2 microeconomics, Unit 3 macroeconomics and Unit 4 the global economy (Unit 1 may not be used).
Articles	From published news media (newspaper, journal or internet; television and radio broadcasts are excluded). Articles must be published no earlier than one year before the commentary is written .
Attachments	The original article must be included; for a long article, highlight the sections used; if the article is in another language, provide an accurate translation.
Content	Economic theory, concepts and terminology; diagrams are required ; specific evidence from the article; and evaluation.
Marking and time	Marked by the teacher and externally moderated by the IB; about 20 teaching hours are recommended.

Suggested timeline: finish the first commentary in S5 Term 1 (choose an article about a recent policy — easier to diagram); complete the second and third in S5 Term 2; submit all three before the summer and revise on your teacher's comments. **Do not write all three on the same unit** — the most common and most costly mistake.

Five common IA losses: (1) summarising the article without economic analysis; (2) diagrams that are never connected to the article; (3) no evaluation — description instead of judgement; (4) an article that is too old or from an unacceptable source; (5) three commentaries with identical diagrams, wording and structure, which signals mechanical recycling.

Where marks are most often lost (both papers)

- **Diagrams without labels:** axes, curves, equilibrium and the before/after positions (Q1→Q2, PL1→PL2) must be marked, or the diagram marks are lost.
- **No evaluation:** the top bands require judgement — when does it hold, for whom, and how do short and long run differ?
- **Theory without examples:** "using real-world examples" is a standard instruction; keep two or three concrete cases per unit ready.
- **Data questions that ignore the data:** Paper 2 answers must quote specific figures, with units and percentages, to reach the top bands.
- **Confused concepts:** GDP versus GNI, growth versus development, fiscal versus monetary policy, absolute versus relative poverty.
- **Missing the key concepts:** deliberately linking to the nine concepts raises the level of the argument.

A twelve-week preparation plan

Weeks	Content	Practice	IA
1–3	Unit 2 microeconomics: demand and supply, elasticities, government intervention, market failure	One diagram a day (draw and label)	Choose the first article (micro)
4–6	Unit 3 macroeconomics: AD/AS, objectives, policy tools, inequality and poverty	One extended response, timed at 35 minutes	Draft commentary 1
7–9	Unit 4 the global economy: trade, protection, exchange rates, development	One data-response set, timed at 40 minutes	Commentaries 2 and 3
10–11	Whole-syllabus integration and evaluation technique (trade-off analysis)	Two Paper 1 questions plus one Paper 2 set, timed	Revise on teacher feedback
12	Redo the questions and diagrams you got wrong	Weakest section only	Final check of format, attachments and referencing

FAQ

SL or HL Economics?

SL gives the IA 30% of the grade, which suits students who write and analyse consistently well and want to score through the portfolio. HL adds Paper 3 (policy paper) and reduces the IA to 20%, which suits students who enjoy policy and data scenarios and plan to study economics or business at university.

Is there a word limit for the IA?

Assessment is by commentary; roughly 750 words per commentary is common practice, but depth of analysis

and diagram use matter more. Follow your school's guidance and make sure the three cover different units.

Where do Paper 2 data come from?

Real papers use published data; the figures in this paper are illustrative (as stated) — supplement your practice with current World Bank, IMF or government statistics.

Do I need to memorise lots of numbers?

No — but you do need trends and examples (what a particular reform achieved), plus accurate terminology and diagrams.

Does the course change for 2027 or 2028?

Economics does not appear on the IB's published curriculum-update lists, so the 2027 and 2028 examinations follow the course first assessed in 2022, with the structure used here; any update announced by the IB would govern.

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Official sources to check against

Source	What to use it for
IB — Economics, standard level subject brief (PDF)	Confirming the SL weightings, teaching hours and units
IB — Economics, higher level subject brief (PDF)	Confirming Paper 3, the HL weightings and the IA weighting
IB — curriculum updates overview	Checking whether Economics is on an update list (currently it is not) and the first teaching/assessment years for other subjects

Also useful: [IB Economics syllabus guide](#), [IB Mathematics AA SL mock paper](#) and the [TutorZone exam practice questions](#). For IB economics or IA supervision, start with the [subject guides](#) and then get matched with a tutor.