

Summary

2.2 Supply

Subject	Year	Start date	Duration
Economics	IB1	Week 4, September	1 week 3 hours

Course Part

Microeconomics -Supply

Description

2.2 Supply, you should be able to:

- Define the following terms: producer, supply, effective supply, supply curve, individual supply, market supply, supply schedule, law of supply, marginal returns (output/product) (HL), law of diminishing marginal returns (output/product) (HL), fixed capital (HL), marginal cost (HL), short run (HL), non-price determinants of supply, joint supply, by-product, competitive supply, indirect tax, subsidy, regulation, hoarding, productivity.
- Explain the law of supply.
- Explain the assumptions underlying the law of supply (HL).
- Draw and explain the diagram of the supply curve.
- Explain the non-price determinants of supply: changes in costs of factors of production (FOPs), prices of related goods (joint and competitive supply), indirect taxes and subsidies, future price expectations, changes in technology, number of firms.
- Distinguish between movements along the supply curve and shifts in the supply curve.
- Draw diagrams showing movements along the supply curve and shifts in the supply curve.

Inquiry & Purpose

Inquiry / Higher Order Questions

Type

Inquiry Questions

Skills-based

- Can laws in economics, such as the law of demand and the law of supply, have the same status as laws in the natural sciences?

Curriculum

Objectives

Application and analysis (AO2)

HL only: demonstrate application and analysis of the extension topics

Use and application of appropriate skills (AO4)

Interpret appropriate data sets

Use quantitative techniques to identify, explain and analyse economic relationships

Syllabus Content

Unit 2: Microeconomics

Real-world issue 1: How do consumers and producers make choices in trying to meet their economic objectives?

2.2 Supply

The law of supply—relationship between price and quantity supplied

Assumptions underlying the law of supply (HL only)

The law of diminishing marginal returns

Increasing marginal costs

Supply curve

Diagram: upward-sloping supply curve

Relationship between an individual producer's supply and market supply

Non-price determinants of supply

Changes in costs of factors of production (FOPs)

Prices of related goods (in the cases of joint and competitive supply)

Indirect taxes and subsidies

Future price expectations

Changes in technology

Number of firms

Movements along and shifts of the supply curve

Diagram: movements along and shifts of the supply curve

Concepts

Consumer and producer choices are the outcome of complex decision-making.

How do consumers and producers make choices in trying to meet their economic objectives?

ATL Skills

Approaches to Learning

Thinking

- In this unit, we will

ask students to formulate a reasoned argument to support their opinion or conclusion

give students time to think through their answers before asking them for a response

IB DP 12 EC 1 Group 3 (IB1)



Communication

- In this unit, we will

ask students to explain their understanding of a text or idea to each other

construct a task around the use of different vocabulary and examples when speaking to different audiences



Research



Developing IB Learners

☆ Learner Profile



Knowledgeable



Communicators