

A-Level Economics

Bridging Work



Task One: Microeconomics and Markets

To start your journey in to economics you need to understand what a market is. When we say market there are lots and lots of different types but in its simplest term it is where buyers and sellers meet (even if not in person) to exchange goods for (generally) money.

The first task you need to complete research on any one type of "market". You must write up a two sides of A4 from your research explanation of the "market". This market could be for anything (cars, shoes, gold, houses, etc.). You will need to answer the following questions within your one page write up;

- *What is "made" and "sold" in the market?*
- *Why is it made or sold – who wants it and why?*
- *Who makes the item? Are there several different people who make the product/ service – who?*
- *What is the "level of competition" – in other words how many firms are there and does one dominant?*
- *What prices are charged by the different firms?*
- *How many customers/sales are there? Is there a figure you can find for how many items are sold each year?*
- *Does the product of service sold cause any problems for other people (e.g. cigarettes cause secondary smoke for people who don't smoke)? If so, is anything done about it?*
- *Is a tax paid on the product/service? Who to and why?*
- *Does everyone have access to the product or service or are some people able to buy more (or all) of it? Why?*
- *What are the "substitutes" (the alternatives to buying this good or service) and how "good" are they as alternatives*
- *Do you think this good or service is becoming less or more popular (and why)?*
- *What do you think will happen in future in this market?*

Task Two: Demand and Supply

Your task is to complete some research of actual human choices.

You need to pick a relatively simple and essential item that people buy regularly (e.g. milk, bread, a chocolate bar)

For this product you need to ask 8 people (it can be family, friends, people in the street) how much they would pay for one unit of this item. Complete the answers in the table below.

Person One	
Person Two	
Person Three	
Person Four	
Person Five	
Person Six	
Person Seven	
Person Eight	

From this chart you should now complete a one page A4 write up of your task using the following questions as guidance;

- *Do you think everyone answered honestly? Why?*
- *Do you think that people would pay more for this if a tax was added? Why?*
- *Why were some people willing to pay different prices?*
- *How much do you think would be charged?*
- *What do you think influences the prices that they were willing to pay?*
- *How much do you think should be charged?*
- *Is it fair that some people can pay more? Why?*
- *How many people do you think would actually buy the item at these prices?*

Finally, draw a diagram to represent the chart answers you collected and please try to explain the diagram you have drawn? What does it show?

Task Three: Influential Thinkers on Economics

You now need to complete research on the following influential economists and try to outline their theories. For each influential economist I would like you to try and write a short paragraph answering the following questions;

- *What is their most famous theory called?*
- *In the simplest terms can you try and explain what it means or tries to explain?*
- *Why is their idea important?*
- *Do you agree with their idea and what do you like about it?*
- *Can you find out the names of anyone who had an opposing idea or theory to them and disagreed with them?*
- *When did the famous economist live?*
- *Do you think the era that they lived in had an influence on their ideas and theory? If so, why and what happened that influenced them?*
- *Do you think the theory or idea is still relevant today? Do your best to explain a little bit about why it is (or isn't)*

Famous Economists

Adam Smith

John Maynard

Keynes Milton

Friedman

Kate Raworth

David Ricardo

Fredrick Hayek

Karl Marx

Elinor Ostrom

Joseph Stiglitz

Joseph Schumpeter



Task Four: Government Objectives

Part A

To start your journey in economics please can you try and research and find definitions for the following terms:

- Economic Growth
- Inflation
- Unemployment
- Balance of Payments

Part B

Below are the objectives of Government policy:

- To achieve economic growth
- To maintain stable prices
- To minimise unemployment
- To achieve a stable balance on the current account

For each objective of Government, you need to research the current figure for the UK, USA, Germany, Japan, and China. You should use a reliable source for this, such as a Government source (e.g. the office of national statistics (ONS)).

Part C

Write a one page A4 letter to the Prime Minister and the Chancellor of the Exchequer (who decide the government tax rates and the government spending plans) explaining for the year of 2022 what you think the government should tax, what they should spend and how what you are suggesting would help increase economic growth, stabilise prices and grow employment numbers.

