

# International Baccalaureate Diploma Programme Subject Brief

## Individuals and societies: Economics— higher level

First assessments 2013—last assessments 2019

The IB Diploma Programme (DP) is a rigorous, academically challenging and balanced programme of education designed to prepare students aged 16 to 19 for success at university and life beyond. The DP aims to encourage students to be knowledgeable, inquiring, caring and compassionate, and to develop intercultural understanding, open-mindedness and the attitudes necessary to respect and evaluate a range of viewpoints. Approaches to teaching and learning (ATL) are deliberate strategies, skills and attitudes that permeate the teaching and learning environment. In the DP, students develop skills from five ATL categories: thinking, research, social, self-management and communication.

To ensure both breadth and depth of knowledge and understanding, students must choose six courses from six distinct groups: 1) studies in language and literature; 2) language acquisition; 3) individuals and societies; 4) sciences; 5) mathematics; 6) the arts. Students may choose to replace the arts course with a second course from one of the other five groups. At least three, and not more than four, subjects are taken at higher level (240 recommended teaching hours), while the remaining are taken at standard level (150 recommended teaching hours). 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 a dynamic social science. The study of economics is essentially about dealing with scarcity, resource allocation and the methods and processes by which choices are made in the satisfaction of human wants. As a social science, economics uses scientific methodologies that include quantitative and qualitative elements.

The DP economics course emphasizes the economic theories of microeconomics, which deal with economic variables affecting individuals, firms and markets, and the economic theories of macroeconomics, which deal with economic variables affecting countries, governments and societies. These economic theories are not studied in a vacuum—rather, they are to be applied to real-world issues. Prominent among these issues are fluctuations in economic activity, international trade, economic development and environmental sustainability.

The economics course encourages students to develop international perspectives, fosters a concern for global issues and raises students' awareness of their own responsibilities at a local, national and international level. Teachers explicitly teach thinking and research skills such as comprehension, text analysis, transfer, and use of primary sources.

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

- develop an understanding of microeconomic and macroeconomic theories and concepts and their real-world application
- develop an appreciation of the impact on individuals and societies of economic interactions between nations
- develop an awareness of development issues facing nations as they undergo the process of change

### II. Curriculum model overview

| Component   | Recommended teaching hours |
|---|----------------------------|
| <b>Section 1: Microeconomics</b><br>1.1 Competitive markets: demand and supply<br>1.2 Elasticity<br>1.3 Government intervention<br>1.4 Market failure<br>1.5 Theory of the firm and market structures                               | <b>95</b>                  |
| <b>Section 2: Macroeconomics</b><br>2.1 The level of overall economic activity<br>2.2 Aggregate demand and aggregate supply<br>2.3 Macroeconomic objectives<br>2.4 Fiscal policy<br>2.5 Monetary policy<br>2.6 Supply-side policies | <b>50</b>                  |
| <b>Section 3: International economics</b><br>3.1 International trade<br>3.2 Exchange rates<br>3.3 The balance of payments<br>3.4 Economic integration<br>3.5 Terms of trade   | <b>45</b>                  |

|   |           |
|---|-----------|
| <b>Section 4: Development economics</b>                               | <b>30</b> |
| 4.1. Economic development   |           |
| 4.2. Measuring development  |           |
| 4.3. The role of domestic factors                                     |           |
| 4.4. The role of international trade                                  |           |
| 4.5. The role of foreign direct investment (FDI)                      |           |
| 4.6. The roles of foreign aid and multilateral development assistance |           |
| 4.7. The role of international debt                                   |           |
| 4.8. The balance between markets and intervention                     |           |
| <b>Internal assessment</b>  | <b>20</b> |
| Portfolio of three commentaries                                       |           |

### III. Assessment model

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

#### Assessment objective 1: Knowledge and understanding

- 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.
- Demonstrate the extent to which economic information is used effectively in particular contexts.
- Demonstrate application and analysis of the 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 extension topics.

#### Assessment objective 4: Selection, use and application of appropriate skills and techniques

- Produce well-structured written material, using appropriate economic terminology, within specified time limits.
- Use correctly labelled diagrams to help explain economic concepts and theories.
- Select, interpret and analyse appropriate extracts from the news media.
- Interpret appropriate data sets.
- Use quantitative techniques to identify, explain and analyse economic relationships

### Assessment at a glance

| Type of assessment | Format of assessment  | Time (hours) | Weighting of final grade (%) |
|--------------------|---|--------------|------------------------------|
| External           |   | 4            | 80                           |
| Paper 1            | Extended response paper on microeconomics and macroeconomics  | 1.5          | 30                           |
| Paper 2            | Data response paper on international and development economics  | 1.5          | 30                           |
| Paper 3            | HL extension paper on all syllabus content  | 1            | 20                           |
| Internal           |   |              |                              |
| Portfolio          | Three commentaries based on different sections of the syllabus and on published extracts from the news media. | 20           | 20                           |

### IV. Sample questions

#### Paper 1

- Explain why firms in monopolistic competition can make economic profit in the short run only.
- Compare and contrast the market structures of monopoly and monopolistic competition.

#### Paper 2

- State two reasons why a multinational corporation (MNC) may wish to invest in an economically less developed country (LDC).

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Complete subject guides can be accessed through the IB online curriculum centre (OCC) or purchased through the IB store: <http://store.ibo.org>.

For more on how the DP prepares students for success at university, visit: [www.ibo.org/en/university-admission](http://www.ibo.org/en/university-admission) or email: [recognition@ibo.org](mailto:recognition@ibo.org).