

# ECONOMICS IA GUIDE



Lanterna  
education



# ECONOMICS IA GUIDE

The IA's make up 20% of your final grade in IB Economics, so you cannot underestimate their importance! Time and time again we see students getting very low grades on their IA's despite having so much time to work on them. The economists at Lanterna strongly believe that if you know what an IA is 'supposed' to look like, there's no reason that you shouldn't be getting a 6 or 7 on your IA! This guide answers all the common questions students generally struggle with. Have a read through it, and you'll be primed for acing those Econ IA's!



## 1. How do I choose my topic?

As IB Economists we're expected to write 3 separate commentaries based on three areas of the syllabus: one in microeconomics, one in macroeconomics, and one in either international trade or development economics.

The best topics tend to be those that have a **clear economic theory, but have scope for relevant and detailed evaluation**. Taxes and subsidies, for instance, are perfect topics for discussion as they both have clear diagrams in the syllabus and are also closely related to externalities and elasticities. Don't make it unnecessarily hard for yourselves – you won't get bonus points for writing about an obscure economic theory. The following is a list of topics we think give you the foundation for an amazing assignment:



### Microeconomics Topics:



Taxes, Subsidies



Price Controls



Externalities



Monopoly Power

### International:



Tariffs, Subsidies, Quotas



Exchange Rates

### Macroeconomic Topics:



Interest Rates



Fiscal Policy



Unemployment

### Macroeconomic Topics:



Trade Strategies



Market-Based Strategies



Interventionist Strategies



## 2. How do I choose my article?

Too many candidates limit their chances at nailing their IA by choosing a bad article. Here are three pointers to avoid that mistake:



1. Make sure that the article comes from a reputable news source. Well-known news agencies like [BBC News](#), [CNN](#), or [The Guardian](#) should be your go-to sites. As a rule of thumb, **if you've never heard of the news source before, don't use it!** Be wary of economics-focused sources like 'The Economist' or 'The Wall Street Journal'. Since these kinds of sources generally already contain economic analysis, there isn't much scope for you to explore new ideas, limiting your potential for a high score.
2. When you google search 'name of topic, name of reputable news source' (cigarette tax, CNN) to find your perfect article, make sure to use google tools to set the publishing date to be in the last year. **You can't use an article that was published more than 12 months ago!**
3. Choose an article that **explores the imposition (or proposed imposition) of a policy**. Writing an IA based on an article that outlines 'Country X is set to increase fiscal spending as it is facing a recession' is much easier than with another article that simply says 'Country Y is facing a recession'. The ability to analyze and evaluate the potential consequences of a policy that could be implemented to prevent a recession, as opposed to simply commenting on the demerits of facing one, leads to both more interesting content but also more marks!



If you can find an article published in the last year from a reputable news source, which mentions the imposition of a specific policy without going into excessive economic analysis, you're on the right track to smash that IA! Here's a list of 100 great articles! Watch out, you can't use many of these as they were published more than 12 months ago, but they'll give you a good idea of what an article should look like!



## Microeconomics (30)

### *Taxes (8)*

Vaping Tax | Tech Tax | Sin Tax | Tobacco Tax | Red Meat Tax | Fish Tax | Fashion Tax | Aviation Fuel Tax

### *Subsidies (6)*

Pre-School Subsidy | Soybean Subsidy | Electric Car Subsidy (#1) | Electric Car Subsidy (#2) | Climate Subsidy | Mining Subsidy

### *Price Floors (5)*

Alcohol Price Floor (#1) | Alcohol Price Floor (#2) | Wage Price Floor | Cabbage Price Floor | Milk Price Floor

### *Price Ceilings (8)*

Energy Price Ceiling | Electricity Price Ceiling | Rent Price Ceiling (#1) | Rent Price Ceiling (#2) | Rent Price Ceiling (#3) | Petrol Price Ceiling | Maize Price Ceiling | Chicken Price Ceiling