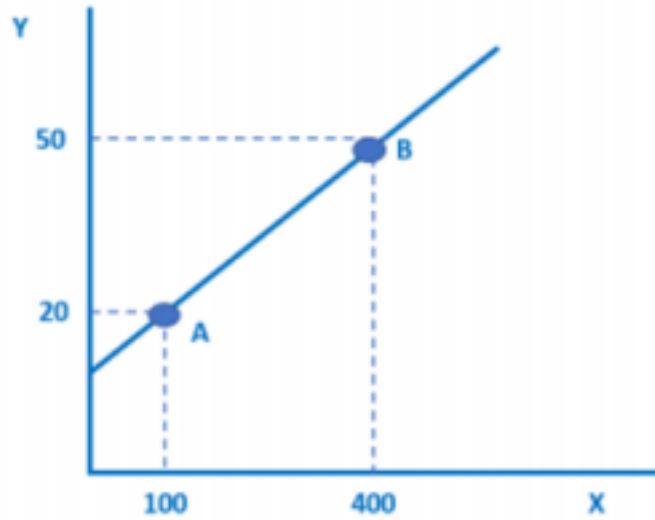
You should have at least five policies that you want to use and explain what impact they would have and why.

Task Five: Numeracy Assessment

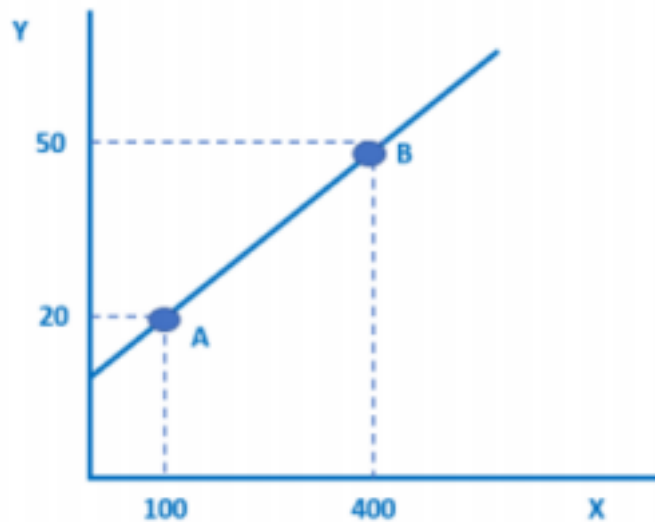
In Economics it is very important to have strong mathematical skills and be able to handle data well. To assist you in this task you need to answer the following 15 questions on a separate piece of paper showing your workings in each case and underlining a clear final answer.

1. Simon owns a small juice bar. His two most popular juices are 'red juice' and 'green juice'. Each juice has different ingredients. The cost of ingredients for 'red juice' is 60p per juice. The cost of ingredients for 'green juice' is 40p per juice. Simon sells 50 'red juices' and 80 'green juices' per day. Calculate the daily cost of making the two juices.
2. The price of each juice drink is £2.30. Assuming Simon sells the quantities stated in Q1,
 - i) Calculate how much revenue Simon earns in one day from selling 'red juice' and 'green juice'. (revenue = price x quantity)
 - ii) Using your answer from Q1, then calculate the profit Simon makes (profit = revenue – costs).
3. Simon decides to increase the price of his juice drinks by 20%. Sales of 'red juice' fall by 10% and sales of 'green juice' fall by 5%. Calculate Simon's new level of revenue.
4. Income tax in the UK is applied in bands. Nobody pays tax on the first £11,850 that they earn. People pay 20% tax on the next £34,500 earned above £11,850. People pay 40% tax on the next £103,659 after that. If Evelyn earns £60,000 per year as a lawyer, prove that she has to pay £12,360 in income tax.
5. If the top rate of tax increases to 50%, calculate:
 - A. how much tax Evelyn pays now
 - B. how much income she has left over after paying her income tax Assume that Evelyn's income does not change and the other tax bands remain the same
6. Nomo takes a loan from a payday company. Nomo takes a £300 loan at 0.8% per day. How much will Nomo owe the lender after a week.

