

Introduction to economics

IB DP Economics SL Unit 1 full package (syllabus 1.1-1.2, common to SL and HL)

1. Unit 1 at a glance

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IB Economics SL Unit 1 (first assessment 2022; common to SL and HL; Paper 1, Paper 2 and the portfolio, no Paper 3): syllabus 1.1 What is economics? and 1.2 How do economists approach the world?

Must-know: scarcity forces choice on consumers, producers and government; opportunity cost is the next-best alternative forgone; positive statements are testable, normative carry value; hypothesis-model-test-revision; ceteris paribus; the nine key concepts.

2. What is economics?

What is economics?

Economics studies choices under scarcity: unlimited wants, finite resources. Agents: consumers, producers, government (the rest of the world joins later). Resources - land, labour, capital, enterprise - earn rent, wages, interest, profit.

Positive statements are testable against evidence; normative statements carry value judgements. A 10 bn hospital against 7 bn schools: the opportunity cost is the schools, and the choice is rational if the hospital's benefit exceeds that 7 bn.

3. How economists approach the world

How economists approach the world

The scientific method: observe, hypothesise, model (a deliberate simplification - demand curves, PPFs, circular flow), predict, test against data, revise. Models explain and predict; they are not photographs.

Ceteris paribus - all other things equal - isolates one relationship at a time. Nine key concepts frame the course: scarcity, choice, efficiency, equity, well-being, sustainability, change, interdependence, intervention - every issue and every commentary is analysed through them.

Check yourself

Check yourself

Scarcity, agents, factors and rewards; opportunity cost with the 10-bn-against-7-bn arithmetic; positive versus normative.

The scientific-method loop with the tuition-subsidy example; ceteris paribus; the nine key concepts applied.