### *Other (3)*

Plastic Bottle Deposit | Cigarette Ban | E-Cigarette Ban

## Macroeconomics (30)

### *Monetary Policy (9)*

US Holding Interest Rates | UK Holding Interest Rates | Turkey Cuts Interest Rates | Turkey Fighting Inflation | UK Interest Rate Rise | Sweden Interest Rate Rise | Greece Interest Rate Cut | Switzerland Holding Interest Rates | Argentina's Currency Controls

### *Fiscal Policy (14)*

Denmark Income Tax Cut | UK Raising Government Spending | Australia Raising Government Spending | Italy Increased Government Spending | Sweden Increased Government Spending | Singapore Expansionary Policy | Ghana Expansionary Policy | UK Tax Cut | US Tax Cut | Greece Tax Cut | Argentina Tax Cut | France Tax Cut | Progressive Fines | Japan Expansionary Policy



### *Supply-side policies (7)*

UK Increase Spending On Schools | US Decreased Spending On Schools | Germany Increased Unemployment Benefits | India Increased Infrastructure Spending | UK Increased Infrastructure Spending | Russia Increased Infrastructure Spending | China Increased Infrastructure Spending

## **International (30)**

### *Trade Wars (5)*

China US Trade War (#1) | China US Trade War (#2) | China US Trade War (#3) | China US Trade War (#4) | China US Trade War (#5)

### *Tariffs (5)*

India & US | UK Post-Brexit | China & Sugar | US & Apple | Japan & US

### *Quotas (4)*

Brazil and Ethanol | South West Fish | EU & Steel | EU & Farming

### *Subsidies (3)*

China & Tech | US & EU | Azerbaijan Subsidies

### *Exchange Rates (6)*

Argentina & The Peso | US On Yuan 'Manipulation' | Pound Volatility | Zimbabwe & Foreign Currencies | Mexico & Exchange Rate Cut | China's Low Exchange Rate

### *Balance of Payments (3)*

Japan's Current Account | Indonesia's Falling BoP | Australia Current Account Surplus

### *Economic Integration (3)*

EU-Singapore | Africa | ASEAN





### *Terms of Trade*

NZ & Meat

## **Development (10)**

### *Trade (4)*

Nigeria & Oil | Africa Aid For Trade | Angola & Diversification |  
UK & Commonwealth

### *Aid (2)*

The UK & Aid | Brazil & Aid

### *FDI (2)*

China & FDI | The Philippines & FDI

### *Other (2)*

Sao Tomé & Debt | China & Dhaka





### 3. How do I structure my IA?

On top of making sure the content of your IA is top-notch, structuring it effectively can make a large difference to your final mark. Most high-scoring Economics IA can be broken down into 5 sections:

- 1. Introduction (75 words)** – outlines and summarizes the article in 2 or 3 brief sentences. In this introduction, define a few key terms that will be used going forward through the essay. Make sure that this doesn't just become a list of definitions, though! Only define a key term if relevant, and if you've already used it in a sentence.
- 2. What was the underlying problem? (100 words)** – *let's say the government is considering imposing a soda tax. In this case, the underlying problem may be the market failure caused by sugary drinks. You may want to draw a diagram and give a clear explanation on how sugary drinks cause market failure through negative externalities, and how that may be a detriment to society.*
- 3. What is the proposed policy (and what is its intended effect)? (200-250 words)** – the bulk of your analysis will fall under this section. This is where you explain and show how, for example, an excise soda tax is intended to shift the supply curve in order to curb consumption/ production of that demerit good and thus reduce the market failure.

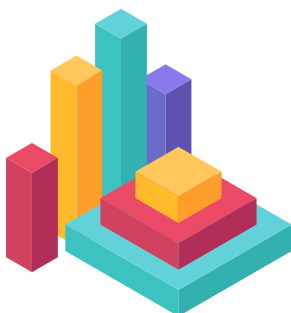


4. What are some unintended effects of the policy? (250-300 words)  
– this is where your evaluation comes in. Don't underestimate the importance of in-depth evaluation for your IA. Tip #5 in this article does a deep dive into all the essentials of the perfect evaluation
  
5. Conclusion (75 words) – concludes your main ideas in 2-3 sentences. Recap the reason behind the policy implementation, the intended effect of the policy, and summarize your evaluation of the situation. Don't bring up any new thoughts/ideas in this section as you won't be able to thoroughly explain them!





