Economics

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 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:

1. develop a critical understanding of a range of economic theories, models, ideas and tools in the areas of microeconomics, macroeconomics and the global economy
2. 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
3. develop a conceptual understanding of individuals' and societies' economic choices, interactions, challenges and consequences of economic decision-making.

II. Curriculum model overview

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

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

Internal assessment
Portfolio of three commentaries