

# THE CONCEPT OF PRODUCTION

The aim of any economic activity is to produce goods and to provide services. Production is therefore the transformation of the input into the output, by means of different productive processes.

To produce any article or to provide any service depends upon some factors or agents of production, also called factor resources. There are two broad types of factors of production: human factors and non-human factors. The human factors consist of labour and enterprise, and the non-human factors refer to land and capital.

Labour describes the productive services, that is to say, the human physical efforts, skills and intellectual abilities.

Enterprise refers to the way in which the structural organization of production is made.

Land denotes the natural resources of the universe, such as the earth, the sun, lakes, rivers, animals, etc.

Capital consists mainly of finance and other resources, such as factories, means of production, roads, etc.

As far as production is concerned, we distinguish two kinds: direct production and indirect production. The former implies that the worker produces for his own needs, whereas the latter refers to a chain of productive processes. This chain can be divided into three major processes:

Primary process deals with the extraction of raw materials, e.g. mining.

Secondary process, in this process, the raw materials are transformed into manufactured goods, e.g. car manufacturing.

Tertiary process in which the finished article is made available and displayed to the consumer.

### PART ONE

I - Answer the following questions from the text. Use your own words as much as possible.

1. What is the main aim of any economic activity?
  2. What are the factors of production?
  3. What is meant by indirect production?
  4. What is meant by direct production?
  5. What are the major processes of production?
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II - Say whether the following statements are true or false.

Put (T) for true statements and (F) false statements.

- 1) The production of goods and the provision of services are economic activities.
  - 2) The transformation of the input into the output is not a productive process.
  - 3) Goods and services require a combination of labour, enterprise, land and capital.
  - 4) Direct production requires a chain of productive processes.
  - 5) The productive processes are not interdependent for the end product.
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III - Choose (A, B, C, or D) which is true according to the text. Put a circle round the corresponding letter.

1. To undertake an economic activity is
  - A to transform the output into the input
  - B to produce goods and to provide services.
  - C to provide some productive processes.
  - D to create factories and firms.

2. Production depends upon

- A. goods and services.
- B. some productive processes.
- C. land, labour, enterprise and capital.
- D. the transformation of the input into the output.

3. *Labour and enterprise are human factors because*

- A. they are provided by man.
- B. they refer to the production of man.
- C. both of them are factor resources.
- D. they denote the human production.

4. *Land and capital are non-human factors because.*

- A. they are productive services.
- B. they provide the basic natural and financial supports to man.
- C. they do not refer to the production of man.
- D. they denote the non-human production.

5. *Direct production is different from indirect production because.*

- A. it is more developed than indirect production.
- B. the former involves a few productive processes.
- C. the latter does not require some factors of production.
- D. the latter does not require machinery.

IV - Fill in the blanks with the more appropriate words.

The \_\_\_\_\_ of goods and the \_\_\_\_\_ of services  
 \_\_\_\_\_ some \_\_\_\_\_ resources. These \_\_\_\_\_  
 of production can be \_\_\_\_\_ into two \_\_\_\_\_ : \_\_\_\_\_  
 \_\_\_\_\_ factors and \_\_\_\_\_ factors. The \_\_\_\_\_ refers to  
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 \_\_\_\_\_ are not very significant, \_\_\_\_\_ in the indirect produc-  
 tion these processes are more important.

## PART TWO

I - Look at the following examples :

- e.g. The *production* of goods depends on some factor resources.  
 To *produce* goods depends on some factor resources.  
 Production (noun) \_\_\_\_\_ to produce (verb).

- A. goods and services.
- B. some productive processes.
- C. land, labour, enterprise and capital.
- D. the transformation of the input into the output.

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e.g. Production is the *transformation* of the input into the output  
Labour *transforms* potential wealth into real wealth  
Transformation (noun) ————— to transform (verb).

1 Do the same way with the following sentences.

*To provide services* depends on some factor resources.

The ————— of water to the dried areas seemed to impossible.

2 Labour *describes* the productive services.

The ————— of the productive services is quite complex.

3 The *organization* of work requires some skills and abilities.

The new government is trying to ————— a new type of economy.

4 We can *distinguish* two kinds of production: direct production and indirect production.

The ————— between direct production and indirect production is quite simple.

5 Direct production *implies* that the worker produces for his own needs.

What are the ————— of such an order?

6 The chain of the productive services can be *divided* into three major processes.

The ————— of labour was advocated by Adam Smith.

7 The primary process deals with the *extraction* of raw materials.

An important project was planned to ————— uranium from the Hoggar.

8 In the tertiary process the finished articles are available to be *consumed*..

The ————— of oil has increased during the last decade.

## PART THREE

### I - DIALOGUE:

X : What is the main aim of an economic activity?

