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| **Unit Plan** | **01** | Start:End: | Date: Aug. 2016Date: Dec. 2016 | **Unit title (Microeconomics)** | Grade Level: Teacher: | 11Name: Stephen Ellis |

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| **Global Contexts** |  | **Topic** (give subtopic code and title as required) |
| * Community & Service
* Environments
* Health and Social Education
* Human ingenuity
 | This Global Context will be explored through inquiry into the development of economic systems world-wide. |  | * **Microeconomics (1.1-2.4)**
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| **Content: Skills and Knowledge (Learning outcomes stated using command terms)**  |
| **All assessment statements addressed in the following subtopics:**Students will be introduced to the field of economics, with definitions being provided of the social sciences, microeconomics and macroeconomics. There will be a detailed overview of the main principles in economics:* Making decisions requires trading off one goal against another.
* Decision-makers have to consider both the obvious and implicit costs of their actions.
* A rational decision-maker takes action if and only if the marginal benefit of the action exceeds the marginal cost.
* Behavior changes when costs or benefits change.
* Trade allows each person to specialize in the activities he or she does best.
* Households and firms that interact in market economies act as if they are guided by an "invisible hand" that leads the market to allocate resources efficiently.
* When a market fails to allocate resources efficiently, the government can change the outcome through public policy.
* Countries whose workers produce a large quantity of goods and services per unit of time enjoy a high standard of living.
* When a government creates large quantities of the nation's money, the value of the money falls. As a result, prices increase, requiring more of the same money to buy goods and services.
* Reducing inflation often causes a temporary rise in unemployment. This tradeoff is crucial for understanding the short-run effects of changes in taxes, government spending and monetary policy.

**Microeconomics**Students will be given the opportunity to examine the meaning of the term market, and the negative causal relationship between price and quantity demanded. We will also consider how factors including changes in income preferences, prices of related goods and demographic changes may change demand. The positive causal relationship between price and quantity supplied will be examined, and students will receive training in how to describe the relationship between an individual producer's supply and market supply. Changes in costs of factors of production (land, labour, capital and entrepreneurship), technology, prices of related goods (joint/competitive supply), expectations, indirect taxes, subsidies and how the number of firms in the market can change supply will be explained in detail.The concepts of price elastic demand, price inelastic demand, unit elastic demand, perfectly elastic demand and perfectly inelastic demand will be explained. The determinants of PED, including the number and closeness of substitutes, the degree of necessity, time and the proportion of income spent on the good will also be considered. The various reasons governments impose indirect taxes will be examined and students will learn how to distinguish between specific and *ad valorem*taxes. Students will discuss the consequences of imposing an indirect tax on the stakeholders in a market, including consumers, producers and the government and why governments provide subsidies.Students will examine the consequences of providing a subsidy on the stakeholders in a market, including consumers, producers and the government.The reason why governments impose price ceilings, and the possible consequences of a price ceiling, such as shortages, inefficient resource allocation, welfare impacts, underground parallel markets and non-price rationing mechanisms will be considered in detail.Student will plot demand and supply curves for a product from linear functions and then illustrate and/or calculate the effects of the imposition of a specific tax on the market. | **Essential Skills: (including: ICT, Information Literacy and Academic Honesty)** Detailed understanding of the key command terms in Economics.Consider the difference between rational and irrational economic behavior, supply and demand, efficient and inefficient allocation of resources.Analyze the global impact of inefficient allocation of resources, for example a possible fresh water shortage.Using news articles (The Economist Magazine), discuss and evaluate policy-makers regarding efficient allocation of resources.**Microeconomics**Draw diagrams and graphs to distinguish between movements along the demand curve and shifts of the demand curve.Construct diagrams to show the difference between movements along the supply curve and shifts of the supply curve.Calculate PED between two designated points on a demand curve using the PED equation.Write an essay on the concept of income elasticity of demand in response to past paper question.Plot a demand curve from a linear function (eg, Qd = 60 – 5P).Identify the slope of the demand curve as the slope of the demand functionQd = a – bP, that is –b (the coefficient of P).Plot demand and supply curves for a product from linear functions and then illustrate and/or calculate the effects of the imposition of a specific tax/per unit subsidy on the market (on price, quantity, consumer expenditure, producer revenue, government revenue, consumer surplus and producer surplus).Draw a diagram to show a subsidy, and analyze the impacts of a subsidy on market outcomes.In response to a past paper exam question, students will discuss the consequences of imposing a price ceiling on the stakeholders in a market, including consumers, producers and the government.Calculate possible effects from the price ceiling diagram, including the resulting shortage and the change in consumer expenditure (which is equal to the change in firm revenue). |

