



Economics

Nature of the Subject

Economics is a dynamic social science, forming part of group 3—individuals and societies. The study of economics is essentially about dealing with scarcity, resource allocation and the choices made by consumers, producers and governments in achieving economic well-being. As a social science, economics examines these choices through the use of models and theories that include quantitative and qualitative elements.

The IBDP Economics course emphasises microeconomic theories, which deal with economic variables affecting individuals, firms and specific markets, and macroeconomic theories, which deal with economic variables affecting countries, governments and societies. These economic theories are applied to real world issues with a focus on nine key concepts that underpin the economic course (scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence and intervention) and are explored in different contexts.

The economics course encourages students to develop international perspectives, fosters a concern for global challenges, and raises students' awareness of their own responsibilities at a local, national and international level. The course also seeks to develop values and attitudes that will empower students to use their knowledge of economics to seek solutions to issues that matter to them. Economic students engage actively with the content and act independently to make their own economic choices.

The IB programme emphasises the skills of graphical, quantitative and written analysis, critical awareness and application of theories to real life examples. Students will also develop a conceptual understanding of economic choices, interactions, challenges and consequences of economic decision-making. The Economics course at both Standard and Higher Level does not require any particular background or prior learning.

Distinction between Higher and Standard Level:

All students study a common syllabus and are required to develop specific skills and techniques, attributes and knowledge. Higher level students are required to acquire a further body of knowledge in the form of HL extensions in some topics and to further develop their quantitative skills in analysing and evaluating economic relationships in order to provide informed policy advice.

Syllabus outline

The programme consists of four units, compulsory for all students. Some topics include further Higher Level material from which Standard Level students are exempt.

Unit 1: Introduction to economics

This unit introduces the fundamental concepts such as scarcity, choice, opportunity cost and the nature of the subject as a social science.

Unit 2: Microeconomics

This unit examines the interaction of demand and supply in competitive markets, the role of prices in allocating resources and resulting efficiency. Several types of elasticity are discussed. The common syllabus also includes possible forms of government intervention in markets; causes and types of market failure and possible policy responses.

This unit of the syllabus contains a considerable higher level extension which comprises of the theory of costs, revenues and profits, as well as an in-depth consideration of firm behaviour in different market structures (e.g. perfect competition, monopoly)

Unit 3: Macroeconomics

This unit aims to provide students with the opportunity for a detailed examination of the major macroeconomic issues facing countries' economic growth, economic development, unemployment, inflation and income distribution. The economic policies that governments may use to influence macroeconomic variables are introduced and evaluated.

This unit contains a few Higher Level extension sub-topics.

Unit 4: The global economy

Unit 4 aims to develop an understanding of the benefits of trade and of possible restrictions imposed to protect domestic production. Students will learn how exchange rates are determined, why they may change and how such changes may influence macroeconomic variables. Government strategies used to achieve a balance between exports and imports are also taught.

The unit additionally provides students with the opportunity to understand the meaning of economic development, problems faced by developing countries, and to develop an awareness of possible solutions to these problems.

A number of Higher Level extension topics in this unit allow students to deepen their understanding of international and development economics issues.

Prior Learning

Students are not expected to have any prior knowledge of economics. However, it would be advisable to have a basic understanding of graph skills and calculations.

Assessment Objectives

Having followed the Diploma Programme course in economics, students will be expected to:

Demonstrate knowledge and understanding of specified content.

Apply and analyse economic concepts and theories and interpret economic data.

Demonstrate synthetic and evaluative abilities.

Use and apply a variety of appropriate skills and techniques. At Higher Level only, students are also expected to select and use economic data to make policy recommendations.

Teaching Approach

Delivery of the economics course aims to develop in students the skills that are necessary in order to achieve the abovementioned objectives while promoting the IB Learner attributes. Teaching aims to engage students and to promote inquiry-based learning, for example by assigning small scale research projects, class presentations, debates or collaborative assignments. The course gives students the opportunity to explore economic theories or global issues using real world examples from news articles, case studies, videos and economic data. Students will be strongly encouraged to apply critical thinking skills creatively and to express personal opinion supported by reasoned evidence. Links to Theory of Knowledge will be attempted by exploiting opportunities to reflect on the various ways of knowing and the on the methodology used by the social sciences.

Why students might choose this subject

As part of everyday life, Economics paves the way to the future. Studying Economics prepares students for an ever-changing world, provides a comprehension of market dynamics, and enables a better understanding of consumers, businesses, markets, and governments. It is therefore a good choice for students interested in current economic affairs and policy making, whether they intend to study a related field or not.

By developing skills, such as decision-making, problem-solving and analytical skills, Economics is expected to prepare students for further studies.

Course Assessment

Students' progress will be continuously evaluated on the basis of class participation, diligence, performance in written or oral assignments and revision tests. The latter are usually assessed against criteria specified by the IB.

The final Diploma grade in the subject is determined by two assessment components:

1. Internal assessment: Portfolio of 3 commentaries

This component is internally assessed by the teacher and externally moderated by the IB. Students produce a portfolio of three commentaries, of 800 words each, based on different units of the syllabus, and on published extracts from the news media, using different key concepts as a lens for their analysis. Internally assessed work begins in

the second half of the first year and is concluded during the third term of the final year in the programme.

For Standard level students the internally assessed component counts towards 30% of the final Diploma grade.

For Higher level students the internally assessed component counts towards 20% of the final Diploma grade.

2. External assessment: Written examinations

Standard level students are examined on two different papers (an extended response paper and a data response paper) over a total response time of three hours. Higher level students are examined on three different papers (an extended response paper, a data response paper and a policy paper) over a total response time of four hours and 45 minutes. Emphasis is placed on the ability of students to apply and evaluate economic theory to real life situations.

For Standard level students the externally assessed component counts towards 70% of the final Diploma grade.

For Higher level students the externally assessed component counts towards 80% of the final Diploma grade.