

Investment:

What is it?

What do we mean by the idea of investment – throw this open to the class. The key is to make it clear that investment in an economic sense is not putting money into shares – this is income that is not consumed, hence saving.

1) Shazam

Having had this discussion, give them the Shazam article to look at in pairs. What is investment here? What is investment? Why Shazam in the UK? This should clarify what sorts of things might be investment as well as looking at some factors that make the UK economy strong.

Clips:

<http://www.tutor2u.net/economics/blog/frozen-pizzas-and-theory-of-the-firm>

<http://www.tutor2u.net/business/blog/amazing-production-video>

2) Why does it matter?

Exercise on investment proportions/international pattern of investment. Have the students work in pairs to discuss the data and what it might mean – questions are included.

Use clips to illustrate why investment is important in terms of:

- 1) Creating demand
- 2) Increasing economic potential:
<http://news.bbc.co.uk/1/hi/business/8564267.stm>
- 3) Increasing productivity and raising international competitiveness:
<http://www.youtube.com/watch?v=6lgYqWappfk>
- 4) Accessing natural resources:
<https://vimeo.com/85255937>

Naan man is a good way of making the point that investing in skills/training is another way of raising productivity. <https://youtu.be/axyo-VnflGA>

3) Overinvestment – downsides of investment.

Use the overinvestment in China article and White elephants in Japan – split students into pairs – give one student one of the articles and one the other and then get them to explain the story to one another. Then get them to identify some of the problems contained in the articles that investment might create. Finally get them to share ideas on other reasons that rising investment might not be wholly beneficial.

Clips:

Overinvestment in Spain:

https://www.youtube.com/watch?v=9ZecpdpB_RE

<https://www.youtube.com/watch?v=7VVMVQx81rY>

Top gear Spain:

<http://www.bbc.co.uk/iplayer/episode/b0371dc3/top-gear-series-20-episode-3>

China Ghost cities:

https://www.youtube.com/watch?v=pbDeS_mXMnM

Skyscrapers:

<http://www.bbc.co.uk/news/business-16494013>

Other useful links (Articles/photos):

<http://desertedplaces.blogspot.com/2013/12/chinas-newest-and-emptiest-airport.html>

4) Factors affecting investment.

Use the article to get the students in pairs to analyse what seems to affect investment and why. You could use this earlier on.

Following on from this it might be worth just asking students to analyse the impact of an increase in investment in the short and long run using AD/AS analysis (SR increase in demand via the construction and engineering sectors, LR increase in potential as capacity and productivity increase).