

# International Baccalaureate Diploma Programme Subject Brief

## Individuals and societies: Economics—standard level

First assessments 2022—last assessments 2029

The Diploma Programme (DP) is a rigorous pre-university course of study designed for students in the 16 to 19 age range. It is a broad-based two-year course that aims to encourage students to be knowledgeable and inquiring, but also caring and compassionate. There is a strong emphasis on encouraging students to develop intercultural understanding, open-mindedness, and the attitudes necessary for them to respect and evaluate a range of points of view.

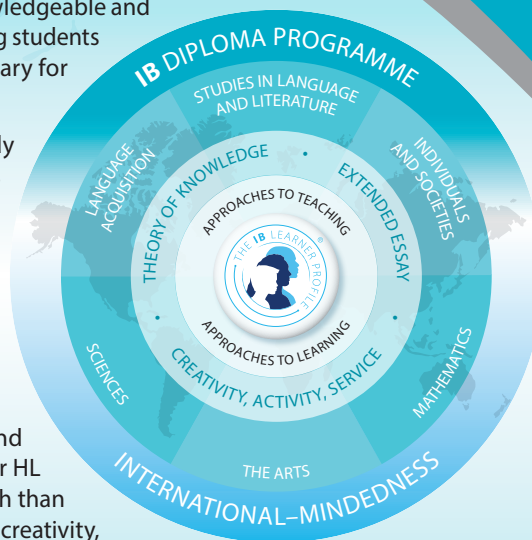
The course is presented as six academic areas enclosing a central core. Students study two modern languages (or a modern language and a classical language), a humanities or social science subject, an experimental science, mathematics and one of the creative arts. Instead of an arts subject, students can choose two subjects from another area. It is this comprehensive range of subjects that makes the Diploma Programme a demanding course of study designed to prepare students effectively for university entrance. In each of the academic areas students have flexibility in making their choices, which means they can choose subjects that particularly interest them and that they may wish to study further at university.

Normally, three subjects (and not more than four) are taken at higher level (HL), and the others are taken at standard level (SL). The IB recommends 240 teaching hours for HL subjects and 150 hours for SL. Subjects at HL are studied in greater depth and breadth than at SL. In addition, three core elements—the extended essay, theory of knowledge and creativity, activity, service—are compulsory and central to the philosophy of the programme.

These DP subject briefs illustrate four key course components.

- I. Course description and aims
- II. Curriculum model overview

- III. Assessment model
- IV. Sample questions



### I. Course description and aims

Economics is an exciting, dynamic subject that allows students to develop an understanding of the complexities and interdependence of economic activities in a rapidly changing world. At the heart of economic theory is the problem of scarcity. Owing to scarcity, choices have to be made. The economics course, at both SL and HL, uses economic theories, models and key concepts to examine the ways in which these choices are made: at the level of producers and consumers in individual markets (microeconomics); at the level of the government and the national economy (macroeconomics); and at an international level, where countries are becoming increasingly interdependent (the global economy). The DP economics course allows students to explore these models, theories and key concepts, and apply them, using empirical data, through the examination of six real-world issues. Through their own inquiry, students will be able to appreciate both the values and limitations of economic models in explaining real-world economic behaviour and outcomes. By focusing on the six real-world issues through the nine key concepts (scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence and intervention), students of the economics course will develop the knowledge, skills, values and attitudes that will encourage them to act responsibly as global citizens.

The aims of the DP **economics** course are to enable students to:

- develop a critical understanding of a range of economic theories, models, ideas and tools in the areas of microeconomics, macroeconomics and the global economy
- apply economic theories, models, ideas and tools, and analyse economic data to understand and engage with real-world economic issues and problems facing individuals and societies
- develop a conceptual understanding of individuals' and societies' economic choices, interactions, challenges and consequences of economic decision-making.

### II. Curriculum model overview

Component	Recommended teaching hours
<b>Unit 1: Introduction to economics</b> 1.1 What is economics? 1.2 How do economists approach the world?	10
<b>Unit 2: Microeconomics</b> 2.1 Demand 2.2 Supply 2.3 Competitive market equilibrium 2.4 Critique of the maximizing behaviour of consumers and producers 2.5 Elasticity of demand 2.6 Elasticity of supply 2.7 Role of government in microeconomics 2.8 Market failure—externalities and common pool or common access resources 2.9 Market failure—public goods	35
<b>Unit 3: Macroeconomics</b> 3.1 Measuring economic activity and illustrating its variations 3.2 Variations in economic activity—aggregate demand and aggregate supply 3.3 Macroeconomic objectives 3.4 Economics of inequality and poverty 3.5 Demand management (demand-side policies)—monetary policy 3.6 Demand management—fiscal policy 3.7 Supply-side policies	40

