IB DP IB Economics Group 3 (IB2)



Summary

3.3 Macroeconomic objectives - Potential conflict between macroeconomic objectives:

Subject Start date Year Duration

IB2 **Economics** Week 4. October 1 week 3 hours

Course Part

Macroeconomics

Description

Potential conflict between macroeconomic objectives:

- Discuss the trade-off between unemployment and inflation.
- Construct a weighted price index, using a set of data.
- Explain, using a diagram, how the short-run Phillips curve may shift outwards, resulting in stagflation (caused by a decrease in SRAS due to factors including supply shocks).
- Discuss, using a short-run Phillips curve diagram, the view that there is a possible trade-off between the unemployment rate and the inflation rate in the short run.
- Discuss, using a diagram, the view that there is a long-run Phillips curve that is vertical at the natural rate of unemployment, and therefore there is no trade-off between the unemployment rate and the inflation rate in the long run.

Inquiry & Purpose

(?) Inquiry / Higher Order Questions

Inquiry Questions Type

Skills-based

The cause of trade-offs between economic growth and sustainable development and how these might be addressed.

Curriculum

Objectives

Synthesis and evaluation (AO3)

Discuss and evaluate economic information and theories

HL only: demonstrate economic synthesis and evaluation of the extension topics

Syllabus Content

Unit 3: Macroeconomics

Real-world issue 1 - Why does economic activity vary over time and why does this matter?

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3.3 Macroeconomic objectives

Potential conflict between macroeconomic objectives

Low unemployment and low inflation

Trade-off between unemployment and inflation (HL only)

Short-run and long-run Phillips curve

Diagram (HL only): AD/AS curves

Diagram (HL only): Phillips curve showing the short-run and long-run relationship between inflation and unemployment

High economic growth and low inflation

High economic growth and environmental sustainability

High economic growth and equity in income distribution

Concepts

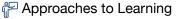
Change in the conditions of the demand and supply sides of the economy cause economic activity to vary over time.

· Fluctuations in economic activity impact the economic well-being of individuals and societies.



ATL Skills

Social





- In this unit, we will

provide opportunities for students to make decisions



Communication

- In this unit, we will

ask students to formulate arguments clearly and coherently



Developing IB Learners



tearner Profile



Communicators



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Farooq Akhtar

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Reflective