

Summary

4.9 Barriers to economic growth and/or economic development

Subject	Year	Start date	Duration
Economics	IB2	Week 2, February	1 week 2 hours

Course Part

4. The global economy

Description

4.9 – Barriers to economic growth and/or development, you should be able to:

- Define the following terms: wicked problems, poverty trap/cycle, randomised control trials, infrastructure, appropriate technology, human capital, Dutch disease, governance, tariff escalation, formal sector, informal sector, capital flight, indebtedness, debt default, hot money, tax havens, capital controls, tax base, debt servicing, debt restructuring, debt trap diplomacy, natural capital, endemic disease, neglected tropical disease (NTD), power asymmetry, state capture / regulatory capture, rent-seeking, political system, corruption, civil law system, common law system, religious law system, rule of law, property right, expropriation risk, collateral, natural income, tax structure, financial exclusion, mental models, ethnic discrimination, caste discrimination / discrimination based on work and descent (DWD).
- Explain and diagram how poverty traps (cycles) can perpetuate poverty.
- Discuss the significance of the following conditions as barriers to economic growth and development:
 - Poor infrastructure
 - Lack of appropriate technologies
 - Low levels of human capital
 - Dependence on the primary sector
 - Lack of access to international markets
 - Large informal sectors
 - Capital flight
 - Indebtedness
 - Landlocked physical geography
 - Climate
 - Endemic diseases
 - Poor governance, unresponsive political systems, corruption
 - Unjust legal systems
 - Lack of property/land rights
 - Low tax revenues due to poor tax structures
 - Financial exclusion in the banking system
 - Gender inequality
 - Ethnic and caste discrimination

Inquiry & Purpose

? Inquiry / Higher Order Questions

Type

Inquiry Questions

Skills-based

What knowledge questions might be encountered in constructing a composite indicator to measure development?

Curriculum

Objectives

Application and analysis (AO2)

Analyse how economic information is used effectively in particular contexts

HL only: demonstrate application and analysis of the extension topics

Use and application of appropriate skills (AO4)

Use quantitative techniques to identify, explain and analyse economic relationships

Syllabus Content

Unit 4: The global economy

Real-world issue 2 - Why is economic development uneven?

4.9 Barriers to economic growth and/or economic development

Poverty traps/poverty cycles

Diagram: a poverty cycle showing any linked combination of factors that perpetuate poverty

Economic barriers

Rising economic inequality

Lack of access to infrastructure and appropriate technology

Low levels of human capital—lack of access to healthcare and education

Dependence on primary sector production

Lack of access to international markets

Informal economy

Capital flight

Indebtedness

Geography including landlocked countries

Tropical climates and endemic diseases

Political and social barriers

Weak institutional framework

Legal system

Ineffective taxation structures

Banking system

Property rights

Gender inequality

Lack of good governance/corruption

Unequal political power and status

Significance of different barriers to economic growth and/or economic development

Concepts

Perceptions of the meanings of development and **equity** change over time and vary across cultures

Governments and other economic agents may intervene in an attempt to promote **economic wellbeing** and **equity** in societies. • The pursuit of **sustainability** is subject to various constraints. • Effective strategies should take account of the relevant social, economic, and political context.

ATL Skills

Approaches to Learning

Communication

- In this unit, we will

provide opportunities for students to read and understand different types of texts

encourage or require students to plan a response before they begin

Developing IB Learners

Learner Profile



Principled



Open-minded