EE: Economics

Overview

An extended essay (EE) in economics provides students with an opportunity to:

- undertake in-depth research in economics in an area of personal interest to them
- develop research skills
- apply economic theory to real-world situations
- make inferences based on real-world data
- analyse and evaluate the outcomes of their research.

The outcome of the research should be a coherent and structured analytical essay that effectively addresses the particular research question.

Choice of topic

Students can choose a topic within any of the syllabus sections in the current Economics guide, but they are not restricted to these.

Use of economic theories, models and tools

Students should undertake an essay that uses the principles of economics as a basis for researching a particular topic. They may take a recent economic event, issue or policy, gather data and apply economic theories, models and tools to evaluate it. Research questions that do not allow a systematic and meaningful investigation using economic theory and do not require critical analysis and detailed understanding are unlikely to be suitable in economics.

Multidisciplinary topics

It is essential that students answer the question using economic theories and concepts, and that the work does not diverge into another subject area. Some topics can be approached through different disciplines, such as business management, geography or psychology. Students must therefore ensure they use economic theories, models and tools and meet the subject requirements of economics.

Five-year rule

Topics should not be historical. They should relate to economic information, policies, outcomes or events that are no more than approximately five years old. Topics that are too retrospective, such as “What was the impact of the global financial crisis on unemployment in the United States from 2007–2010?” almost invariably become descriptive.

Essays should also not be based on future economic events. For example, “What will be the effect of the 2026 Football World Cup on the economy of Country X?” would not be suitable as it would be entirely speculative and unsupported.

Opportunities for analysis

The topic chosen should provide opportunities for some critical analysis of the information that is gathered. Students should avoid topics that depend entirely on summarizing secondary data, as they tend to lead to an essay that is essentially narrative or descriptive in nature. Restricting the scope of the essay is necessary to ensure a clear focus, and will also provide opportunities for demonstrating detailed understanding of economics and critical analysis.

Suitable areas of economics

Macroeconomics topics may be chosen, but it is essential that the research question is narrowed to a reasonable focus on a particular part of the economy and is not on the economy as a whole.

Topics researching economic development are highly suitable, but the research question should relate to a particular aspect of development or a limited area. It would not be suitable, for example, to examine the effect of some government policy on the development of the whole economy.

Examples of topics

These examples are for guidance only. Students must ensure that their choice of topic is focused (left-hand column) rather than broad (right-hand column).

✔ Focused topics	✖ Broad topics
The effect of the recent imposition of a minimum wage in Austria on unemployment in the fast food industry in Graz	The effect of the minimum wage on unemployment in Austria
The effect of a fall in the exchange rate of the US dollar and its effect on the tourist industry in Carmel, California	How the fall in the exchange rate of the US dollar affected the US economy
The economic effect of water privatization on the farming industry in my region of Zambia	How the privatization of water affected Zambia

Research question

Choosing a research question that is made up of more than one question (a "double-barrelled" research question) is unlikely to result in a successful essay—eg "Does Company X practice monopolistic behaviours and, if so, how does it help the firm to increase revenues" or "What is the effect of European interest rate policy on aggregate demand in Greece and what should the government do to increase aggregate demand?"

In the first example, the answer to the first part of the question must be affirmative in order to proceed with the essay. If not, the second part of the question cannot be answered.

In the second example, the scope of the essay is simply too wide.

The answer to the research question should not be self-evident. There must be scope to research the question and weave together an argument that is not obvious from the outset. For example, “To what extent is the market for mobile phone service in Country X an oligopoly” would not be appropriate when it is obviously an oligopoly as there are only three firms.

Research methods

Students can base their essay solely on secondary sources. They can also choose to undertake primary research.

Secondary sources

Students should consult a good range of secondary resources, including:

- economics textbooks
- general economics books
- research from think tanks such as the OECD or the New Economics Foundation
- government publications
- publications from international organizations such as the World Bank or UN bodies
- newspaper and magazine articles.

Primary research

For certain topics, primary research may enhance the approach, including:

- interviews
- surveys
- questionnaires.

Interviews with experts (face-to-face, virtual or electronic) in a given topic can be very beneficial, for example:

- university lecturers
- journalists
- government officials
- business people.

Where students undertake primary research, they must approach it in an academic manner.

- They must construct any surveys or questionnaires so that they gather meaningful, relevant data.
- Sample sizes must be large enough to generate statistically significant results.

