

# Transition Materials

## A Level Economics

### Haydon Sixth Form



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# 1 INTRODUCTION

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It is great that you are considering studying Economics at A Level. Please note that we study the OCR A Level Economics course (<http://www.ocr.org.uk/qualifications/as-a-level-gce-economics-h060-h460-from-2015>). On the OCR website you can find a copy of the specification.

This pack contains a programme of activities and resources to prepare you to start an A Level in Economics in September. It is aimed to be used after you complete your GCSE throughout the remainder of the summer term and over the summer holidays to ensure you are ready to start your course in September.

The pack is divided into some of the key topics you will study in A Level Economics: microeconomic theory, allocation of scarce resources, imperfections and macro economy functions. There are questions to answer in each topic area which you will be tested on September. You will need to complete this booklet in full and have it in your folder (Lever Arch style) at the start of the year. You will need dividers in your folder to distinguish between the different units within the course.

Discovering the Economy and how it operates is great fun. I hope that you will agree!

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## 2 READING LIST FOR A - LEVEL ECONOMICS

At A Level Economics it is expected that you can demonstrate to the examiners that you have been partaking in wider reading.

Below is a list of books/journals and websites you could use over the next two years and beyond in university.

Textbooks for the course

<b>OCR (Hodder) A Level Economics Year 1 – will be issued</b>	<a href="https://www.hoddereducation.co.uk/Product?Product=9781471829895">https://www.hoddereducation.co.uk/Product?Product=9781471829895</a>
<b>OCR (Hodder) A Level Economics Year 2 – will be issued</b>	<a href="https://www.hoddereducation.co.uk/Product?Product=9781471829956">https://www.hoddereducation.co.uk/Product?Product=9781471829956</a>
<b>OCR A Level Student Guide 1-4 Sam Dobson – suggestion to buy</b>	Hodder Website

This is a selection of books for enrichment and extension reading over the two years.

<p>1. <b>23 Things They Don't Tell You About Capitalism</b> (Ha-Joon Chang)</p> <p>2. <b>Art of Strategy</b> (Dixit and Nalebuff) – especially good for Game Theory examples and analysis</p> <p>3. <b>Consolations of Economics: How We Will All Benefit from the New World Order</b> (Gerard Lyons)</p> <p>4. <b>Drunkard's Walk</b> (Leonard Mlodinow) – brilliant history of Maths and lots of relevant applications</p> <p>5. <b>GDP: A Brief but Affectionate History</b> (Professor Diane Coyle)</p> <p>6. <b>Inequality</b> – a superb book on one of the defining issues of the age (AB Atkinson)</p> <p>7. <b>Misbehaving: The Making of Behavioural Economics</b> (Richard Thaler)</p> <p>8. <b>Phishing for Phools: The Economics of Manipulation and Deception</b> (George Akerlof and Robert Shiller)</p> <p>9. <b>Poor Economics: Rethinking Ways to Fight Global Poverty</b> (Banerjee &amp; Duflo)</p> <p>10. <b>Positive Linking – Networks and Nudges</b> (Paul Ormerod) – good intro to network economics</p> <p>11. <b>Risk Savvy - How to make good decisions</b> (Gerd Gigerenzer) – the world of heuristics</p>	<p>12. <b>Ten Great Economists</b> (Philip Thornton) – biographical background, well worth a read</p> <p>13. <b>The Box</b> - How the Shipping Container Made the World Smaller and the World Economy Bigger, (Levinson)</p> <p>14. <b>The Euro: How a Common Currency Threatens the Future of Europe</b> (Joseph Stiglitz)</p> <p>15. <b>The Everything Store: Jeff Bezos and the Age of Amazon</b> (Brad Stone)</p> <p>16. <b>The Great Divide</b> (Professor Joseph Stiglitz)</p> <p>17. <b>The Great Escape</b> (Professor Angus Deaton)</p> <p>18. <b>The Idea of Justice</b> (Amartya Sen)</p> <p>19. <b>The Plundered Planet: How to Reconcile Prosperity with Nature:</b> (Professor Paul Collier)</p> <p>20. <b>Thinking Fast and Thinking Slow:</b> (Professor Daniel Kahneman)</p> <p>21. <b>What Money Can't Buy: The Moral Limits of Markets</b> (Professor Michael Sandel)</p> <p>22. <b>Who Gets What - And Why:</b> Understand the Choices You Have, Improve the Choices You Make (Al Roth)</p> <p>23. <b>Why Information Grows: The Evolution of Order, from Atoms to Economies</b> (Cesar Hidalgo)</p> <p>24. <b>Why Nations Fail: Origins of Power, Prosperity and Poverty</b> (Daron Acemoglu &amp; James Robinson)</p> <p>25. <b>Worldly Philosophers: Lives, Times, and Ideas of Great Economic Thinkers</b> (Robert Heilbroner)</p>
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Journals are a good way of keeping up to date with what's happening in the world of Economics. You can subscribe for a year or buy individual past publications.