<b>Unit 4: The global economy</b>	<b>45</b>
4.1 Benefits of international trade	
4.2 Types of trade protection	
4.3 Arguments for and against trade control/ protection	
4.4 Economic integration	
4.5 Exchange rates	
4.6 Balance of payments	
4.7 Sustainable development	
4.8 Measuring development	
4.9 Barriers to economic growth and/or economic development	
4.10 Economic growth and/or economic development strategies	
<b>Internal assessment</b>	<b>20</b>
Portfolio of three commentaries	

Type of assessment	Format of assessment	Time	Weighting of final grade (%)
External		3 hours	70
Paper 1	Extended response paper based on all units of the syllabus	1 hour 15 mins	30
Paper 2	Data response paper based on all units of the syllabus	1 hour 45 mins	40
Internal			
Portfolio	Three commentaries based on different units of the syllabus (except the introductory unit) and from published extracts from the news media, analysed using different key concepts	20 hours	30

### III. Assessment model

There are four assessment objectives for the DP economics course. Having followed the course at SL, students will be expected to meet the following objectives.

#### Assessment objective 1: Knowledge and understanding

- Demonstrate knowledge and understanding of specified content
- Demonstrate knowledge and understanding of the common SL/HL syllabus
- Demonstrate knowledge and understanding of current economic issues and data

#### Assessment objective 2: Application and analysis

- Apply economic concepts and theories to real-world situations
- Identify and interpret economic data
- Analyse how economic information is used effectively in particular contexts
- In the internal assessment task: Explain the link between key economic concepts and economic commentaries

#### Assessment objective 3: Synthesis and evaluation

- Examine economic concepts and theories
- Use economic concepts and examples to construct and present an argument
- Discuss and evaluate economic information and theories

#### Assessment objective 4: Use and application of appropriate skills

- Produce well-structured written material, using appropriate economic theory, concepts and terminology
- Produce and use diagrams to help explain economic theory, concepts and real-world issues
- Select, interpret and analyse appropriate extracts from the news media
- Interpret appropriate data sets
- Use quantitative techniques to identify, explain and analyse economic relationships

### IV. Sample questions

#### Paper 1

- Explain two reasons why a government might set a price ceiling (maximum price) on a good.
- Using real-world examples, discuss the consequences of a price ceiling on stakeholders.

#### Paper 2

- Using a poverty cycle diagram, explain how the net increase in foreign direct investment (FDI) in Mexico between 2010 and 2015 might lead to an improvement in economic development.

About the IB: For over 50 years, the IB has built a reputation for high-quality, challenging programmes of education that develop internationally minded young people who are well prepared for the challenges of life in the 21st century and are able to contribute to creating a better, more peaceful world.

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# International Baccalaureate Diploma Programme Subject Brief

## Individuals and societies: Economics—higher level

First assessments 2022—last assessments 2029

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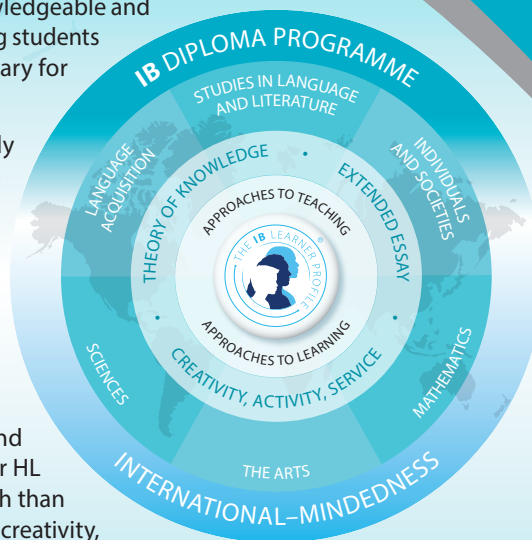
The course is presented as six academic areas enclosing a central core. Students study two modern languages (or a modern language and a classical language), a humanities or social science subject, an experimental science, mathematics and one of the creative arts. Instead of an arts subject, students can choose two subjects from another area. It is this comprehensive range of subjects that makes the Diploma Programme a demanding course of study designed to prepare students effectively for university entrance. In each of the academic areas students have flexibility in making their choices, which means they can choose subjects that particularly interest them and that they may wish to study further at university.

Normally, three subjects (and not more than four) are taken at higher level (HL), and the others are taken at standard level (SL). The IB recommends 240 teaching hours for HL subjects and 150 hours for SL. Subjects at HL are studied in greater depth and breadth than at SL. In addition, three core elements—the extended essay, theory of knowledge and creativity, activity, service—are compulsory and central to the philosophy of the programme.

These DP subject briefs illustrate four key course components.