Y : Well, the production of goods and the provision of services, I suppose.

X : Yes that's right, but what about profits?

Y : You know, profits are for the producer, I think, the more he produces the more he gets...

X : Yes, I think so. By the way, how's your father's new business going?

Y : Quite well, every thing goes right for the time being.

X : He's lucky, isn't he?

Y : I hope it goes on better for him, he's working a lot.

II - Put the following resources in the corresponding column: milk, oil, gold, fur, iron, ivory, meat, rubber, wool, wood, silk, solar energy, fruit and vegetables, diamond, coal, cotton.

ANIMALS	EARTH	SEA	SUN

III - *Open dialogue*. Fill in the blanks with the more appropriate phrases: (By the way; Yes that's right; Yes; I think so; I suppose; Isn't it; Well; I think).

X : What are the human factors of production?

Y : \_\_\_\_\_ labour and enterprise \_\_\_\_\_.

X : Labour is a human factor, why?

Y : Because it is provided by man \_\_\_\_\_.

X : \_\_\_\_\_.

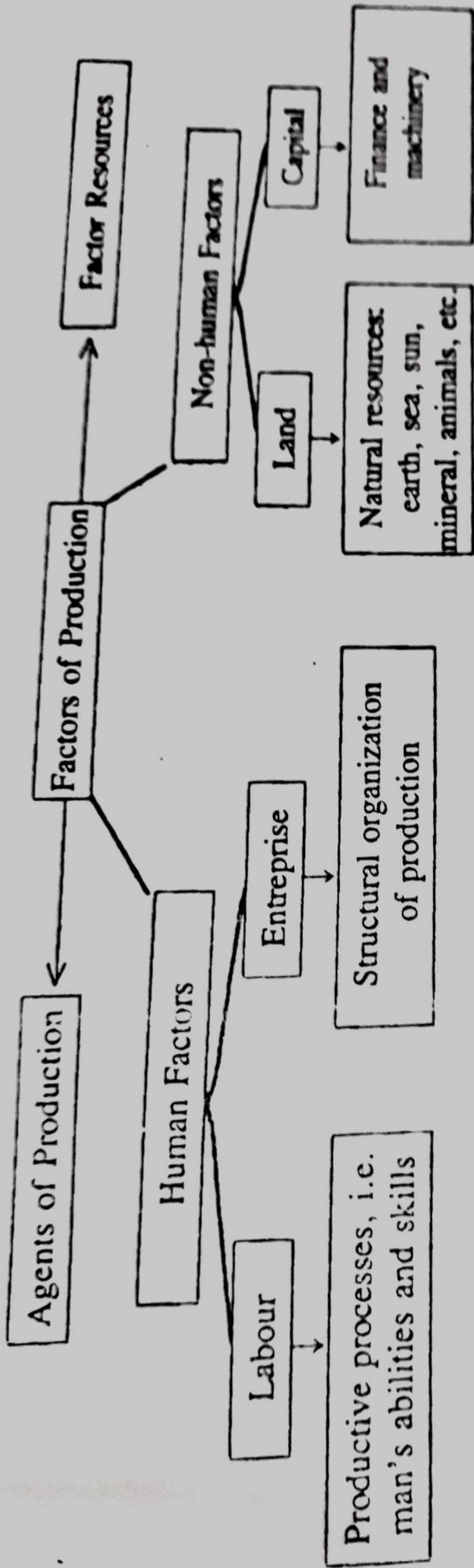
Y : \_\_\_\_\_ what is meant by enterprise?

X : It's the structural organization of production \_\_\_\_\_?

Y : \_\_\_\_\_ so.

IV - Classify the following activities putting the number in the corresponding column.

ACTIVITIES	PRIMARY PROCESS	SECONDARY PROCESS	TERTIARY PROCESS
<ol style="list-style-type: none"> <li>1. To make cars.</li> <li>2. To mine for coal</li> <li>3. To grow fruit and vegetables</li> <li>4. To make shoes.</li> <li>5. To sell books.</li> <li>6. To grow tobacco.</li> <li>7. To assemble cars.</li> <li>8. To cut wood.</li> <li>9. To distribute milk.</li> <li>10. To pack meat.</li> <li>11. To extract iron.</li> <li>12. To deliver newspapers</li> <li>13. To make clothes</li> <li>14. To carry food.</li> <li>15. To fish.</li> </ol>			



**Essay-writing :** Write a paragraph on the factors of production. Use this diagram as a guide. (do not refer to the text).



