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| **Unit Plan** | **04** | Start:  End: | Nov. 2016  May 2017 | **Module 4: Development Economics** | Grade Level: Teacher: | IB Economics  Stephen Ellis |

**PART I**

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| **Global Contexts** | |  | **Topic** (give subtopic code and title as required) |
| * identities and relationships * orientation in time and space * personal and cultural expression * scientific and technical innovation * globalization and sustainability | This Global Context will be explored through inquiry into the differences between poor and wealthy countries. The roles of trade, growth and aid, particularly in terms of fostering economic development in less developed countries, will be explored in detail. |  | * Module 4: Development Economics |

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| **Key Concepts explored within the Unit:** |
| * The nature of economic growth and economic development * Measuring development * The role of domestic factors and * The role of international trade * The role of foreign direct investment (FDI) * The roles of foreign aid and multilateral development assistance |
| **Content: Skills and Knowledge (Learning outcomes stated using command terms)** |

**4.1 Economic development**



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| **Sub-topic** | **Content** | **Skills** |
|  |  | • Examine the impacts of short-term fluctuations and long-term deterioration in the terms of trade of economically less developed countries that specialize in primary commodities, using the concepts of price elasticity of demand and supply for primary products and income elasticity of demand. |
| **Sub-topic** | **Content** | **Skills** |
| **The nature of economic growth and economic development** | | |
| Economic growth and economic development | * Explain the multidimensional nature of economic  development in terms of reducing widespread poverty, raising living standards, reducing income inequalities and increasing employment opportunities. * Explain that the most important sources of  economic growth in economically less developed countries include increases in quantities of physical capital and human capital, the development and use of new technologies that are appropriate to the conditions of the economically less developed countries, and institutional changes. | * Distinguish between economic growth and  economic development. |



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| **Sub-topic** | **Content** | **Skills** |
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| Common characteristics of economically less developed countries | * Explain, using examples, that economically less developed countries share certain common characteristics (noting that it is dangerous to generalize as there are many exceptions in each case), including low levels of GDP per capita, high levels of poverty, relatively large agricultural sectors, large urban informal sectors and high birth rates. * Explain that in some countries there may be communities caught in a poverty trap (poverty cycle) where poor communities are unable to invest in physical, human  and natural capital due to low or no savings; poverty is therefore transmitted from generation to generation, and there is a need for intervention to break out of the cycle. | • Discuss the relationship between economic growth and economic development, noting that some limited economic development is possible in the absence of economic growth, but that over the long term economic growth is usually necessary for economic development (however, it should be understood that under certain circumstances economic growth may not lead to economic development). |

**4.2 Measuring development**



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| **Sub-topic** | **Content** | **Skills** |
| Diversity among economically less developed nations | • Explain, using examples, that economically less developed countries differ enormously from each other in terms of a variety of factors, including resource endowments, climate, history (colonial or otherwise), political systems and degree of political stability. |  |
| International development goals | • Outline the current status of international development goals, including the Millennium Development Goals. |  |

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| **Sub-topic** | **Content** | **Skills** |
| **Measurement methods** | | |
| Single indicators | * Compare and contrast the  GDP per capita figures and  the GNI per capita figures for economically more developed countries and economically less developed countries. * Distinguish between GDP per capita figures and GDP per capita figures at purchasing power parity (PPP) exchange rates. | * Distinguish between GDP per capita figures and GNI per capita figures. |



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| **Sub-topic** | **Content** | **Skills** |
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| Composite indicators | * Explain that composite indicators include more than one measure and so are considered to be better indicators of economic development. * Explain the measures that make up the Human Development Index (HDI). * Explain why a country’s GDP/ GNI per capita global ranking may be lower, or higher, than its HDI global ranking. | * Compare and contrast GDP per capita figures and GDP per capita figures at purchasing power parity (PPP) exchange rates for economically more developed countries and economically less developed countries. * Compare and contrast the HDI figures for economically more developed countries and economically less developed countries. * Compare and contrast two health indicators for economically more developed countries and economically less developed countries. |

