



POWELL CENTER FOR
ECONOMIC LITERACY

Lesson Plan

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Imported Parts Add up to Finished Product

Time Required

Three class periods

Economic Concepts

goods
international trade
resource allocation
services

Overview

Companies in all states must produce goods and services in order for the United States to remain competitive in the world marketplace. However, companies have come to rely increasingly on resources from other states or countries in order to finalize a quality product, rather than be as self-reliant as possible.

This interdependence becomes crystal clear as students survey companies in their state. For example, my students surveyed over 50 companies based in Virginia and found that a large number of the companies chose to import in order to finalize their good or service.

These survey results prompted active discussion among students regarding three important economic concepts: the production process, self-sufficiency, and interdependence. As the students investigated the companies and their use of imported parts or products, they learned that the world economy is partly responsible for the success of their state's goods and services.

Objectives

- Students learn the production process, combining human resources, natural resources, and capital resources (inputs) to make goods and services (outputs).
- Students understand the concept of self-sufficiency. My economic well-being, according to this concept, is determined solely by my actions.
- Students understand the concept of economic interdependence with emphasis on

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- international trade, job specialization, and access to labor. The actions of one country influence the actions and outcomes of another country.
- Students learn that there are many goods and services produced in their state using resources from around the globe.
 - Students learn that the world economy is partly responsible for the success of their state's goods and services.

Materials and Handouts

- Handout 1 -- Company Product Letter
- Map of the world
- Map of your state
- Colored thumb tacks

Teaching Activity

Day 1

The class discusses the production process. Students understand that human resources are the human effort and energy used in production; natural resources are minerals, trees, and land; and capital resources are the buildings, machines, tools, and equipment used in production.

Then the class discusses self-sufficiency and economic interdependence. What are the benefits of growing interdependence? The discussion should raise the issue of needing others versus needing no one. As a class, conclude that interdependence is the best choice for the overall economic well-being of a country. Just as individuals have become increasingly reliant on other members of society, countries are also becoming more interdependent. From the cars we drive, to the food we eat, to the clothes we wear, it is apparent that the world community is involved in our daily lives.

Survey the class to determine what products are made in the state. After listing many products, from micro-chips to potato chips, discuss whether all parts of the product are made in this state. In other words, while the product was finalized in this state, are there pieces of the product created or produced in another state or country?

Day 2

In order to verify the theory that many different states and countries may have

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contributed to this state's final products, the students will contact as many different companies based in the state as possible and ask them for information regarding their products. Prior to this class period, contact the Department of Economic Development in your state and request a listing of companies based in the state that import parts to finalize their products. Also request information on how to contact each company including the company name, company president or production manager, address, telephone, and fax number. Have this information available for the class period. Divide the class into groups of three for corresponding with the companies on the list. Give each student a company description to help them write a letter.

Work with the class to draft the letter each student will use. Questions may be similar to those included on [Handout 1](#), specifically asking for a description of the product, why the product is produced in the state, what elements of the product are imported and where they come from in the country or the world, and why the company chooses to import. Keeping the letter simple encourages a quick response. (Our class also chose to fax the letters, leaving space after each question, in order to speed up the response time.)

Day 3

After waiting several days for enough responses (this may take more time if the responses are returned via mail), reassemble in the groups. Assign each group a different colored thumbtack for use on the maps. Have the students read the company responses to the class. Discuss each response and note the different states and countries from which the companies import materials for their products. The companies we surveyed imported parts from 30 different countries.

Have the group place a colored thumbtack in the area of the state where the company resides and place a matching thumbtack in the various places of the world from which products have been imported to finalize the company's product. As the colored thumbtacks are placed on the map, students see rather than theorize how important the world community is to the success of goods and services finalized locally.

Discuss as a class the significance of interdependence in the global market. Why do companies choose not to be self-reliant? It may be more cost-effective to use materials from other countries. If so, the consumer pays less for the final product. Many products are not available locally, and therefore companies must rely on

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others to supply their needs. Among the companies our class surveyed, the reasons for importing included:

- best materials for our product not made in the U.S.;
- unique ethnic products not produced in this state;
- economically smarter to import from established parent company instead of building another factory;
- higher quality materials; and
- products not grown in the U.S.

This activity demonstrates in real world terms how the process of international free trade is essential to our economic well being.

HANDOUT 1
Company Product Letter

Student Name
School
Address & Fax
Date

Company President
Company Name
Address
Fax
Dear Sir:

I am a sixth grader at your school. I am doing an economics project on products made in your state. I am interested in your response to the following questions:

1. What is your product(s)?
2. Why do you produce your product in your state?
3. Specifically, what other states and countries do you import from to finalize your product?
4. Why do you import rather than using resources in your state?

I appreciate your time with these questions. Please fax your answers to me at the above address.

Sincerely,

Dan Winters Sailmakers, Ltd.

34 East Queen Wye, Hampton, Virginia 23667
e-mail starbow@aol.com

Tel. 757-722-5731

FAX 757-723-8079

4 December 1998



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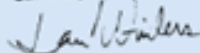
Dear Bryce,

In answer to your questions:

1. We are sail makers who both make sails here at our loft in Hampton and sell sails manufactured by Neil Pryde Sailmakers with a large loft located in China.
2. First, I am from Virginia, and the Hampton Roads area and Chesapeake Bay area have enough sailboats to make this a good area for businesses serving the sailing public.
3. Since sail-making supplies are quite specialized, the various parts we put into our sails may come from New Zealand, Australia, England, Sweden, Germany, Japan, and China. However, the most expensive material we use, the sailcloth itself, is made in the United States because the U.S. made materials are still for the most part superior to the fabrics made abroad.
4. As noted in #3, the various materials used in sail making are quite specialized and there are few companies in any one state or country that can supply the best of everything needed to make sails.

I hope this is the information you need for your project.

Sincerely,


Dan Winters