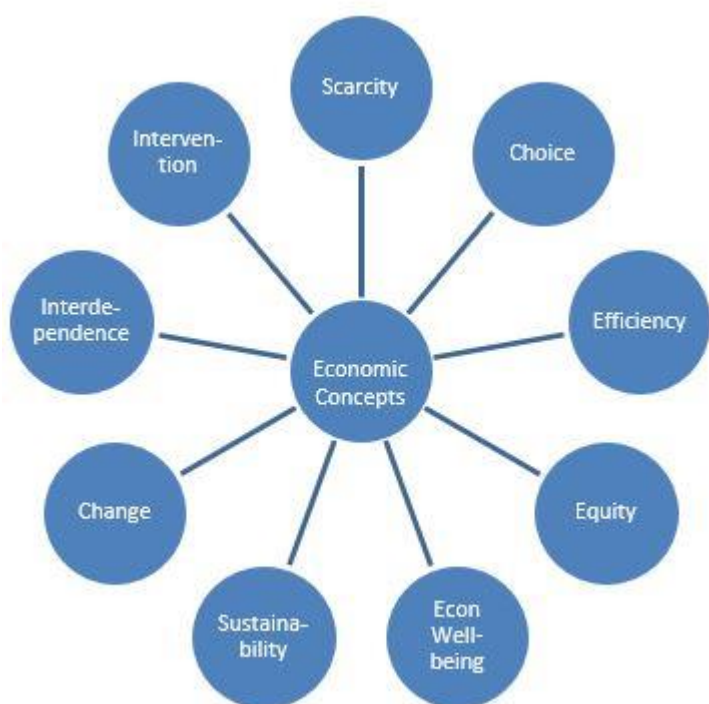




Economics is an exciting, dynamic subject that allows students to develop an understanding of the complexities and interdependence of economic activities in a rapidly changing world. At the heart of economic theory is the problem of scarcity. Owing to scarcity, choices have to be made.

The course, at both HL and SL, 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).

It allows students to explore models, theories and key concepts, and apply them, using empirical data, through the examination of real-world issues. The nine key concepts are as follow



Course Content

(First Assessment from 2024)

The course aims 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 analyze 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.

Topics to be covered in the course include:

Unit 1: Introduction to Economics

- 1.1 What is economics?
- 1.2 How do economists approach the world?

Unit 2: Microeconomics

- 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

The following are added to the HL syllabus

- 2.10 Market failure—*asymmetric information*
- 2.11 Market failure—*market power*
- 2.12 The market's inability to achieve equity

Unit 3: Macroeconomics

- 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

Unit 4: The global economy

- 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

Assessment

Internal Assessment: (HL 20% ; SL 30%)

Three commentaries of 800 words each based on different units of the syllabus (except the introductory unit) and from published extracts from the news media, analyzed using different key concepts.

External Assessment:

HL 80%

Paper 1: (20%) Extended response paper based on all units of the syllabus

Paper 2: (30%) Data response paper based on all units of the syllabus

Paper 3: (30%) Policy paper based on all units of the syllabus

SL 70%

Paper 1: (30%) Extended response paper based on all units of the syllabus

Paper 2: (40%) Data response paper based on all units of the syllabus

Sample Questions

Paper 1

- Explain two types of government intervention that could be used to correct the market failure arising from the consumption of demerit goods.
- Using real-world examples, discuss whether public goods should always be provided directly by the government.

Paper 2

- Using information from the text/data and your knowledge of economics, evaluate the policies used in the Philippines to reduce poverty and income inequality.

Paper 3

- Using the text/data provided and your knowledge of economics, recommend a policy which could be introduced by the government of Chile to address market failure in the salmon farming industry.

University Courses and Careers

While Economics in the IBDP is not a prerequisite for pursuing economics-related courses at university, it provides valuable foundational knowledge and critical skills that can help students better understand and transition into higher-level economics studies. More and more universities around the world, including those in Singapore, now offer joint degrees combining economics with disciplines like data science, law, engineering, and psychology. This highlights the versatility and relevance of economics in today's interconnected world.

Do note that some top overseas universities require a good score in HL Mathematics as a pre-requisite in order to pursue Economics as a major.