Some good Economics magazines are:

- Economic Review
- IEA Journal (Institute of Economic Affairs)
- Hull Economics Magazine

You need to be aware of current global events that are related to the units you will be studying; so look out for things in the news to do with the topics we are studying. You can use Google Alerts to make this easier <http://www.google.co.uk/alerts?hl=en>

There are also many good websites you can use. News websites are partially good at keeping you informed and up-to-date.

News websites include but are not limited to

[www.bbc.co.uk](http://www.bbc.co.uk)

<http://www.telegraph.co.uk>

<http://econintersect.com/>

[www.projectsyndicate.org](http://www.projectsyndicate.org)

<http://www.bbc.co.uk/programmes/p01hshtp>

You can also use student friendly websites including

<http://www.tutor2u.net>

<http://www.economicshelp.org>

You Tube channel: 'G Conomics' is suggested by the exam board

You Tube channel: Econplustal is highly recommended by the department

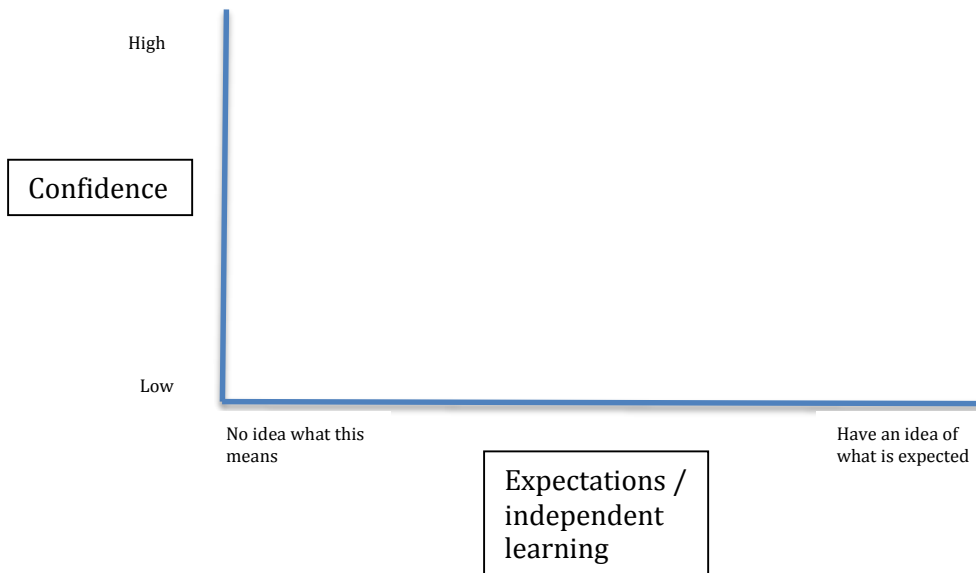
Twitter may also have some interesting tweets you