When students have carried out surveys or questionnaires, they must:

- explain the process in their essay (How many people? Who? Where?)
- summarize and analyse the relevant results.

Pages of pie charts summarizing survey results are rarely appropriate.

Questionnaires based on speculative, anecdotal responses rarely, if ever, generate appropriate data and should not be used.

Use of theory

Students should integrate relevant economic theories, models and tools with the evidence obtained by the research throughout the essay. The theory should not be presented as a separate section. An essay that delivers the theory as a separate section of the essay and does not apply it to the specific research question is unlikely to be successful in terms of analysis.

Students should never make assertions using economic theories, models and tools if they cannot meaningfully link these theories to their case study with supporting data or evidence.

Students can demonstrate their skills of analysis and evaluation by judging the extent to which a theory is valid or useful in answering the research question.

Examples of topics, research questions and suggested approaches

Once students have identified their topic and written their research question, they can decide how to research their answer. They may find it helpful to write a statement outlining their broad approach. These examples are for guidance only.

Topic	**Policy of plain cigarette packaging in reducing the negative externalities of cigarette consumption in Country X**
Research question	How effective has Country X's policy of plain cigarette packaging been in reducing the negative externalities associated with the consumption of cigarettes in Country X?
Approach	Theory to be researched in depth:

	• Negative externalities of consumption. Data to be gathered through secondary research (medical data, government data, newspaper articles): • External costs associated with smoking before the policy. • Changes in external costs since the policy. • Information concerning the government's reasoning/objectives. • Information concerning changes in consumption of cigarettes. Possible primary research: • Surveys/questionnaires to try to assess the extent to which consumption patterns were affected, trying to divide the market into different categories: long-term smokers, shorter-term smokers, young people who may be influenced before taking up smoking. • Interview with a government official, health economist or

	newspaper reporter covering the issue.
Topic	**Company X's abuse of monopoly power in the fast food industry of Country Y**
Research question	To what extent does Company X abuse its monopoly power in the fast food industry in Country Y?
Approach	Theory to be researched in depth: • Positive and negative outcomes associated with monopoly power. Data to be gathered through secondary (or primary) research: • Positive "behaviours" of Company X in terms of pricing, innovation, corporate social responsibility in Country Y. • Negative "behaviours" of Company X in terms of pricing, lack of innovation, anti-competitive behaviour in Country Y.

	- Articles in the newspapers about company activity. Possible primary research: - Interviews with customers to ascertain consumer satisfaction. - Email questions to representative of the country’s competition commission to gather information about the company’s competitive behaviour.

Topic	**Relationship between the official inflation rate of Country Y and wages of international school teachers in City X**
Research question	To what extent has the official inflation rate offered an accurate way to adjust the wages of international school teachers in City X over the past four years?
Approach	Theory to be researched in depth: - How is inflation calculated in Country Y? - What are the limitations to the

	accuracy of official inflation figures? Data to be gathered through secondary research: • Composition/weighting of Country Y’s consumer price index (CPI). • Changes in the country Y’s CPI in the period in question. Possible primary research: • Interview with an HR representative of an international school in City X on how wages are determined; in particular, what is the role of the CPI? • Surveys/questionnaires to determine the weighting of items in an “average” international school teacher’s basket of goods and services.

Topic	**Impact of mobile telephones on economic development in Country Y’s Market Town X**
Research question	How has the increased use of mobile telephones contributed to economic development in a developing country market town?

Approach	Theory to be researched in depth: - Theories of economic development. - Characteristics associated with economic development. - The theoretical advantages of the use of mobile phones in developing countries. Data to be gathered through secondary research: - Challenges in the functioning of markets in Country Y prior to availability of mobile technology (NGO reports). - The ways in which mobile phones have changed the functioning of markets in Country Y and Market Town X (NGO reports, newspaper articles). Possible primary research: - Interviews with local market traders on how mobile phones have changed their ability to conduct business.

Topic	**Relationship between taxation of high-emission cars and purchases of low-emission cars in Country X**
Research question	To what extent has the recent (within the past three years) change to the indirect taxes on high-emission cars influenced buying of low-emission cars in Country X?
Approach	Theory to be researched in depth: • Theory of market failure in the context of car emissions: negative externalities of consumption and ways of remedying these; in particular, indirect taxes. • High-emission cars and low-emission cars as substitutes. Data to be gathered through secondary research: • Supporting evidence of the external costs of car emissions (government documents, newspaper articles, publications from environmental groups). • The extent to which the change in the tax

	policy was due to the goal of reducing emissions (government documents, newspaper articles). • Data on the numbers of low-emission cars sold before and after the tax policy. Possible primary research: • Interviews with managers of car dealerships on their views on the taxation change. • Interviews with new car buyers on their rationale for choosing a particular car.