**4.3 The role of domestic factors** and **4.4 The role of international trade**



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| **Sub-topic** | **Content** | **Skills** |
| **Domestic factors and economic development** | | |
| Domestic factors | • With reference to a specific developing economy, and using appropriate diagrams where relevant, examine how the following factors contribute to economic development.   1. Education and health 2. The use of appropriate technology 3. Access to credit and micro-credit 4. The empowerment of women 5. Income distribution |  |
| **International trade and economic development** | | |
| Trade problems facing many economically less developed countries | • With reference to specific examples, explain how the following factors are barriers to development for economically less developed countries:   1. Over-specialization on a narrow range of  products 2. Price volatility of primary products 3. Inability to access international markets | • With reference to specific examples, evaluate the following factor as a barrier to development for economically less developed countries.  a. Long-term changes in the terms of trade |

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| Trade strategies for economic growth and economic development | • With reference to specific examples, evaluate each of the following as a means of achieving economic growth and economic development.   1. Import substitution 2. Export promotion 3. Trade liberalization 4. The role of the WTO 5. Bilateral and regional preferential trade  agreements 6. Diversification |  |

**4.5 The role of foreign direct investment (FDI)**

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| **Sub-topic** | **Content** | **Skills** |
| **Foreign direct investment and multinational corporations (MNCs)** | | |
| The meaning of FDI and MNCs | * Describe the nature of foreign direct investment (FDI) and multinational corporations (MNCs). * Explain the reasons why MNCs expand into economically less developed countries. * Explain the characteristics of economically less  developed countries that attract FDI, including low cost factor inputs, a regulatory framework that favours profit repatriation and favourable tax rules. | • Evaluate the impact of foreign direct investment (FDI) for economically less developed countries. |
| Advantages and disadvantages of FDI for economically less developed countries |  |  |



**4.6 The roles of foreign aid and multilateral development assistance**

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| **Sub-topic** | **Content** | **Skills** |
| **Foreign aid** | | |
| Classifications and types of aid | * Explain that aid is extended to economically less  developed countries either by governments of donor countries, in which case it is called official development assistance (ODA), or by non- governmental organizations (NGOs). * Explain that humanitarian aid consists of food aid, medical aid and emergency relief aid. * Explain that development aid consists of grants,  concessional long-term loans, project aid that includes support for schools and hospitals, and programme aid that includes support for sectors such as the education sector and the financial sector. * Explain that aid might also come in the form of tied aid. * Examine the motivations of economically more developed countries giving aid. | * Explain that, for the most part, the priority of NGOs  is to provide aid on a small scale to achieve development objectives. |
| Evaluation of foreign aid | * Evaluate the effectiveness of foreign aid in contributing to economic development. * Compare and contrast the roles of aid and trade in economic development. | Compare and contrast the extent, nature and sources of ODA to two economically less developed countries. |



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| **Sub-topic** | **Content** | **Skills** |
| **Multilateral development assistance** | | |
| The roles of the International Monetary Fund (IMF) and the World Bank | • Examine the current roles of the IMF and the World Bank in promoting economic development. |  |

**4.7 The role of international debt**

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| **Sub-topic** | **Content** | **Skills** |
| **Foreign debt** | | |
| Foreign debt and its consequences | * Outline the meaning of foreign debt and explain why countries borrow from foreign creditors. * Explain why the servicing of international debt causes balance of payments problems and has an opportunity cost in terms of foregone spending on development objectives. * Explain that the burden of debt has led to pressure to cancel the debt of heavily indebted countries. | * Explain that in some cases countries have become heavily indebted, requiring rescheduling of the debt payments and/or conditional assistance from international organizations, including the IMF and the World Bank. |