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| **Resources**  |
| IB Economics: 2nd Edition: For the IB diploma, [Jocelyn Blink](http://www.amazon.com/s/ref%3Dntt_athr_dp_sr_1?_encoding=UTF8&field-author=Jocelyn%20Blink&search-alias=books&sort=relevancerank), Ian Dorton, Oxford University PressIB Economics 2nd Edition: Study Guide: For the IB diploma, Constantine Ziogas, Oxford University PressThe Economist Magazine |

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| **Assessment instruments used****Formative/Summative Assessment (IA)/ Culminating Task(s)** | **Content/ Exam preparation** | **Internal Assessment Requirement** |
| Task & Description | IA type description |
| Formative: Diagnostic check of students’ knowledge of basic economics | x | Completion of first IA Portfolio commentary due Dec. 2016 |
| Formative: Review of microeconomics articles published in the news media |  |  |
| Summative Assessment: Timed paper on Elasticity | x |  |
| Formative: Poster Project: Calculating PED, YED and XED  |  |  |
| Formative: Diagnostic test on “Theory of the Firm” (HL only) | x |  |
| Summative: Timed paper on “Why Markets Fail” | x |  |
| Culminating Task: Exam at end of Semester 1: Past Paper Exam practice questions | x |  |

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| **Making Connections** |
| **Links with ToK** *(possible links – can it be communicated to ToK teachers?)* | **How can this unit *support* or *be supported by* other subject areas?** |
| * One of most the dominant concepts in Economics for the last two centuries is known as *Homo Economicus*, the assumption that humans act in rational, logical ways in the pursuit of their own self-interest. It leads to questions such as:

What is meant by “rationality” in economics? Are there different types of “economic rationality? If economics studies actual human behavior, should it also study irrational human behavior? | * The issue of human rationality versus irrationality is also discussed in history and literature, and is discussed in more detail in the TOK course itself.
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| **International mindedness**  |
| **How could students analyze different cultural perspectives?**By considering the wide range of diversity in economies worldwide, students will have the opportunity to further develop their intercultural understanding and international mindedness. In our introduction to economics, we will consider several different types of economic systems, such as free-market (USA), state-controlled (North Korea) models and economies in transition (China).  |

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| ***Approaches to Learning* and the *Learner Profile*** |
| *Approaches to Learning* | *Learner Profile* Attributes | How will the checked attributes be explicitly addressed in the unit?  |
| * Self-Management
* Research
* Thinking
* Social Skills
* Communication
 | * Inquirers
* Knowledgeable
* Thinkers
* Communicators
* Principled
 | * Open-minded
* Caring
* Risk-takers
* Balanced
* Reflective
 | **Research**: Students will read up on news stories related to microeconomics as part of their preparation for the IA Portfolio Commentary 1. Students will receive training and guidance in academic research skills, particularly in how to go about evaluating sources, paraphrasing and citing sources in an appropriate manner.**Knowledgeable**: Students will need to develop their knowledge of the course content and to be more aware of what is happening in the news regarding economics. Students will be provided with guidance on how to find information, take notes and how to efficiently organize their study routine. Students will also be provided with high-interest books, new media articles and journal articles related to economics (library) so that they develop their knowledge independently.  |