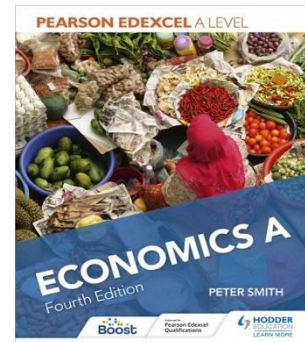


A-Level Economics Summer Bridging Work 2023/24

Exam board: Edexcel A

Resources that you need to purchase in preparation for studying this course:

- Course textbook: “Pearson Edexcel A Level Economics A Fourth Edition”
- Lever arch folder per teacher
- A copy of the course specification (found here: https://qualifications.pearson.com/content/dam/pdf/A%20Level/Economics/2015/specification-and-sample-assessment-materials/A_Level_Econ_A_Spec.pdf)
- Mini white board
- White board pens
- Calculator



Macro Economics Tasks

Task 1 An introduction to macroeconomics: Venezuela

We will spend a lot of time in lessons discussing examples from around the world. We will try to apply economic theory to explain and analyse what we see in both the UK and internationally.

Macroeconomics is the study of the economy as a whole and covers many of the concepts you might hear regularly on the news such as unemployment, inflation, trade and recessions.

For this session, I would like you to consider the economy of Venezuela – it is a truly fascinating example of a country that should be far richer than it actually is.

I think it's a great case study to get you started on the wide range of topics we cover in economics – I hope you find it interesting too.

Most of the questions relate to the BBC video in the link below. You do not need to print the worksheet out. You can type your answers directly underneath each question or you could handwrite if you prefer.

Remember you are just starting out on your Economics journey: I am not expecting you to know the answers to everything, approach the questions with an inquiring mind and see where you it takes you!

You will need to watch from 22min 40 – 41minutes and you are likely to need to pause, rewind and perhaps watch some parts more than once.

[BBC Caribbean with Simon Reeve episode 2](#)

1. Identify 2 reasons why Venezuela should be 'one of the world's richest countries'?
2. Extension: Which other countries have large oil reserves? Think before you click!

[map countries most oil reserves](#)

How does each country's GDP compare?

How to economists make use of GDP data? Watch this video

[Changing world economy - use of GDP data](#)

Where does Venezuela rank in GDP/capita data? Do any countries have higher or lower GDP/capita than you were expecting?

<https://www.usatoday.com/story/money/2019/05/22/largest-oil-reserves-in-world-15-countries-that-control-the-worlds-oil/39497945/>

3. Before you continue watching the BBC video, think of reasons WHY Venezuela's GDP per capita might not be as high as expected (given the oil reserves)? You will find out some possible answers as you watch the video.

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4. Throughout the video, there are lots of examples of Venezuela's worsening living standards. You can come back to this question as you go along. Applying your knowledge is a key skill for economics

students.

- 1 in 3 Venezuelans are poor
-
-
-
-
-

5. Simon comments that 'wealth is in the hands of the few in Venezuela'. Watch how economists measure inequality using Lorenz curves/Gini coefficient'

[Lorenz curve and Gini coefficient tutorial](#)

Think about what it means for a country to have high levels of inequality and the impact it has on society. Is inequality inevitable in (free market) economies?

6. 32min20 Some of the reasons given for Venezuela's economic decline are given as 'restrictions on foreign currency meaning that businesses don't want to import and 'Soviet-style' controls on prices meaning that shops don't want to sell.

Extension question: Read/watch the explanations about the [objectives of producers](#) / [functions of the price mechanism](#). . Explain why Venezuelan shops might be behaving rationally if prices are set below the free market equilibrium.

7. 33min 20 How much does it cost to fill a tank of petrol? How does this compare to your local petrol station?
What reasons are given for why petrol is so cheap?

8. How does this government policy (in question 8) lead to a more unequal distribution of income in Venezuela?

9. 34 min 45. Simon visits a family living with an oil pump outside their house. What problems have the family suffered/witnessed as a result?

10. 36min 15. Petrol in Columbia costs 100 times the price in Venezuela and large numbers of people illegally smuggle petrol at the border.

Explain the impact of this smuggling on the Venezuelan economy. Consider the impact of the lost tax revenue? How does it change the incentives for the taxi driver to seek work?

11. What is the recent situation in Venezuela? Watch these 4 videos.

In particular, focus on the impact of inflation. What does inflation mean? [inflation definition](#) What impact does it have on day to day living and working in Venezuela?

