



---

***PINEWOOD – THE AMERICAN INTERNATIONAL SCHOOL OF THESSALONIKI, GREECE***

**NAME OF COURSE:** ECONOMICS IB2

**GRADE LEVEL:** 12

**SCHOOL YEAR:** 2011-2012

**COURSE DESCRIPTION**

**INTERNATIONAL AND DEVELOPMENT ECONOMICS**

The second year Economics IB course deals with issues in International and Development Economics. It examines why countries trade, the role of exchange rates, the problems involved and how these problems are addressed. The distinction between economic growth and economic development will be emphasized. Students will have the opportunity to understand the problems faced by developing countries and understand how globalization affects our lives and how governments deal with these problems on a multinational level.

Students must complete a portfolio of four commentaries based on current articles from a newspaper, a magazine or the World Wide Web. Students are assessed according to IB criteria. Past IB exams are used to prepare students for the IB Economic exam.

Prerequisites: Successful completion of Economics IB 1; teacher recommendation

**LEARNING OBJECTIVES**

Having followed this course students should be able to:

- have an understanding and knowledge of economic concepts and theories
- apply economic theory to a range of circumstances and a variety of situations
- analyse information through the use of economic concepts and theories
- evaluate concepts and theories from different economic perspectives

## SCOPE AND SEQUENCE\*

### **QUARTER I**

#### Section 4 INTERNATIONAL ECONOMICS

##### Reasons from Trade

- Differences in factor endowments, Variety and quality of goods, Gains from specialization, Political.
- [Absolute and comparative advantage (numerical and diagrammatic). (HL)]

##### Free Trade and Protectionism

##### Types of protectionism

- Tariffs, Quotas, Subsidies, Voluntary Export Restraints (VERs), Administrative obstacles, health and safety standards and environmental standards

##### Arguments for protectionism

- Infant industry, protection of employment, source of government revenue, strategic arguments, means to overcome a balance of payments disequilibrium, anti-dumping

##### Arguments against protectionism

- Inefficiency of resource allocation, costs of long-run reliance on protectionist methods, increased prices of goods and services to consumers, the cost effect of protected imports on export competitiveness

### **QUARTER II**

#### Economic Integration

##### Globalization

##### Trading blocs

- Free trade areas (FTAs), Customs unions, Common markets
- [Trade creation and trade diversion, obstacles to achieving integration. (HL)]

##### World Trade Organization (WTO)

- Aims, success and failure viewed from different perspectives

##### Balance of Payments

- Current account (balance of trade, invisible balance)
- Capital account

## Exchange Rates

- Fixed exchange rates, floating exchange rates and managed exchange rates
- Distinction between depreciation and devaluation, appreciation and revaluation.
- Effects of trade flow, capital flow, inflation, speculation and use of foreign currency reserves
- [ Advantages and disadvantages of fixed and floating rates and of single currencies. Purchasing power parity theory, (PPP). (HL)]

## Balance of payment problems

- Consequences of a current account deficit or surplus
- Methods of correction
- Consequences of a capital account deficit or surplus
- [Marshall-Lerner condition, J-curve. (HL)]

## Terms of Trade

- Definition of terms of trade, Consequences of a change in the terms of trade for a country;s balance of payments and domestic economy
- Significance of deteriorating terms of trade for developing countries
- [measurement of terms of trade, causes of changes in a country's terms of trade in the short-run and long-run, elasticity of demand for imports and exports. (HL)]

## 3<sup>rd</sup> INTERNAL ASSESMENT

### **QUARTER III**

#### Section 5 DEVELOPMENT ECONOMICS

##### Measuring economic development

- Gross domestic Product (GDP) versus Gross National Product (GNP)
- Alternative methods of measurement
- Problems of measuring development

##### Sources of economic growth and/or development

- Natural factors, Human factors, Capital (quality and quantity)
- Institutional factors (banking system, education system, health care, infrastructure, political stability)

##### Consequences of growth

- Externalities, income distribution, sustainability

## 4<sup>th</sup> INTERNAL ASSESMENT

## Growth and development strategies

- Harrod-Domar growth model
- Structural change/dual sector model
- Types of aid (bilateral, multilateral, grant aid, soft loans, official aid, tied aid)
- Export-led growth/outward-oriented strategies
- Import substitution/inward-oriented strategies/protectionism
- Commercial loans, Fair trade organizations, Micro-credit schemes
- Foreign direct investment
- Sustainable development

## QUARTER IV

### Barriers to economic growth and/or development

- Poverty cycle: low income>low savings>low investment>low incomes
- Institutional and political factors (ineffective taxation structure, lack of property rights, political instability, corruption, unequal distribution of income, formal and informal markets, lack of infrastructure)
- International trade barriers (overdependence on primary products, consequences of adverse terms of trade, consequences of a narrow range of exports, protectionism in international trade.)
- International financial barriers (indebtedness, non-convertible currencies, capital flight)
- Social and cultural factors acting as barriers (religion, culture, tradition, gender issues)

### Evaluation of growth and development strategies

- Evaluation of the following in terms of achieving growth and/or development (aid and trade, market-led and interventionist strategies)
- The role of international financial institutions( the International Monetary Fund , the World Bank, private sector banks, non-governmental organizations, multinational corporations/transnational corporations, commodity agreements)

### Mock exams and review for IB exams

*\*Note that the order in scope and sequence is subject to change during the school year.*

## HOMEWORK POLICY

- Homework assignments must be written in pen on A4 lined paper with margins on both sides. Graphs must be drawn on graph (millimeter) paper and date, name of the student and the assignment description must be clearly indicated at the top of the first page. Homework assignments not in line with the above will not be accepted.

- All work missed must be made up and given to the teacher within 2 days after the return from the (excused) absence.
- Students are encouraged to submit their assignments on time. Late homework assignments will receive a 10% REDUCTION per day for up to 2 days, and a grade of 0 will be assigned if the papers listed above are more than 2 days late.

## **ASSESSMENT**

### Tests (50%)

Tests may consist of essay or short answer questions and cover notes, handouts and textbook readings. Students using unauthorized information while taking a test/exam will receive a zero and action will be taken towards their dismissal from the course.

### Quizzes (25%)

As a quick means of assessing regular learning, unannounced quizzes will be given at the beginning of class.

### Homework assignments and orals (25%)

Homework will be assigned weekly. Students are expected to study daily, come prepared and participate in class discussions/debates/essay writing and problem solving. Students will also be assessed orally on the day's reading assignment.

## **RESOURCES**

- Textbook: Glanville, Allan. Economics from a Global Perspective
- Economics- third edition, Alain Anderton
- Essentials of Economics, John Sloman
- Development Economics, Gareth Rees and Charles Smith
- Advanced Economics through Diagrams, Andrew Gillepsie
- Economics, A complete course, D.Moynihan- B Titley
- George Soros on Globalization
- Articles from Newspapers, Magazines and the Internet.

## **ACADEMIC HONESTY**

Academic honesty is fundamental to the integrity and operation of our school. Acts of academic dishonesty, including plagiarism (the act of presenting others' words and ideas as one's own without crediting the source), stealing in quizzes and tests, copying work from other students or allowing their own work to be copied, or using notes during a test, are considered serious offences. The consequences of academic dishonesty will be a zero grade on the specific test/assignment, and additional disciplinary action. The said student will be ineligible or removed from the National Honor Society.