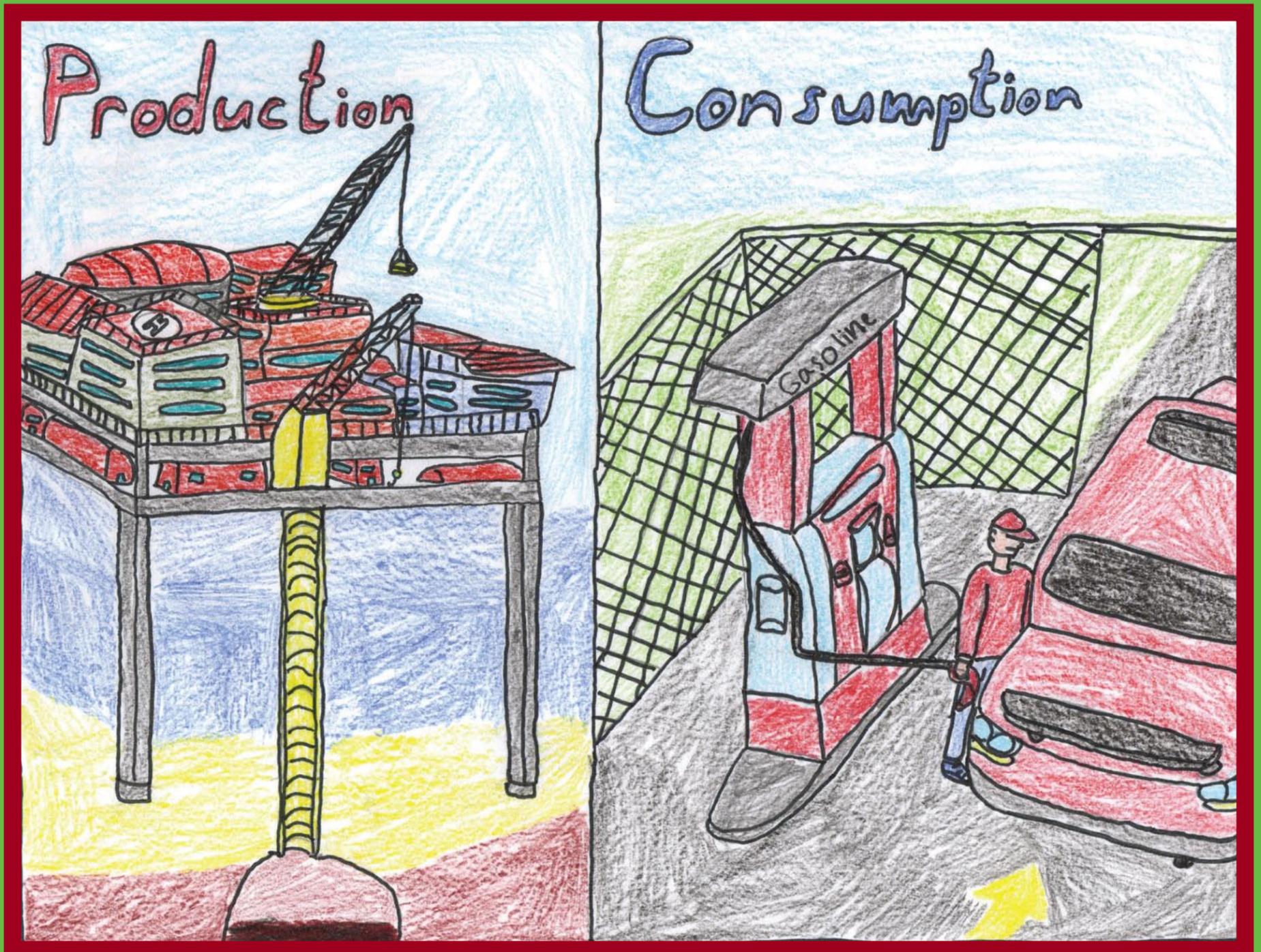


Production vs. Consumption



Artist: Rustom Pangilinan • 8th Grade • Glasgow Middle School • Fairfax County

PRODUCTION VS. CONSUMPTION

Production is making goods and services. Consumption is using goods and services.