- I. Course description and aims
- II. Curriculum model overview

- III. Assessment model
- IV. Sample questions



## I. Course description and aims

Economics is an exciting, dynamic subject that allows students to develop an understanding of the complexities and interdependence of economic activities in a rapidly changing world. At the heart of economic theory is the problem of scarcity. Owing to scarcity, choices have to be made. The economics course, at both SL and HL, uses economic theories, models and key concepts to examine the ways in which these choices are made: at the level of producers and consumers in individual markets (microeconomics); at the level of the government and the national economy (macroeconomics); and at an international level, where countries are becoming increasingly interdependent (the global economy). The DP economics course allows students to explore these models, theories and key concepts, and apply them, using empirical data, through the examination of six real-world issues. Through their own inquiry, students will be able to appreciate both the values and limitations of economic models in explaining real-world economic behaviour and outcomes. By focusing on the six real-world issues through the nine key concepts (scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence and intervention), students of the economics course will develop the knowledge, skills, values and attitudes that will encourage them to act responsibly as global citizens.

The aims of the DP **economics** course are to enable students to:

- develop a critical understanding of a range of economic theories, models, ideas and tools in the areas of microeconomics, macroeconomics and the global economy
- apply economic theories, models, ideas and tools, and analyse economic data to understand and engage with real-world economic issues and problems facing individuals and societies
- develop a conceptual understanding of individuals' and societies' economic choices, interactions, challenges and consequences of economic decision-making.

## II. Curriculum model overview

Component	Recommended teaching hours
<b>Unit 1: Introduction to economics</b> 1.1 What is economics? 1.2 How do economists approach the world?	10
<b>Unit 2: Microeconomics</b> 2.1 Demand 2.2 Supply 2.3 Competitive market equilibrium 2.4 Critique of the maximizing behaviour of consumers and producers 2.5 Elasticity of demand 2.6 Elasticity of supply 2.7 Role of government in microeconomics 2.8 Market failure—externalities and common pool or common access resources 2.9 Market failure—public goods 2.10 Market failure—asymmetric information 2.11 Market failure—market power 2.12 The market's inability to achieve equity	70
<b>Unit 3: Macroeconomics</b> 3.1 Measuring economic activity and illustrating its variations 3.2 Variations in economic activity—aggregate demand and aggregate supply 3.3 Macroeconomic objectives 3.4 Economics of inequality and poverty 3.5 Demand management (demand-side policies)—monetary policy 3.6 Demand management—fiscal policy 3.7 Supply-side policies	75

<b>Unit 4: The global economy</b>	<b>65</b>
4.1 Benefits of international trade	
4.2 Types of trade protection	
4.3 Arguments for and against trade control/ protection	
4.4 Economic integration	
4.5 Exchange rates	
4.6 Balance of payments	
4.7 Sustainable development	
4.8 Measuring development	
4.9 Barriers to economic growth and/or economic development	
4.10 Economic growth and/or economic development strategies	
<b>Internal assessment</b>	<b>20</b>
Portfolio of three commentaries	

Type of assessment	Format of assessment	Time	Weighting of final grade (%)
External		4 hours 45 mins	80
Paper 1	Extended response paper based on all units of the syllabus	1 hour 15 mins	20
Paper 2	Data response paper based on all units of the syllabus	1 hour 45 mins	30
Paper 3	Policy paper based on all units of the syllabus	1 hour 45 mins	30
Internal			
Portfolio	Three commentaries based on different units of the syllabus (except the introductory unit) and from published extracts from the news media, analysed using different key concepts	20 hours	20

### III. Assessment model

There are four assessment objectives for the DP economics course. Having followed the course at HL, students will be expected to meet the following objectives.

#### Assessment objective 1: Knowledge and understanding

- Demonstrate knowledge and understanding of specified content
- Demonstrate knowledge and understanding of the common SL/HL syllabus
- Demonstrate knowledge and understanding of current economic issues and data
- Demonstrate knowledge and understanding of the HL extension topics

#### Assessment objective 2: Application and analysis

- Apply economic concepts and theories to real-world situations
- Identify and interpret economic data
- Analyse how economic information is used effectively in particular contexts
- In the internal assessment task: Explain the link between key economic concepts and economic commentaries
- Demonstrate application and analysis of the HL extension topics

#### Assessment objective 3: Synthesis and evaluation

- Examine economic concepts and theories
- Use economic concepts and examples to construct and present an argument
- Discuss and evaluate economic information and theories
- Demonstrate economic synthesis and evaluation of the HL extension topics
- Select and use economic data using economic theory to make policy recommendations

#### Assessment objective 4: Use and application of appropriate skills

- Produce well-structured written material, using appropriate economic theory, concepts and terminology
- Produce and use diagrams to help explain economic theory, concepts and real-world issues
- Select, interpret and analyse appropriate extracts from the news media
- Interpret appropriate data sets
- Use quantitative techniques to identify, explain and analyse economic relationships

### IV. Sample questions

#### Paper 1

- Explain two tools open to a central bank to conduct expansionary monetary policy.
- Using real-world examples, evaluate the effectiveness of monetary policy to achieve low unemployment.

#### Paper 2

- Using an exchange rate diagram, explain how the increase in the interest rate by the Nigerian central bank might prevent the continued fall in the value of the naira.

#### Paper 3

- Using the data provided, and your knowledge of economics, recommend a policy that could be introduced by the government of Country X in response to the expected fall in the world price of coffee.

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