

# Lab 4: The Process of Wealth Creation

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## The Process of Wealth Creation Analysis

**Course:** The Economics Experience

**Due:** 48 hours after experiment

**Points:** 20

### Instructions

This lab analyzes the economic principles demonstrated through our hands-on wealth creation experiment. Complete all sections using your experimental data and provide thoughtful analysis of the economic concepts observed.

### Part I: Data Collection

#### Round 1 Results (Individual Production)

**Personal Results:** - Completed a seal:    Yes    No - Time taken: \_\_\_\_\_ minutes - Seals attempted: \_\_\_\_\_

**Class Results:** - Total students: \_\_\_\_\_ - Students who completed seal: \_\_\_\_\_ - Completion rate: \_\_\_\_\_% (calculated:  $\text{students completed} \div \text{total students} \times 100$ ) - Total class production: \_\_\_\_\_ - Average per person: \_\_\_\_\_ (calculated:  $\text{total production} \div \text{total students}$ )

#### Round 2 Results (Team Production)

**Team Results:** - Team size: \_\_\_\_\_ - Team production: \_\_\_\_\_ - Team per-person productivity: \_\_\_\_\_ (calculated:  $\text{team production} \div \text{team size}$ ) - Winning team production: \_\_\_\_\_

**Class Results:** - Total class production: \_\_\_\_\_ - Average per person: \_\_\_\_\_ (calculated:  $\text{total production} \div \text{total students}$ )

## Part II: Productivity Analysis

### Question 1: Calculate Productivity Change (4 points)

**Formula:**  $((\text{Round 2} - \text{Round 1}) \div \text{Round 1}) \times 100$

Round 1 per-person: \_\_\_\_\_

Round 2 per-person: \_\_\_\_\_

**Productivity increase:** \_\_\_\_\_%

**Show your calculation:**

### Question 2: Explain the Change (4 points)

Write 2-3 paragraphs explaining why productivity changed between rounds. Consider work organization differences, learning processes, and the role of collaboration.

**Your Analysis:**

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## Part III: Economic Concepts (8 points total)

### Question 3: Division of Labor (3 points)

a) Define division of labor in your own words:

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b) How did division of labor appear in Round 2? Give specific examples:

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c) List **THREE** benefits of division of labor according to Adam Smith:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

**Question 4: Specialization (3 points)**

a) Define specialization in economics:

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b) Identify two types of specialization from the experiment:

Type 1: \_\_\_\_\_

Type 2: \_\_\_\_\_

c) How did specialization contribute to increased productivity?

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**Question 5: Comparative Advantage (2 points)**

a) Define comparative advantage:

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b) Give a specific example of comparative advantage from our activity (use “Student A” instead of real names):

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**Part IV: Adam Smith & The Wealth of Nations (2 points)**

**Question 6: Historical Context**

**Basic Facts:** - Who was Adam Smith? \_\_\_\_\_

- When did he write “The Wealth of Nations”? \_\_\_\_\_

- What was his famous example? \_\_\_\_\_

- Productivity difference in his example? \_\_\_\_\_

## Part V: Real-World Applications (1 point)

### Question 7: Modern Examples

**Example 1** - Industry/Activity: \_\_\_\_\_

- How work is divided: \_\_\_\_\_

- Why this increases productivity: \_\_\_\_\_

**Example 2** - Industry/Activity: \_\_\_\_\_

- How work is divided: \_\_\_\_\_

- Why this increases productivity: \_\_\_\_\_

## Part VI: Personal Reflection (1 point)

### Question 8: Key Insights

What was your most important economic insight from this experiment? How has it changed your understanding of cooperation and specialization?

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## Grading Checklist

Data collection complete and accurate (Part I)

Calculations shown and correct (Part II)

Economic concepts defined properly (Part III)

Real-world examples provided (Parts IV-V)

Personal reflection thoughtful (Part VI)

Writing clear and well-organized

**Total Points:** \_\_\_\_\_ / 20

**Instructor Comments:**

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