PRODUCTION VS. CONSUMPTION

Definition/Background

Production is making goods and services. Consumption is using goods and services. Most people produce and consume. In the production process, producers combine natural, human, and capital resources. Because these productive resources are limited, producers must choose which goods or services to produce. Consumers face many choices of what to buy and cannot buy everything they like. People's choices about what goods and services to buy and consume ultimately determine what producers produce and thus, how productive resources will be used.

Teaching Ideas

1. Create a class song based on the concepts of production and consumption. Use a well known tune such as "Here We Go 'Round the Mulberry Bush," "The Farmer in the Dell," or "Row, Row, Row, Your Boat."
2. Pop several bags of popcorn in the microwave and allow the students to share it. Discuss the production and consumption that took place.
3. Have students write a funny story about popcorn from the kernel's point of view. The words production, consumption, good, service and natural resource should appear in the story.
4. Pretend the students are starting a classroom popcorn business. Create a list of the various jobs needed to produce the goods and services for this business. Discuss who the consumers of the product might be.
5. Brainstorm ways to increase the consumption of the students' pretend product, popcorn. Consider things like the WHO, WHERE, WHEN, WHY and HOW it is sold.

Lessons & Resources

Print Lessons

Spotting Economics: From Africa to Ice Cream, Lesson 3: Working in a Dot Factory (elementary)

Chocolate Economics, Lesson 5: Production (elementary)

Focus: Middle School Economics, Lesson 7: The T-riffic T's Company: Production Decisions (middle)

Online Lessons

Simple Simon Meets a Producer (elementary)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM464&page=teacher>

Marketplace: Oil is a Slippery Business (middle)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM259&page=teacher>

Literature

• *Pizza at Sally's* by Monica Wellington. Dutton Children's Books, 2006. With vegetables from her own garden Sally **produces** pizzas for the **consumption** of her happy customers. [Grades K-3]

• *A House of Tailors* by Patricia Reilly Giff. Wendy Lamb Books, 2004. The year is 1871 and thirteen-year-old Dina emigrates from Germany to America to discover her new family is involved in the **production** of garments. [Grades 4-7]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia's K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers to learn about specific opportunities.

VCEE Network Contacts

VCEE

Sarah Hopkins Finley
(804) 828-1627 shfinley@vcu.edu

Christopher Newport University

Gemma Kotula
(757) 594-7404 econedu@cnu.edu

George Mason University

Rachel Powell
(703) 314-0226 gmpowell@yahoo.com

James Madison University

Lynne F. Stover
(540) 568-3248 stoverlf@jmu.edu

Longwood University

Diana Shores
(434) 395-2461 shoresdc@longwood.edu

Lynchburg College

Cheryl Ayers
(434) 544-8791 ayers.c@lynchburg.edu

Old Dominion University

Ruth Cookson
(757) 683-5570 rcookson@odu.edu

Radford University

Barbara Taylor
(540) 831-5887 btaylor2@radford.edu

University of Virginia's College at Wise

Gary Stratton
(276) 328-0223 grs6j@uvawise.edu

Virginia Commonwealth University

Suzanne Gallagher
(804) 828-1628 sgallagher@vcu.edu

Virginia Tech

Michael Ellerbrock
(540) 231-7722 [mebrock@vt.edu](mailto:mebrook@vt.edu)



THE FEDERAL RESERVE BANK OF RICHMOND
RICHMOND • BALTIMORE • CHARLOTTE

Contact one of our economic education specialists or go to www.richmondfed.org/educational_info for resources on teaching economics and the Federal Reserve System. Among these free and easy to use resources you'll find lesson plans, workshop information and publications.

Lis Turner

Economic Education Specialist
Lis.Turner@rich.frb.org
(800) 526-2031
(804) 697-8135

Amanda Gibson

Economic Education Specialist
Amanda.Gibson@rich.frb.org
(800) 526-2031
(804) 697-8107

The Virginia Council on Economic Education, in cooperation with the Federal Reserve Bank of Richmond, is pleased to provide this poster featuring a winning entry from the 2007-2008 Color the Economic Concepts Contest.

Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a \$50 U.S. Savings Bond.

Entries must be received by April 30, 2009. See www.vcee.org for more details.