

## IB ECONOMICS - NATURE OF THE SUBJECT

Economics is a dynamic social science, forming part of group 3—individuals and societies. This means that students explore the interactions between humans and their environment in time and place. As a result, these subjects are often known collectively as the “human sciences” or “social sciences”.

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 IB Diploma Programme 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 to be 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 ethical dimensions involved in the application of economic theories and policies permeate throughout the economics course as students are required to consider and reflect on human end-goals and values.

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. The course also seeks to develop values and attitudes that will enable students to achieve a degree of personal commitment in trying to resolve these issues, appreciating our shared responsibility as citizens of an increasingly interdependent world.

### Distinction between SL and HL

SL and HL students of economics are presented with a common syllabus, with an HL extension in some topics. The syllabus for both SL and HL students requires the development of certain skills and techniques, attributes and knowledge.

While the skills and activity of studying economics are common to both SL and HL students, the HL student is required to acquire a further body of knowledge—including the ability to analyse, synthesize and evaluate that knowledge—and to develop quantitative skills in order to explain and analyse economic relationships.

These quantitative skills are specifically assessed at HL in paper 3.

All acquired skills are used in internal assessment – producing portfolio of three commentaries, which is an integral part of the course compulsory for both SL and HL students.

### Economics aims

In addition to the aims of all subjects of group 3 the aims of the **economics** syllabus at SL and HL 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.

## Syllabus outline

1. Introductory study  
Microeconomics:
  - Competitive markets.
  - Price elasticities.
  - Theory of the firm (HL only)
  - Market failures.
  
2. Macroeconomics:
  - Measuring of economic activity.
  - Aggregate demand, aggregate supply.
  - Macroeconomic equilibrium.
  - Unemployment, inflation.
  - Income distribution.
  - Government policies.
  
3. International economics:
  - International trade.
  - Free trade and protectionism.
  - Economic integration.
  - Exchange rates.
  - Balance of payment.
  - Terms of trade (HL only).
  
4. Development economics:
  - Economic growth and economic development.
  - Factors of growth and development.
  - Strategies of growth and development.
  - The balance between markets and intervention.