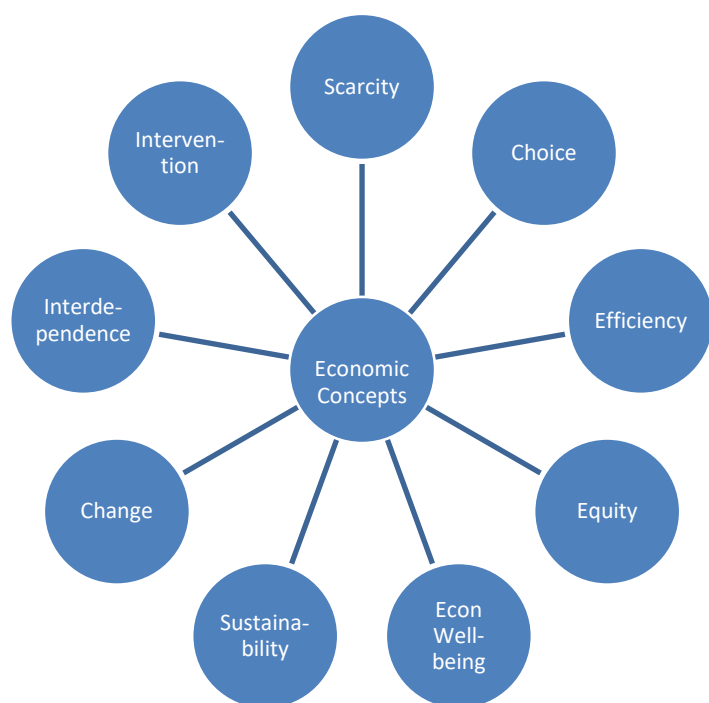




Economics is an exciting, dynamic subject that allows students to develop an understanding of the complexities and interdependence of economic activities in a rapidly changing world. At the heart of economic theory is the problem of scarcity. Owing to scarcity, choices have to be made.

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 2022)

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 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 A in response to the expected fall in the world price of coffee.

### University Courses and Careers

A background in Economics can lead to advanced study and research in fields such as Finance, Public Policy, Business & Management as well as International Studies. It is also useful in the study of Law, Medicine and many other disciplines.

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.

*Materials for this information sheet are taken from the IBO website. For more information, kindly speak to the friendly teachers from the Economics Business Management Department.*