



# **'Bridging the Gap'**

## **IB Economics**





## Bridging the Gap Sixth Form Economics

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**. While the world's population has unlimited needs and wants, there are limited resources to satisfy these needs and wants. As a result of this scarcity, **choices** have to be made. The DP economics course, at both SL and HL, uses economic theories 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)
- at the international level where countries are becoming increasingly interdependent through international trade and the movement of labour and capital (the global economy).

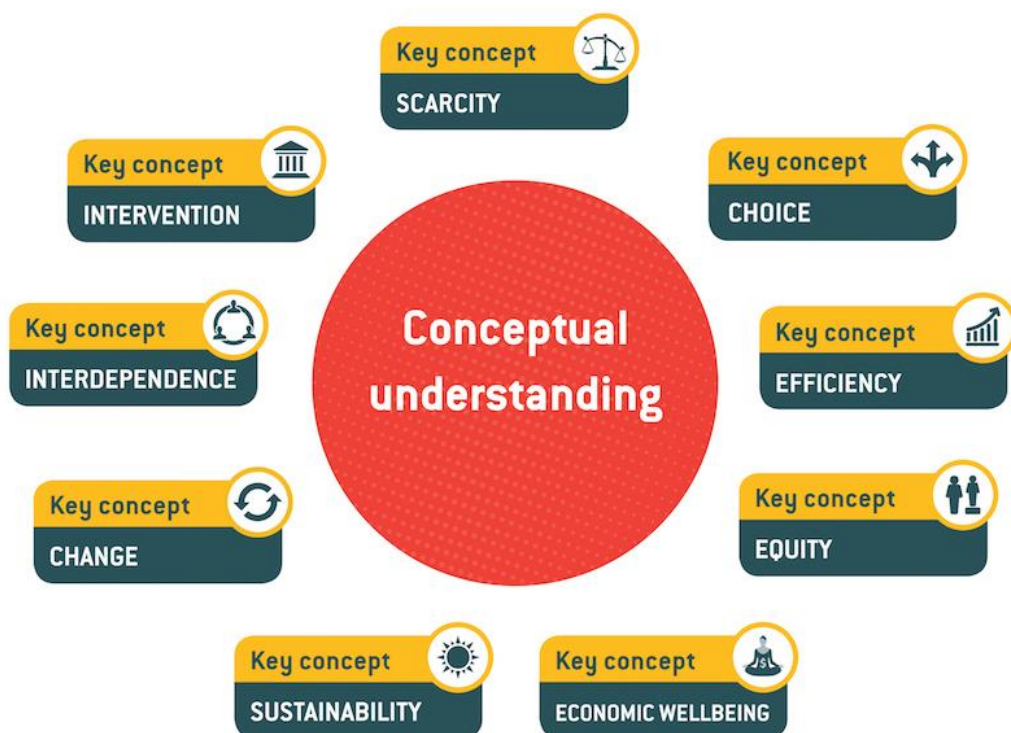
The choices made by economic agents (consumers, producers and governments) generate positive and negative outcomes and these outcomes affect the relative **well-being** of individuals and societies. As a social science, economics examines these choices using models and theories. The DP economics course allows students to explore these models and theories, and apply them, using empirical data, through the examination of six real-world issues.

As economic growth and increased **efficiency** become prominent goals, two other important global economic issues related to these goals are; the ways in which economic activity impacts the environment, and the challenges facing the world in terms of fair access to resources, goods and services. When exploring these significant global issues, **sustainability** and **equity** become key concepts for DP economic students to understand.

In all areas of economic activity, the economic agents can be divided up into the private sector (consumers and producers) and the public sector (governments). To different extents and with different outcomes, the public sector in any economy assumes some responsibility for monitoring and regulating the behaviour of the private sector. This government **intervention** is a significant concept that appears throughout the course and students are expected to critically evaluate the balance between the market forces of the private sector and intervention by governments.

Given the rapidly changing world, economic activity and its outcomes are constantly in flux. Therefore, students are encouraged, throughout the course, to research current real-world issues. Through their own inquiry, it is expected that 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 DP economics course will develop the knowledge, skills, values and attitudes that will encourage them to act responsibly as global citizens.



For the internal assessment, both standard level and higher level candidates are required to produce a portfolio of three commentaries based on published extracts from the news media using the key concepts as a lens. In addition, for the external assessment, there are two examinations for standard level students and three examinations at higher level.

### 'Bridging the gap' tasks

#### Getting started...

For those of you who are new to Economics, this first task introduces the concepts of Micro and Macro economics.

Watch this video presentation on the difference between **Micro and Macroeconomics**

[Watch the video here;](#)

If you have done GCSE or iGCSE economics, then start here!

