

Summary

2.1 Demand

Subject	Year	Start date	Duration
Economics	IB1	Week 3, September	1 week 4 hours

Course Part

2. Microeconomics

Description

2.1 Demand, you should be able to:

- Define the following terminology: choice, market, product market, factor market, labour market, financial market, competition, market power / monopoly power, consumer, demand, effective demand, demand curve, ceteris paribus, demand schedule, law of demand, market demand, income effect (HL), real income, substitution effect (HL), marginal utility (HL), law of diminishing marginal utility (HL), non-price determinants of demand, normal goods, inferior goods, positive feedback loop, market bubble, market crash, substitutes (substitute goods), close substitutes, remote substitutes, complements (complementary goods), close complements, remote complements, demographic changes.
- Explain the law of demand.
- Explain the assumptions underlying the law of demand (HL).
- Draw and explain the diagram of the demand curve.
- Explain the non-price determinants of demand: income, tastes and preferences, future price expectations, price of related goods (substitutes and complements), number of consumers.
- Distinguish between movements along the demand curve and shifts in the demand curve.
- Draw diagrams to show movements along the demand curve and shifts in the demand curve.

Inquiry & Purpose

Inquiry / Higher Order Questions

Type	Inquiry Questions
Skills-based	An investigation into the problems associated with volatile prices of commodity-dependent countries.
Skills-based	An investigation into how choice architecture influences decision-making in different contexts (for example, its role in a supermarket, or how it may influence the rate of organ donation in different countries).

Curriculum

Objectives

Application and analysis (AO2)

Apply economic concepts and theories to real-world situations

Identify and interpret economic data

Analyse how economic information is used effectively in particular contexts

In the internal assessment task: explain the link between key economic concepts and economic commentaries

HL only: demonstrate application and analysis of the extension topics

Use and application of appropriate skills (AO4)

Produce well-structured written material, using appropriate economic theory, concepts and terminology

Produce and use diagrams to help explain economic theory, concepts and real-world issues

Select, interpret and analyse appropriate extracts from the news media

Interpret appropriate data sets

Use quantitative techniques to identify, explain and analyse economic relationships

Syllabus Content

Unit 2: Microeconomics

Real-world issue 1: How do consumers and producers make choices in trying to meet their economic objectives?

Conceptual understandings

Interaction between consumers and producers in a market is the main mechanism through which resources are directed to meet the needs and wants in an economy.

Consumer and producer choices are the outcome of complex decision-making.

Welfare is maximized if allocative efficiency is achieved.

Constant change produces dynamic markets.

Key concepts: scarcity, choice, efficiency, equity, economic well-being, sustainability, change, interdependence, intervention.

2.1 Demand

The law of demand—relationship between price and quantity demanded

Assumptions underlying the law of demand (HL only)

The income and substitution effects

The law of diminishing marginal utility Demand curve

Diagram: downward-sloping demand curve

Relationship between an individual consumer's demand and market demand

Non-price determinants of demand

Income

Tastes and preferences

Future price expectations

Price of related goods (in the cases of substitutes and complements)

Number of consumers

Movements along the demand curve and shifts of the demand curve

Diagram: movements along the demand curve and shifts of the demand curve

Concepts

Consumer and producer choices are the outcome of complex decision-making.

ATL Skills

Approaches to Learning



Thinking

- In this unit, we will
 - ask students to formulate a reasoned argument to support their opinion or conclusion
 - give students time to think through their answers before asking them for a response



Communication

- In this unit, we will
 - ask students to explain their understanding of a text or idea to each other
 - construct a task around the use of different vocabulary and examples when speaking to different audiences
 - ask students to monitor and check the quality of their writing
 - construct a task so that students practise their listening skills



Research

- In this unit, we will
 - require students to formulate/construct a focused research question (either in class or in a homework assignment)



Developing IB Learners

Learner Profile



Inquirers

IB DP 12 EC 1 Group 3 (IB1)



Knowledgeable