

Exercise walk-through

5.1

Global economy and policy synthesis: supported rehearsal

International Baccalaureate · IB Diploma · Economics · SL

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The method

Method — Worked example

Trade can increase specialization and choice while redistributing gains and losses.

Tariffs, exchange rates and development policies act through different channels.

Evaluate a named policy with stakeholders, time and constraints rather than a list of advantages.

Task: a fictional import tariff raises input costs for domestic assemblers while protecting an input producer. Evaluate keeping it and propose evidence for a review.

The protected producer may expand, but assemblers face higher costs, consumers may pay more and exporters may lose competitiveness. Consider supply responsiveness, employment adjustment, revenue, retaliation and feasible alternatives. A temporary training or adjustment policy has its own costs and delivery risks. Review quantities, prices, employment and distribution before judging net benefit.

Method — Worked example

Trade can increase specialization and choice while redistributing gains and losses.

Original source / task evidence

Task: a fictional import tariff raises input costs for domestic assemblers while protecting an input producer. Evaluate keeping it and propose evidence for a review.

Separate what is stated from the interpretation.
Global economy and policy synthesis

Original classroom evidence panel for Global economy and policy synthesis

Exercises 2.1·3.1

2.1 For the worked case, identify the evidence and a conclusion it can support. Explain one material limit. [3]

3.1 Currency depreciation occurs but import spending initially rises. Explain a possible mechanism. Give a reasoned answer, evidence or method, and a relevant qualification.[3]

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2.1 The protected producer may expand, but assemblers face higher costs, consumers may pay more and exporters may lose competitiveness. Consider supply responsiveness, employment adjustment, revenue, retaliation and feasible alternatives. A temporary training or adjustment policy has its own costs and delivery risks. Review quantities, prices, employment and distribution before judging net benefit. Authored points for identifying relevant evidence, explaining a supported inference and a material limit.

3.1 Currency depreciation occurs but import spending initially rises. Explain a possible mechanism. Give a reasoned answer, evidence or method, and a relevant qualification.[3]

3.1 Foreign-currency imports become more expensive in domestic currency while quantities may adjust slowly because of contracts and limited substitutes. Export and import demand responses and timing determine the later trade-balance effect. Depreciation does not guarantee immediate improvement. Authored points for a relevant judgement, reason tied to the case and justified qualification or method. Accept a supported alternative.