### 3 KNOWLEDGE AND SKILLS TOPICS.

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#### 3.1 HOW READY DO YOU FEEL TO STUDY A LEVEL ECONOMICS

**Place an X in the chart below to show how you feel**



#### 3.2 MICRO ECONOMICS – ALLOCATION OF RESOURCES

**Answer the following questions in detail using the suggested resources and your own**

Explain what is meant by resource allocation and how scarce resources are allocated in different economic systems – <https://www.youtube.com/watch?v=o4ayue4fuE0> / <http://www.tutor2u.net/economics/reference/economic-systems>

Explain the different Economic Agents (consumers / producers / governments) and their objectives

- To help with producers objectives see: <http://www.tutor2u.net/economics/reference/business-objectives>
- To help with government objectives see: <http://www.tutor2u.net/economics/reference/macroeconomic-objectives-and-macro-stability>

Explain what is meant by the Basic Economic Problem

Distinguish (define and state a difference) between needs and wants

Distinguish (define and state a difference) between normative and positive statements

Based on your understanding write 3 Economic normative statements

Based on your understanding write 3 Economic positive statements

Explain the nature and the role of the different factors of production  
*(HINT there are 4 and they spell out CELL)*



### 3.3 MACRO ECONOMICS – INTRODUCTION TO ECONOMIC OBJECTIVES

Using **Tutor2u** and **Economicshelp.org** answer the following

Explain the different macroeconomic objectives for the Government (define each and find out the current status of each objective for the UK and 2 other countries of your choice, one within the EU and one developing economy). Please note that you will need to continue to research the state of economies throughout your A Level Economics study. HINT: Tutor2u published a summary earlier this year – this is a good place to start alongside the BBC economy tracker. Also FT has a great summary <https://ig.ft.com/sites/numbers/economies/uk/>

- Economic Growth
- Unemployment
- Inflation
- Balance of Payments Equilibrium
- Budget Deficit Reduction

Explain what is meant by the circular flow of income (draw it out) and include the Leakages and Injections within the circular flow

Distinguish between physical and monetary flows

*Extension Activity:* Explain what is meant by the average and marginal propensities to consume and save

*Extension Activity:* Explain what is meant by the marginal propensity to withdraw (Marginal propensity to **save**, marginal rate of **tax**, marginal propensity to **import**)

*There are many new key terms you will be expected to learn, on a separate sheet of paper create a glossary of all new key terms discovered.*

*Keep Microeconomics concepts separate from Macroeconomics.*

*When you come in September have either two folders or one large folder with dividers.*

### 3.4 APPLYING ECONOMICS TO THE REAL WORLD

#### Article 1 – read the article & answer the questions below

##### **Afghan farmers turn away from opium**

By Jon Boone in Kabul and Stephen Fidler in London  
Published: April 23 2008

Afghanistan's opium crop is forecast to shrink by as much as half this year after 2007's record harvest, counter-narcotics officials in Kabul said, as evidence emerges that some poppy farmers are switching to legal crops because of rising food prices.

The country produced an estimated 93 per cent of the world's opium last year, with output rising almost every year since the Taliban was ousted in 2001. The expected fall in opium production of 30-50 per cent is not a result of international anti-narcotics efforts, but mainly because of an unusually cold and dry winter that has disrupted the germination of poppy seeds. Officials say the area under cultivation remains close to last year's record 193,000 hectares, but aerial photography has shown the fields contain fewer, smaller plants.

In London, Brigadier Andrew MacKay, the soldier who until recently commanded British forces in Helmand, the heartland of the country's drugs trade, told reporters this week there was anecdotal evidence of farmers in the southern province switching from poppies to legal crops.

"Anecdotally, a lot of farmers have calculated that, with wheat prices being what they are, they can make money out of planting wheat," he said. He added he was not claiming this suggested "that we have in some way turned the corner" in efforts to suppress the opium trade.

He said farmers' decisions might also have been influenced by falls in opium prices after last year's bumper crop of 8,200 tonnes, up 34 per cent on 2006.

According to the United Nations Office on Drugs and Crime, opium prices have been in gradual decline for several years and "struck rock bottom" last September. In 2006 the average lowest price was \$125 (£63, €79) per kg, compared with \$91 per kg the following year. However, large stockpiles could limit the impact on opium prices of lower output this year.