<https://www.tutor2u.net/economics/reference/economic-crisis-in-venezuela>

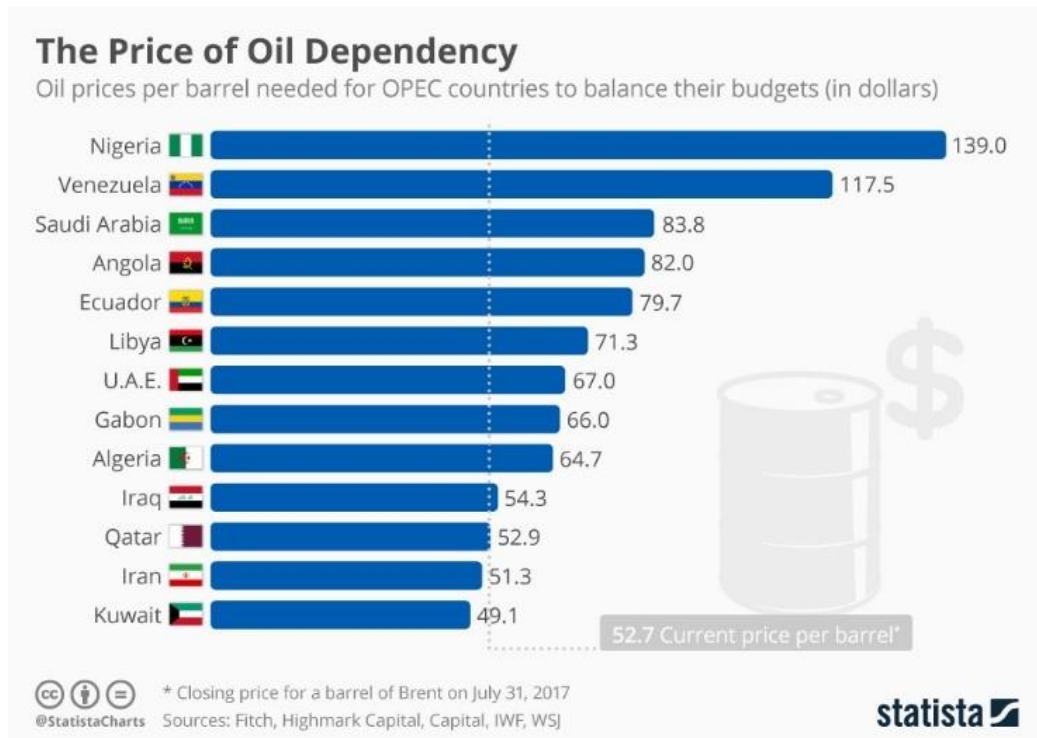
[What is inflation?](#)

<https://www.tutor2u.net/economics/reference/why-is-high-inflation-a-problem>

[The story of Venezuela's collapse](#)

Finding out more/further investigation

1. Look at the 2 charts below. What impact might the current oil price of \$25 per barrel have on the Venezuelan economy?



Oil price hits 18-year low

Brent crude, US dollars per barrel



Source: Bloomberg, 30 March 2020, 08:30 GMT

BBC

Task 2

Resource Curses.

A key (economic) question is why some countries are richer than others. Watch the videos about natural resource curses which offer a potential explanation

[Is there a natural resource curse?](#)

[Innovating your way out of the resource curse](#) An interesting article about the impact of natural resources on Qatar and Norway and policies to diversify away from sole reliance on a primary product.

Micro economics tasks

Task 1 Choconomics

As an introduction to the subject, I am asking you to focus on the economics of chocolate.

You will watch the [short Fairtrade Foundation video](#) about cocoa production and answer a range of questions as you go along.