## READING

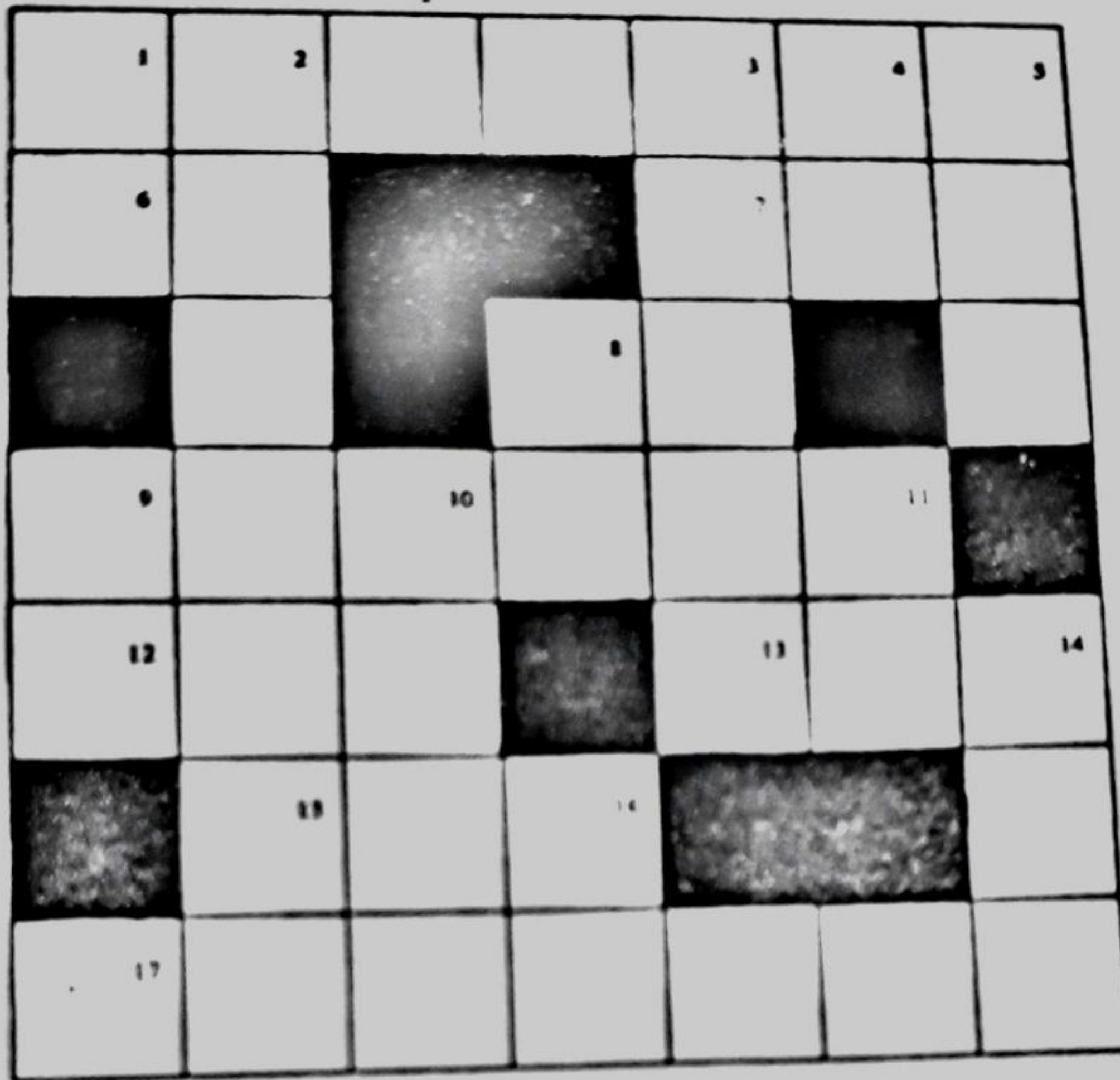
### *Extracts from Turgot's Reflexions :* **Land and Capital**

«Land is always the first and only source of all riches; it is land which, after cultivation, yields all revenue; it is land also which provided the first fund of advances prior to all cultivation. The first cultivator took the seed, which he sowed, from plants which were the spontaneous product of land; while waiting for the harvest, he lived by hunting, fishing, or on wild fruits; his tools were branches of trees broken off the forests and fashioned by means of sharp stones sharpened on other stones...» (§liii).

«It is land which furnished the stone, the clay, and wood from which the first houses were built, and, before the division of labour, when the man who tilled the soil provided for his other needs by his own toil, no other advances were needed». (§ Lix).

«In every industry it is necessary for the workers, or the entrepreneurs who supply them, to have a fund of movable riches accumulated in advance», i.e., capital, or accumulated' savings. «All kinds of work in agriculture, industry, or commerce require advances. Even if the soil were cultivated by hand, it would be necessary to sow before reaping; it would be necessary to live until the harvest. ...Whatever the trade, the artisan must have tools in advance, and a sufficient supply of raw materials on which to work; he has to live while awaiting the sale of his products» (§§ li & lii).