Experts are less certain what effect high wheat prices will have on Afghanistan's complex drugs economy, where farmers have to weigh up insecurity and intimidation by traffickers as much as prices of particular crops. One western official in Kabul said "the international community wants to believe the price of wheat is going to magically solve the poppy problem".

David Belgrove, head of the counter narcotics team at the British embassy in Kabul, said it was still too early to predict the effect of high wheat prices. "If high prices remain high for a long period then it could encourage some farmers to change to wheat. On the other hand, it could make the situation worse because rising food prices could encourage more farmers to grow poppy to feed their families."

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Q: Why do you think that the farmers changed what they were producing?

Q: Can you link any of the Economic concepts learned from this transition material? *Extension: Any new concepts mentioned?*

### **Article 2**

<http://www.tutor2u.net/economics/blog/eu-blocks-takeover-of-o2-by-hutchinson>

Read this article and any additional articles that go with this and answer these questions – why do you think the takeover bid was stopped by the EU? Do you agree with the article?

### **Article 3**

<http://www.tutor2u.net/economics/blog/contestable-markets-amazon-v-you-tube>

Read this article and answer this question – this is an area of Economics that you would study later in the year, what have you learned about this market structure?

#### Article 4

<http://www.tutor2u.net/economics/blog/amazon-and-morrisons-strike-deal-non-price-competition-in-the-supermarket-market>

Read the article and outline what is meant by non-price competition and why this is necessary in some markets.

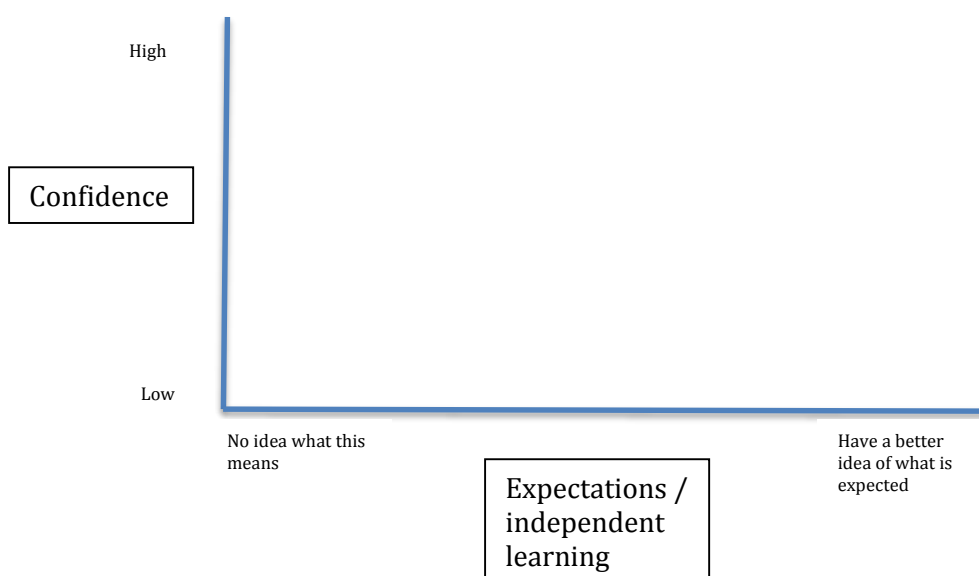
### 3.5 YOUR OWN APPLICATION OF ECONOMICS

Find any other current news stories and explain how these articles can be used to illustrate an economic concept. Try and find at least 3 articles that you can use to demonstrate your understanding of some (if not all) of the economic concepts mentioned earlier in this transition material

### 3.6 HOW READY DO YOU FEEL NOW?

The transition material should give you some idea about working independently which is key to success at A Level. The content you covered is from the actual A Level specification that you will be studying.

**Place an X in the chart below to show how you now feel about studying A Level Economics**



## 4 EXAM

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Please note that you will be tested in the first two weeks of the course on the content introduced in this transition material. The outcome of this assessment will be used to assess your ability to continue studying this course.