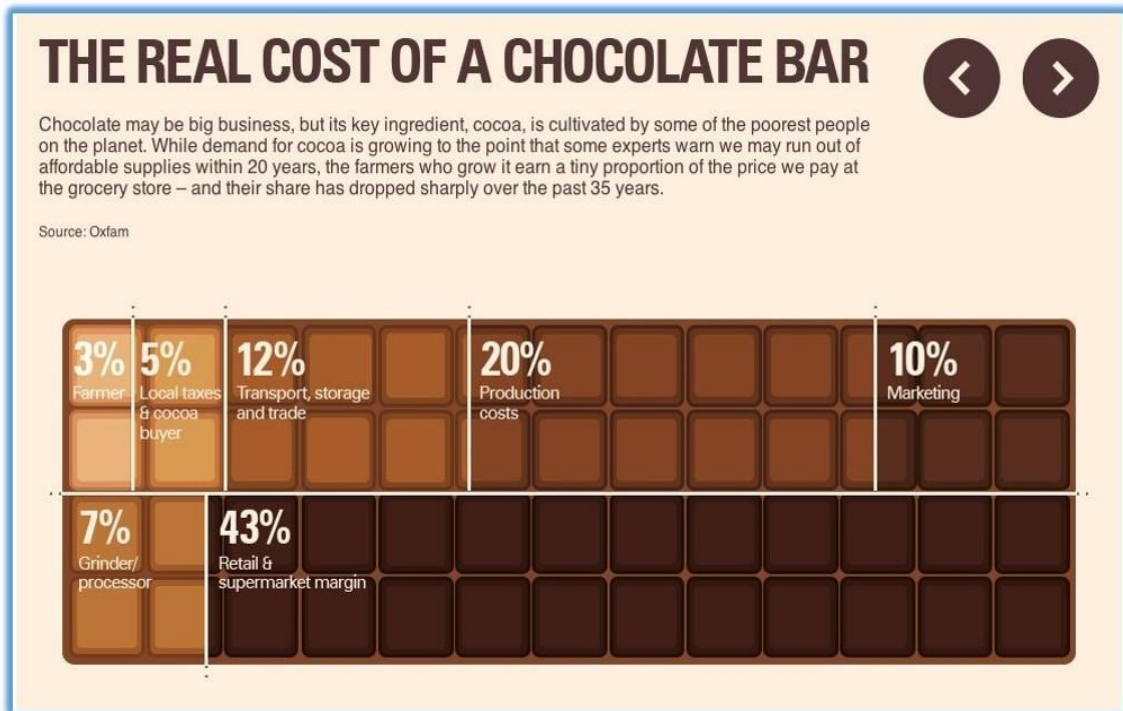
Some of the questions are **extension activities (with additional links)** should you wish to investigate the topic further.

Remember, you are only just beginning your economics journey and I am not expecting you to understand everything. My aim is to introduce you to a wide range of typical ideas, theories and examples that we might study throughout the course. Fairtrade Worksheet: week 1 bridging

Watch [The story of chocolate : unwrapping the bar](#) and use it to help you answer the questions below. You do not need to print the worksheet out. You can type your answers directly onto the worksheet or write out by hand. I suggest reading through all the questions first. You may have to watch the video more than once.

1. Name two of the world's largest producers of cocoa.
2. How long does it take for a cocoa pod to grow?
3. Watch the harvesting of the cocoa pod and explain what is meant by [specialisation and division of labour](#).
4. Explain what is meant by a [labour intensive](#) industry? With reference to cocoa, how does this impact the farmers' ability to grow more (expand supply)? How might this impact a farmer's standard of living?

5. What external threats are there to the cocoa harvest? Eg drought. What impact would this have on a cocoa farmer's annual earnings?



6. **Extension question:**

Look at the 'real cost of a chocolate bar' graphic. Using your own knowledge, explain why the farmer receives such a small percentage of the sales price (and thereby lives under the poverty line)?



7. **Extension question:** Look at the world cocoa price graph and describe what has happened to the price over the past 5 years.

8. **Extension (Independent research) question**

Explain 3 factors that might influence the world cocoa price.

eg a rise in price in 2018 from 1800 USD/MT to 2900 USD/MT might be due to a crop disease that kills 80% of the Ivory Coast's cocoa pods. This leads to a shortage of cocoa and the market price will rise

9. Explain what is meant by a [minimum price](#) (for cocoa)? [ignore the diagrams]. How will this help the Ivory Coast's farmers?
10. Explain 2 benefits to the Ivory Coast of investing the Fairtrade premium in building nursery schools and installing water pumps? (consider the wider economic benefits eg to workers/parents/the government?)
11. **Extension question :**
Read the study note about [Opportunity cost](#) and go back to your answer to question 10. Can you apply the concept of opportunity cost to the collection of water? Prior to the installation of the water pump, where/how might the villagers have accessed water? What choices might a villager have to make when collecting water previously? What activities did they have to give up?
12. Why is important for the (women) farmers to diversify? What crops have they diversified into?
13. **Extension: dangers of over specialisation**
Explain why such heavy dependency on 1 industry is a risk for a country such as the Ivory Coast [dangers of overspecialisation](#)
14. At 9min 50, why does the farmer say he might have to move into producing palm oil?

15. **Extension question : objectives of producers/functions of the price mechanism**

Read/watch the explanations about the [objectives of producers](#) / [functions of the price mechanism](#). Go back to question 14, explain why the farmer is behaving rationally when considering a move into palm oil?

16. Overall conclusion: Evaluate whether you think the Fairtrade scheme in the Ivory Coast is successful. You should give a balanced answer giving 1 reason for and 1 reason against before coming to an overall judgement.