An important note on “double-dipping”

Students must ensure that their EE does not overlap significantly with any other work they are submitting for the Diploma Programme. For example, the data gathered for an economics EE should not be used to fulfil the requirements of internal assessment tasks in other subjects.

The economics EE and internal assessment

The internal assessment task (IA)—a portfolio of commentaries—may give students ideas for topics to research in depth, but the EE is not an extension of this task.

Students must ensure that they understand the clear distinction between the IA and the EE:

- Both allow students to apply economic theory to a particular real-world situation, but the IA is anchored in specific articles in the news media.
- In the EE, the student’s topic and research question determine which economic theory it is relevant to explore; in the IA commentaries, the articles decide this.
- Both use secondary sources, but there is no expectation in the IA to consult sources beyond the specific news articles.
- There is no expectation of primary research in the IA.

- The tighter word limit of each IA commentary means that the 4,000-word EE is a study of much greater depth and breadth.

Supervisors play an important role in guiding students on these distinctions. Students risk their diploma if academic misconduct is found.

Interpreting the EE assessment criteria

Criterion A: Focus and method

(Strands: Topic, Research question, Methodology)

The topic and context of the economics extended essay must be clearly established at the beginning of the essay. This should include the theoretical area of economics to which the essay relates with a clear indication as to how the topic fits into this area and why it is worthy of investigation.

If the topic relates to a specific event, issue or policy, it should date from within the last five years. It should not concern a future or hypothetical event.

Students must express their topic in the form of a research question. The question must be specific, sharply focused and capable of being discussed effectively with the help of economic theory and within the word limit.

The question should not be "double-barrelled", ie made up of more than one question.

The research question should be genuine, requiring research to find an answer. That is, the answer to the research question should not be obvious.

Students must demonstrate that they have selected a suitable range of appropriate and relevant sources. This includes secondary research into the case study itself and relevant economic theory, including current or recent academic analysis in the area.

Students can choose to undertake primary research, such as interviews with relevant people with pertinent knowledge and background, or surveys and questionnaires. Surveys and questionnaires must be carefully planned and only elicit information that is relevant to the research question. The results must be based on an appropriate range of respondents and be statistically significant. Primary research is not a requirement.

In the early part of the essay, there should be an explicit methodology outlining the steps of the research and the nature of the data collection.

Five-year rule

If the topic relates to a specific event, issue or policy, it should date from within the past five years. It should not concern a future or hypothetical event.

If the topic or research question is deemed inappropriate for the subject in which the essay is registered, no more than four marks can be awarded for this criterion. This applies to economics essays that breach the 5-year rule.

Criterion B: Knowledge and understanding

(Strands: Context, Subject-specific terminology and concepts)

The essay must demonstrate an effective understanding of relevant economic theory and the way that this theory and the data gathered may be used to address the research question. All data and theory used in the essay should be clearly relevant and appropriate to the research question.

Students need to demonstrate a sound understanding of economic theory through appropriate and accurate application of relevant models. As much as possible, the application of the models should be based on specific real-world information acquired about the topic.

Knowledge and understanding may be effectively shown through appropriate use of economic terminology. Definitions should not be included as footnotes.

Knowledge and understanding may also be effectively shown through accurately drawn and labelled diagrams along with appropriate explanations. Students should not use generic diagrams from secondary sources. They must place the diagrams into the context of the essay by using relevant labels and numbers.

To illustrate that there is knowledge and understanding **in context**, background theory and terminology should be integrated at all times with the relevant research, and not presented as a separate section. Diagrams should only be included if they are supported by the evidence that makes them relevant.

If the topic or research question is deemed inappropriate for the subject in which the essay is registered, no more than four marks can be awarded for this criterion. This applies to economics essays that breach the 5-year rule.

Criterion C: Critical thinking

(Strands: Research, Analysis and Discussion and evaluation)

"Research" refers to both research into relevant economic theory and information collected about the topic. The research used must be consistently relevant to the research question. The inclusion of material that is not clearly relevant to the research question will detract from the analysis and limit the ability of the student to score well against this criterion.