## CROSSWORDS

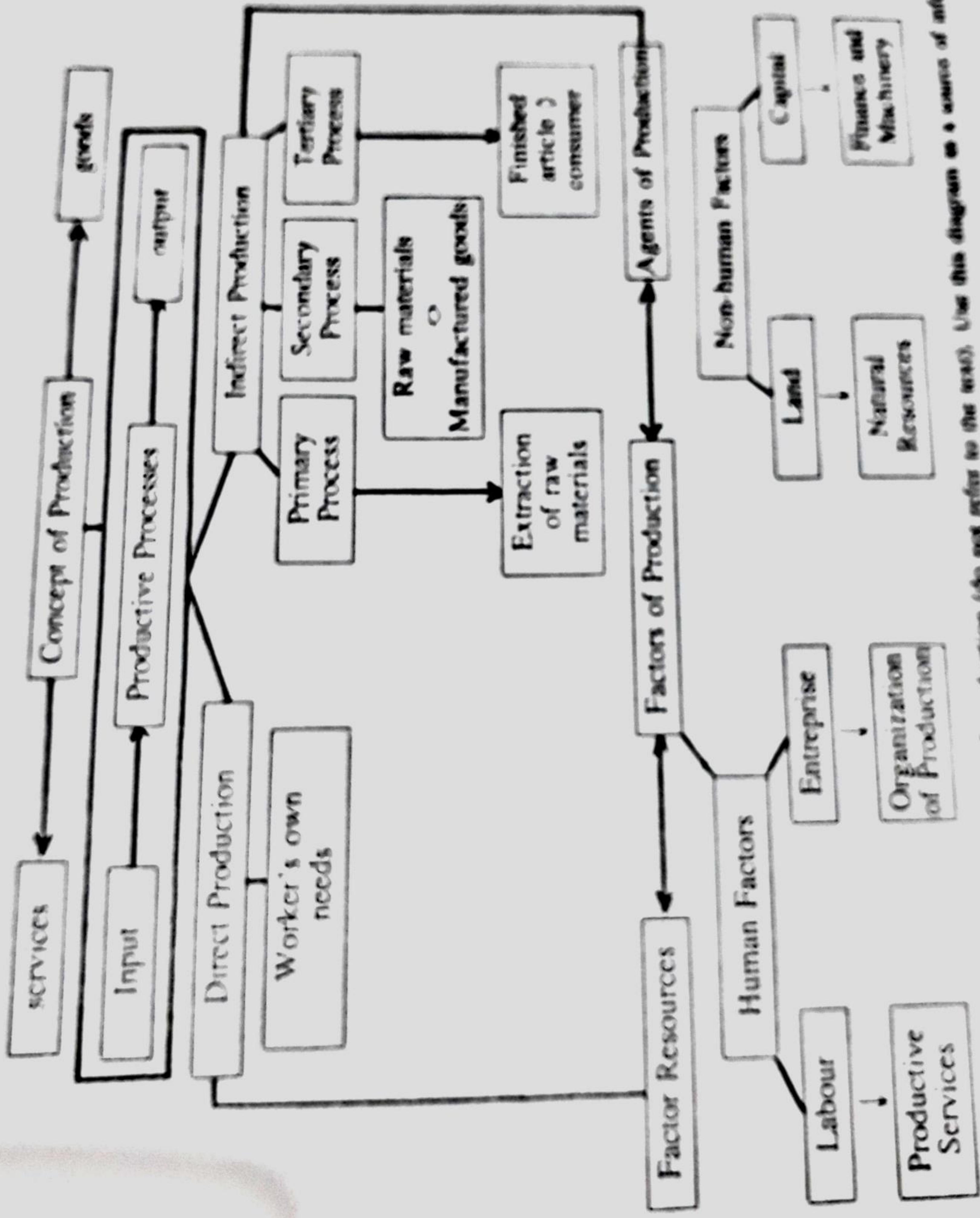


### Across

- 1) To supply (7)
- 6) In other words (2)
- 7) And not (3)
- 8) Preposition (2)
- 9) Finished article (6)
- 12) To do like a bird (3)
- 13) Also (3)
- 15) Form of to be (3)
- 17) To make (7)

### Down

- 1) 3.14 (2)
- 2) Type of verbs (7)
- 3) Raw materials (5)
- 4) To perform (2)
- 5) Period (3)
- 8) Preposition (2)
- 9) Belonging to (2)
- 10) Beginner (4)
- 11) Preposition (2)
- 14) Mineral (3)
- 16) Past tense marker (2)



Use this diagram as a source of information

Essay-writing : Write an essay on the concept of production (do not refer to the text). Use this diagram as a source of information