## 4. Do the diagrams really matter?



We all know diagrams are at the heart of IB Economics. For the IA, this is no different. When we insert diagrams, we need them to be large, labelled, clear and correct. Take care to make sure your axes are labelled correctly. This is a common way that students lose points. We wouldn't recommend drawing your diagrams on paper and then scanning them in. Although this may be the quickest way, it also looks cheap. Clearly the bulk of your mark in your IA comes down to the

accuracy of the content, but you don't want to give the examiner the impression that the IA was rushed. Take your time and create your diagrams on a program like Illustrator, OneNote, Photoshop, or another similar type of software.

Beyond making sure that your diagrams are accurate, we also need to make sure that our diagrams aren't left 'hanging'. What do we mean by that? Even if your diagrams are clean and accurate, if you don't fully explain them, you might as well not have drawn them. The IB doesn't just want you to have a 'correct' diagram, as theoretically you could have just found it Online, it wants you to clearly explain it! You must be able to demonstrate that you understand what the diagram is showing.

When explaining your diagram, keep it extremely simple. "As a result of the tax imposition, the supply curve shifts inwards from S1 to S2. The inward shift of the supply curve causes the quantity demanded to decrease from Q1 to Q2. The price increases from P1 to P2." Although this might seem way too easy, this is what the IB is looking for! The rubric clearly outlines that all diagrams need 'a full explanation'. Don't undo your hard work by failing to connect your analysis to your academic artwork!



Top Tip: To boost your score even more, see if you can add some figures from your article onto your diagrams.



## 5. What do I include in my evaluation?

Rubric:

	Diagrams	Terminology	Application	Analysis	Evaluation
Marks	3	2	2	3	4

If you take a peek at the IA rubric above, you'll see that the evaluation section is weighted the highest! It's all well and good explaining the economic theory that an article refers to, but unless we can examine that material in light of the information found within it we're limiting our score.

But what does evaluation actually mean? And how can we do it effectively?



The acronym CLASPP is your guide to evaluation inspiration:

- **C**onclusion (see above in tip #3)
- **L**ong-Term vs. Short-Term – will the effectiveness of the policy change over time?
- **A**ssumptions – what does economic theory suggest that is undermined or neglected by the content of the article? How does this affect the proposal?
- **S**takeholders – how are those parties addressed in the article affected differently (consumers, producers, government)? Even within these groups, who wins and who loses?
- **P**riorities – in the economic context, what should be the priority of policymakers and is the content of the article in line with that?
- **P**ros & Cons – what are the advantages of the policy in the article? What are the disadvantages?

To score highly under the evaluation header, we need to choose a few of these subsections to analyse how the policy or its proposal might support, undermine, or develop existing economic theory. We'd recommend picking at least two of the letters from CLASPP and writing a paragraph on each. As mentioned, the evaluation should be around 250-300 words. This will make up around 40% of your final IA! Don't sleep on the importance of a great evaluation. Even with a great article, clear diagrams, perfect explanations, and a snappy conclusion, you will still end up with a less than savoury mark by disregarding the conclusion!

So there we have it! 5 of our top tips for maximising your IB Economics IA grade. If you still feel unsure of how to tackle this task, why not [ask an elite Lanterna economist](#) for some more pointers?

### **Online Private Tuition**

Receive one-on-one support from the comfort of your own home. Support whenever and wherever you need!



## **FOR MORE SUPPORT**

head to  
[lanternaeducation.com](http://lanternaeducation.com)

### **Revision Courses**

A helping hand when it matters the most to boost your grades! Held strategically during the Winter and Easter break before you final exam, our courses help ensure you reach you full potential!

### **Summer Courses**

Whenever you are about to start your first or final year of the IB, use the summer to get ahead and on top of your IB subjects!



Questions? Email us at [info@lanternaeducation.com](mailto:info@lanternaeducation.com)