THE DIVISION OF LABOUR BY PROCESS

This video begins with some reminders showing the subsistence trap and then goes on to explain how production increased in the village.

1. What did Mr Tailor suggest was the very first reason for production increasing?

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This shows you the importance of IDEAS!

2. List at least two of the explanations Mrs Tailor gives for the village surplus?

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3. How long does it take Mrs Tailor to make one shawl?

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4. What is a trader?

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5. How many shawls did the trader want to buy?

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In the last video we learned that: The basic economic problem is that human wants are greater than human resources. The villagers WANT the goods the trader has, but in order to get them they must produce more shawls. But how? Remember... the first two questions that all societies must answer are:

- What to produce? To this, we can now also add – how much to produce?
- How to produce? What resources will be needed to make the things required?

6. What does Mrs Tailor suggest they all do in order to make more shawls?

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7. What two other reasons does Mr Tailor think will cause production to increase?

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There are a number of different processes involved in making a shawl. In order to make the shawls, the villagers used their time and energy to convert the raw materials such as the sheep wool into finished goods. This is an example of PRODUCTION.

8. Define production in your own words.

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9. What happens to their 'productivity' as a result of specialization?

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10. Give TWO explanations for this increase in production.

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11. What is this kind of specialization called?

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12. What do the villagers do with their surplus?

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Economics is about how we use resources to make products. We can make more products (increase production) with more resources but we can also make more products if we use our resources more efficiently. Productivity refers to the amount that is produced with a certain amount of resources. In this video we saw how the villagers were able to double their productivity (producing 20 shawls instead of 10) by organizing production more efficiently.