Watch the video presentation on **Measuring Economic Activity**

[Watch the video here](#)

Then complete the following **research activity**:

Create an **A4 information sheet** to include the following:

1. What GDP stands for
2. What GDP measures
3. What is meant by GDP per capita
4. The total value of GDP for the your home country last year
5. Your home country's current GDP per capita
6. The average growth rate for GDP in your home country
7. The economic term used to describe a six-month period of negative growth
8. The economic term used to describe exceptionally high growth
9. Time periods of negative growth in your home country (go back 30 years)
10. How much your home country's economy grew by last year
11. Plot a chart showing your home country's economic growth rate for the past 15 years



You might find the following video clips help you:

[https://www.youtube.com/watch?v=FXWBS\\_sx-us](https://www.youtube.com/watch?v=FXWBS_sx-us)

<https://www.bbc.co.uk/news/business-13200758>

**Remembering that Economics is a global subject, we now move further afield...**

Watch the video presentation on the **Changing World Economy**

[Watch the video here](#)

**Research task:** What makes an economy an 'emerging' economy?

Research the economies of **Bangladesh** and **Cambodia** using the links provided below (and your own additional research if you choose – please make sure that you reference your additional sources).

**Create a table** to show the key similarities and key differences in the development of the two countries

Links:

<https://www.tutor2u.net/economics/reference/growth-and-development-profile-cambodia>

<https://www.tutor2u.net/economics/reference/growth-and-development-profile-bangladesh>

So far we have focused a lot on **Economic growth** as a key macroeconomic measure of performance. However, there are other key measures; **Unemployment** and the **Balance of Payments** being just two.

Watch the video presentation on [Unemployment](#) and then complete the research activity.

Use the link below to help you:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/methodologies/aguidetolabourmarketstatistics#unemployment>

Now find out the following:

1. What is meant by unemployment?
2. What is the claimant count?
3. What is the labour force survey?
4. Which groups of people are not counted in the unemployment figures?
5. The current unemployment rate in your home country
6. The highest rate of unemployment in your home country in the last ten years
7. The lowest rate of unemployment in your home country in the last ten years

**Make a record of all your findings:** you may be asked to discuss them in lessons next term

The **Balance of Payments** is split in the **Current Account** and **Capital account**. In your first year of sixth form, you will learn only about the Current account.

#### Research Activity

Watch the following clips and read the articles (you may need to use other websites too):

<https://www.economicshelp.org/blog/glossary/current-account-bop/>

<https://www.youtube.com/watch?v=fifV6H4wIAo>

Now find out the following:

- |  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. What is the <b>balance of payments</b>?</li> <li>2. What is the <b>current account</b> of the balance of payments?</li> <li>3. What is meant by an <b>export</b>?</li> <li>4. What is meant by an <b>import</b>?</li> <li>5. What is the <b>balance of trade</b>?</li> <li>6. What is a current account <b>deficit</b>?</li> </ol> | <ol style="list-style-type: none"> <li>7. What is a current account <b>surplus</b>?</li> <li>8. What is your home country's current account balance?</li> <li>9. Which country has the biggest current account surplus?</li> <li>10. Which country has biggest current account deficit?</li> </ol> |
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**Behavioural economics** is a branch of economic research that adds elements of psychology to traditional models in an attempt to better understand decision-making by investors, consumers and other economic participants. Behavioural economics challenges the assumption that agents always make rational choices with the aim of maximising utility.

The leading behavioural economist, Richard Thaler, won the Nobel Prize in Economics in 2017 for his work on behavioural economics and policy interventions built around "nudges"

Below are a series of resources on behavioural economics.



Tim Harford

<http://timharford.com/2019/12/why-we-fall-for-cons/>

[Tim Harford: Why being messy is good - BBC Newsnight](#)



**Freakonomics**

Behavioural economics – nudge theory [Click here](#)



**TED TALK**

[Saving Money and Saving Lives | Cass Sunstein](#)

Consider these links and write a short **blog post** summing up why we do what we do and how policy makers can use this.

**And finally**, as mentioned earlier – Economics is a subject that is dynamic and changing daily. Studying topical economic issues will be a key part of your sixth form course.

Your final task is to research the **economic significance of the Coronavirus**.

Below are two sources that consider the impacts of coronavirus on the economy; both good and bad.

**Economics in Ten**

<https://open.spotify.com/episode/1ffsVmZtKtToBCJ8DrtAOJ>

**The Economist**

[https://www.economist.com/finance-and-economics/2020/04/25/how-to-think-about-moral-hazard-during-a-pandemic?fsrc=newsletter&utm\\_campaign=the-economist-today&utm\\_medium=newsletter&utm\\_source=salesforce-marketing-cloud&utm\\_term=2020-04-29&utm\\_content=article-link-3](https://www.economist.com/finance-and-economics/2020/04/25/how-to-think-about-moral-hazard-during-a-pandemic?fsrc=newsletter&utm_campaign=the-economist-today&utm_medium=newsletter&utm_source=salesforce-marketing-cloud&utm_term=2020-04-29&utm_content=article-link-3)

Read the article and watch the video clip – you may also wish to do your own research.

Sum up your research with an argument you could make for a debate to support the motion:

***“This house believes that the Coronavirus will bring long term benefits to the global economy”***