The student is expected to construct the discussion by weaving together economic theory and real-world evidence to present a well-supported answer to the research question. The points contained in the analysis must at all times be supported by specific, relevant material chosen from the student's research. A clear and logical argument may be made by regular reference to the research question. Essays that are largely descriptive in nature do not show evidence of analytical skills and will not do well against this criterion.

All data in the form of diagrams, charts, tables, images and graphs must be analysed within the essay, as close as possible to the data itself. No data should be included if it is not being used to answer the research question, and no analysis should be left up to the reader.

When formulating their argument, students must demonstrate an awareness and understanding of the limitations of their own research and the limitations of the economic theory they have used. They should critically assess the extent to which economic theory may or may not explain the realities present in their case study. Such evaluation should not be contained in a separate section of the essay or solely in the conclusion but should be integrated into the text where it can effectively support the analysis.

Conclusions must be stated and be consistent with the evidence and analysis presented in the essay. Students may draw conclusions throughout the essay in response to the arguments presented. There must be a summative conclusion of the student's response to the research question. Questions that have arisen as a result of the research may be included at the end as evidence of critical awareness.

Five-year rule

Failure to follow the five-year rule will limit the grade in this criterion to a maximum of three.

If the topic or research question is deemed inappropriate for the subject in which the essay is registered, no more than three marks can be awarded for this criterion. This applies to economics essays that breach the five-year rule.

Criterion D: Presentation

(Strands: Structure, Layout)

This criterion relates to the extent to which the essay conforms to accepted academic standards in relation to how research papers should be presented. It also relates to how well these elements support the reading, understanding and evaluation of the essay.

Students may provide a section and subsection structure to their essays, with appropriate informative headings. Subheadings should not distract from the overall structure of the essay or argument presented.

Any graphs, charts, images or tables from literature sources included in essays must be carefully selected and labelled. They should only be used if they are directly relevant to the research question, contribute towards the understanding of the argument and are of a good graphic quality.

Large tables of raw data collected by the student are best included in an appendix, where they should be carefully labelled. Too many graphs, charts and tables distract from the overall quality of the communication.

Only processed data that is central to the argument of the essay should be included in the body of the essay, as close as possible to its first reference.

Any tables should enhance a written explanation and should not themselves include significant bodies of text; if this is the case then these words must be included in the word count. Students must take care in their use of appendices as examiners are not required to read them. All information with direct relevance to the analysis, discussion and evaluation of the essay must be contained in the main body of the essay.

Any material that is not original must be carefully acknowledged, with specific attention paid to the acknowledgment and referencing of quotes and ideas. This acknowledgment and referencing is applicable to audiovisual material, text, graphs and data published in print and electronic sources. If the referencing does not meet the minimum standard as indicated in the guide (name of author, date of publication, title of source and page numbers as applicable), and is not consistently applied, work will be considered as a case of possible academic misconduct.

A bibliography is essential and has to be presented in a standard format. Title page, table of contents, page numbers, etc must contribute to the quality of presentation.

The essay must not exceed 4,000 words of narrative. Graphs, figures, calculations, diagrams, formulas and equations are not included in the word count. Students should be aware that examiners will not read beyond the 4,000-word limit, nor assess any material presented thereafter.

Criterion E: Engagement

(Strands: Process, Research focus)

This criterion assesses the student's engagement with their research focus and the research process. It will be applied by the examiner at the end of the assessment of the essay, and is based solely on the candidate's reflections as detailed on the RPPF, with the supervisory comments and extended essay itself as context.

Students are expected to provide reflections on the decision-making and planning process undertaken in completing the essay. Students must demonstrate how they arrived at a topic as well as the methods and approach used. This criterion assesses the extent to which a student has evidenced the rationale for decisions made throughout the planning process and the skills and understandings developed.

For example, students may reflect on:

- the approach and strategies chosen, and their relative success
- the *Approaches to learning* skills they have acquired and how they have developed as a learner
- how their conceptual understandings have developed or changed as a result of their research
- challenges faced in their research and how they overcame these
- questions that emerged as a result of their research
- what they would do differently if they were to undertake the research again.

Effective reflection highlights the journey the student has engaged in through the EE process. In order to demonstrate that engagement, students must show evidence of critical and reflective thinking that goes beyond simply describing the procedures that have been followed. Reflections must provide the examiner with an insight into **student** thinking, creativity and originality within the research process. The **student** voice must be clearly present and demonstrate the learning that has taken place.