

## TEACHER'S GUIDE

### Aims of the activity: to investigate

- reasons for specialisation
- processes and benefits of markets and exchange

### Syllabus coverage

Consumers, scarcity and demand; trade-offs and opportunity cost.

### Timing

An early introductory activity for Module 1.2, What does business do?

### Activity guidance

This is an uncomplicated simulation that involves group work and a good deal of student interaction. The simulation can be launched without any more than a brief explanation of the scenario and rules. Equally well there could be a prior discussion about how people all specialise and need to exchange some of their surplus output. 'Why is a doctor able to enjoy food grown by a farmer?' is the kind of leading question that might be asked.

In a highly simplified way, it introduces the basic economic problem and leads students into the concept of specialisation and exchange. As the activity progresses, they should find themselves considering the opportunity cost of time or productive potential.

The division of the class into groups should be practical even if it means 'groups' of two or even one! Make sure that they all understand the objectives and know what to do. It may be worth running through a couple of imaginary decisions before starting. Fifteen minutes should be enough time to run the simulation but allow at least the same time again for the de-briefing.

It is important that one student in each group takes proper responsibility for keeping written records.

Keep your own record of each group's expenditure of working days. Alternatively you may give this job to a student and leave yourself free to observe. A competitive element is ensured by calculating the total days spent in producing the 80 units of output and drawing up a rank order for the groups. A quick grid on the board/OHP adds to the anticipation.

## Module 1.2 Enquiry 1: Advantages

Sheet 2

The de-briefing is important. It is usually best run as an oral exercise but written answers could be required. After de-briefing, the discussion could possibly widen to address such issues as:

- How far do the students feel they have specialised?
- How might specialisation be an advantage to them in future? What is its relevance to future employment?
- Are there any drawbacks to specialisation? For students? For people at work? For society at large?
- How does specialisation help to establish a business?

Downloaded from the Nuffield Economics and Business website: [www.necb.org](http://www.necb.org)

## Student Sheets

You are part of a simple economy where there are five essential industries:

- **food**
- **clothing and footwear**
- **timber**
- **metals**
- **fuel**

Your class will divide into groups. Each group needs 16 units of output from each industry as a bare minimum for the month.

You will receive details of your productive potential in each industry on a separate sheet. It is immediately obvious that you are far more efficient at producing some goods as compared with others. Each group has a different pattern of relative efficiencies for each industry.

Your task is to produce the necessary 5 x 16 units (=80 units total output) for as small an input of your labour (i.e. in as little time) as possible. As you make production decisions, register your use of working days with the Co-ordinator (the teacher or other nominated person) and you will be given output credits in return. Notice that output cannot be 'unproduced': decisions are not reversible.

But how you obtain your 16 units output from each industry is up to you. You can produce all units yourself or you can try trading units with other groups. All units of all products have equal value.

Make sure that one member of your group is responsible for keeping a record of decisions made, output achieved and any transactions with other groups.

The total length of time available in class will be announced by the Co-ordinator.

**Output credits**

<b>Food</b>						
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<b>Clothing &amp; Footwear</b>						
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<b>Timber</b>						
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<b>Metals</b>						
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<b>Fuel</b>						
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## Productive potential

Group.....	
<i>Output per working day</i>	
Food	1
Clothing & footwear	2
Timber	4
Metals	8
Fuel	16

Group.....	
<i>Output per working day</i>	
Food	16
Clothing & footwear	1
Timber	2
Metals	4
Fuel	8

Group.....	
<i>Output per working day</i>	
Food	8
Clothing & footwear	16
Timber	1
Metals	2
Fuel	4

Group.....	
<i>Output per working day</i>	
Food	2
Clothing & footwear	4
Timber	8
Metals	16
Fuel	1

## De-briefing

- 1 How many days' work are needed to produce the required level of output if your group carries out all production itself (self-sufficiency)?
- 2 What is the shortest period possible for achieving required output levels?
- 3 What percentage does this period represent of the time taken for the group to carry out all production itself?
- 4 How might living standards differ between groups adopting 'shortest period' principles and groups adopting self-sufficiency principles? By what factor?
- 5 On what factors does successful working to this shortest period depend?
- 6 What might be the drawbacks if all groups manage to work on 'shortest period' principles?
- 7 What parallels can you see between this simulation and the real world economies of:
  - (a) households
  - (b) localities
  - (c) countries?
- 8 How would these types of economy function if they all adopted the 'shortest period' principles of the game?
- 9 Which types of economy are furthest from strict 'shortest period' principles? Why?
- 10 What economic term would best describe 'shortest period' principles? Why is this approach to economic activity so dependent on markets?