**4.8 The balance between markets and intervention**



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| **Sub-topic** | **Content** | **Skills** |
| **Strengths and weaknesses of market-oriented policies** | | |
| Strengths | • Discuss the positive outcomes of market-oriented policies (such as liberalized trade and capital flows, privatization and deregulation), including a more efficient allocation of resources and economic growth. | • Discuss the negative outcomes of market-oriented strategies, including market failure, the development of a dual economy and income inequalities. |
| Weaknesses |  |  |
| **Strengths and weaknesses of interventionist policies** | | |
| Strengths | • Discuss the strengths of interventionist policies, including the provision of infrastructure, investment in human capital, the provision of a stable macroeconomic economy and the provision of a social safety net. |  |
| Weaknesses |  | • Discuss the limitations of interventionist policies, including excessive bureaucracy, poor planning and corruption. |
| Market with government intervention | * Explain the importance of good governance in the development process. * Discuss the view that economic development may best be achieved through a complementary approach, involving a balance of market oriented policies and government intervention. |  |

**Review for Exams**

**Students will spend the last weeks of the course preparing for the May 2015 IB Diploma written examinations. This will involve review of the course objectives, and providing students with the opportunity to practise questions from past papers.**

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| **Resources** |
| IB Diploma Course Companion: Economics Second Edition: Jocelyn Blink and Author Ian Dorton, OUP  Economics for the IB Diploma: Ellie Tragakes, CUP  IB Economics 2nd Edition: Study Guide: For the IB diploma, Constantine Ziogas, OUP  IB Economics: Skills and Practice: For the IB diploma, Constantine Ziogas OUP  [Welker’s Wikinomics](http://welkerswikinomics.com/home.html) – A website created by an IB economics teacher containing useful IB lecture notes as well as a blog [Tutor2U](http://www.tutor2u.net/economics/revision-notes/index.html) – A resource for AS, A2 and IB economics revision [Biz/ed](http://www.bized.co.uk/learn/economics/index.htm) – A general resource for learning economics, listed by topic. |

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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 |
| e.g Unit test: Quiz, Past Paper Practice, Presentations, Timed assessments | x | Module 4 Commentary 4 (Optional) |
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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?** |
| What criteria could we use to determine whether a particular method for measuring development is effective?  What knowledge issues might be encountered in constructing a composite indicator to measure development?  What criteria can economists use to decide on the balance between markets and intervention?  Is development economics dependent upon external normative notions such as what constitutes a good or fulfilled life? | * Strong link with History in terms of looking at the impact of wars and internal conflict on developing nations, and how conflicting ideologies stifle institutional development. Colonization and post-colonization are also historical concepts that can help student better understand the gap between wealthier and poorer countries. |

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| **International mindedness** |
| **We look carefully at how development is a global issue, and how many less developed countries share similar characteristics in terms of geography, climate and institutions. We also consider how many of the solutions put forward to end poverty tend to be put forward by international organizations such as the UN.** |

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| ***Approaches to Learning* and the *Learner Profile*** | | | |
| *Approaches to Learning* | *Learner Profile* Attributes | | How will the checked attributes be explicitly taught and assessed in the unit? |
| * Self-Management * Research * Thinking * Social Skills * Communication | * Inquirers * Knowledgeable * Thinkers * Communicators * Principled | * Open-minded * Caring * Risk-takers * Balanced * Reflective | Students are trained to read, understand and analyze news articles using economics concepts and theory. By analyzing the key barriers to economic growth and development, students have the opportunities to discuss and debate the various solutions often suggested by economists. |

**PART II**

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| **Approaches to Teaching** |
| **How will teaching within this unit be grounded within the identified Approaches to Teaching (teaching that is inquiry based, conceptually focused, contextualized, collaborative, differentiated and informed by assessment)?**  The areas that we will be focusing on in this unit reflect the Assessment Objectives and Learning outcomes given in the Economics guide including:   * Knowledge & Understanding ; * Application & Analysis; * Synthesis & Evaluation and * Selection, Use and Application of a variety of appropriate skills and techniques.   In terms of differentiation, for non-native students, the initial focus will be on helping them construct simple examples relevant to economic concepts like scarcity, choices, and free trade. Students will be given additional support by giving simple fill-in-the blank activities, and wherever necessary dictionary will be allowed for reference.  •Formative assessments will be based on marks and/or criteria on different tasks using IB Economics resource books and websites.  •Examination questions will be drawn from sections 1 to 4 of the syllabus, and the questions will be drawn from the specific topic areas and will reflect the command terms outlined in the Economics Guide. |