7. A and B are two points on a straight line. If we move from A to B, how many Y units do we gain and how many X units do we lose?



8. The gradient does not change but the relationship between Y and X changes. For every value of Y there are now 50 fewer units of X. Adapt the diagram above to illustrate the change.

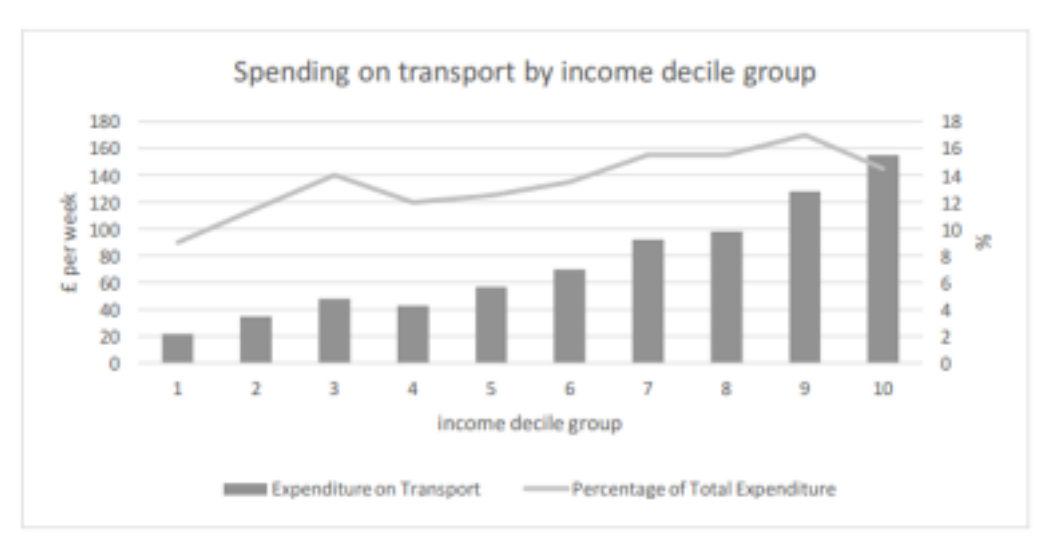


9. A currency investor thinks that she can make a profit by buying Russian Roubles. She exchanges £10,000 to Roubles when the exchange rate is £1 = 96 Roubles. Later in the year, the exchange rate changes to £1 = 55 Roubles and she changes her Roubles back to Pounds. How much profit did she make?

10. George likes to spend his income in the same way every month; 20% savings; 40% necessities and household bills, 10% on watching football, 30% on luxuries. If George earns £28,000 a year (after tax), calculate how much he spends on these 4 areas per year.

11. Income decile group is a way of splitting up the population for statistical analysis: imagine lining up the population from poorest to richest; income decile group 1 would contain the poorest 10% of people, income decile group 2 would contain the next poorest 10%, and so on.

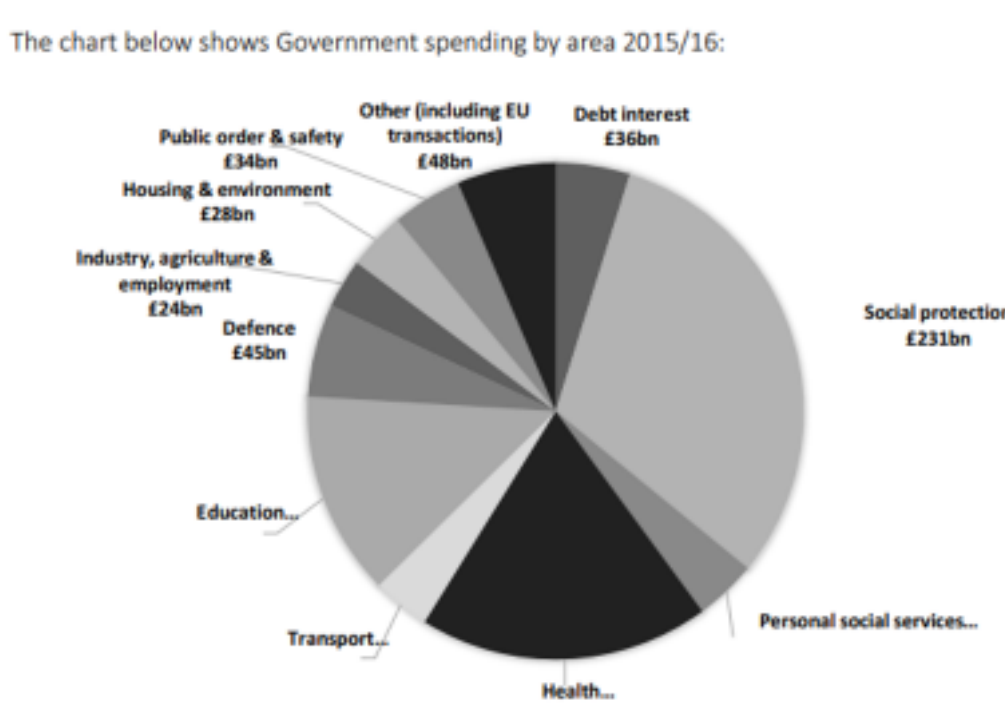
- i) Calculate the mean average expenditure on transport of the lowest 3 income deciles. ii) Calculate the mean average expenditure on transport of the highest 3 income deciles.



12. The table below shows the total output figures for a firm as it adds more workers to its production process. Fill in the right-hand column.

Workers	Total Output	Output per worker
1	18	
2	24	
3	36	
4	44	
5	48	

13. Gunter brews beer. He brews 100 pints of beer per week. Rosa makes wine. She bottles 125 bottles of wine per week. However, Gunter likes wine and Rosa likes beer. So, they agree to trade. They trade at a ratio of 5 beers: 2 wine. Every week Gunter trades 20 pints of beer for bottles of wine. After 4 weeks, how many pints of beer and bottles of wine does Gunter have.
14. Canada has a population of 36.2 million people. Canada has a total national income of \$1.6 billion. Calculate the average income per person.
15. Total Government spending in the 2015/16 financial year was £722bn. Calculate the % of Government spent on Social Protection, Health and Education in that year.



Extension Tasks

Once you have completed the tasks above you then need to work through research into economics by watching/listening to at least 5 of the following programmes and podcasts (several of one individual podcast counts);

More or Less

<https://www.bbc.co.uk/programmes/b006qshd>

Economics in ten podcast

<https://podcasts.apple.com/gb/podcast/economics-in-ten/id1450116373>

Freakonomics Radio

<https://freakonomics.com/archive/>

Freakonomics Interview

<https://www.youtube.com/watch?v=nhfWR1q6kYE>

Globalisation is good video

<https://www.youtube.com/watch?v=12YDLZq8rT4&t=2s>

Or one of the following documentaries from a range of different sources (if you have access, Netflix, Amazon Prime, etc);

- *Money for Nothing; Inside the Federal Reserve*
- *Freakonomics*
- *Hank; Five years of from the Bank*
- *Inside Job*
- *Inequality: How wealth becomes power*
- *A World Without Money*
- *A Game of No Rules*
- *Trump's Trade War*
- *End of the Road; How money became worthless*
- *Bitcoin: The end of money as we know it*

Additional Materials

Others Sources of Reading and Activities

www.tutor2u.net

www.core-econ.org

www.thecuriouseconomist.com

<https://www.coronavirusandtheeconomy.com/>

<https://www.economicsobservatory.com/>

<https://www.res.org.uk/education/discover-economics>

Or this reading....

