

We're All in This Together: Japanese Foreign Direct Investment in the United States

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Subjects:

Economics
AP Macroeconomics

Time Required:

Three 45-50 minute periods or two 90-minute blocks

Lesson Objective:

Students will be able to identify the purpose of foreign direct investment and analyze its benefits and costs. Using news articles, students will analyze how Japanese foreign direct investment has impacted communities in the United States. Students will develop and give a presentation in which they take on the role of executives of a Japanese company who would like to open a location in the United States. In the presentation, they will attempt to persuade community leaders why allowing Japanese investment will benefit Japan and the United States.

Materials:

Projector and screen
Copies of articles for students (see links)
Copies of FDI Research Chart for Students (see attached)
Devices for students (optional depending on type of presentation)

Procedure:

Day 1:

1. Ask students if they know of any types of cars that are not American. Sample responses include, but are not limited to Honda, Mercedes, Volvo, Nissan, Toyota, and BMW. Ask students which of these makes of cars are Japanese (Honda, Nissan, Toyota, Suzuki, Mazda, Subaru, Mitsubishi, etc.). Ask students if they know where these cars are actually manufactured. Discuss with students that many of these Japanese cars are indeed manufactured in Japan, but that many Japanese cars are manufactured around the world, including in the United States.

Optional Resource:

[Japan Automobile Manufacturers Association Trends](#)

2. Introduce students to the concept of Foreign Direct Investment (FDI). Explain that FDI is when someone in another country opens a business in a different country. Give students an example using the Japanese automobile industry - when Honda (a Japanese company) opens a manufacturing facility in the United States, that is Foreign Direct Investment. Explain to students that in this lesson, they will be learning about the benefits and costs of Japanese FDI in the United States.

3. Ask students why it might be desirable for Japanese companies to open businesses in the United States. Sample responses include a skilled workforce, a strong, business-friendly economy, and proximity to customer markets. Ask students why it might benefit Americans to have Japanese companies open businesses in the United States. Sample responses include tax revenue for the U.S. government, high-paying jobs, and technological innovation.
4. Show students the website, [Select USA](#) (from the International Trade Administration). Show the page that outlines the benefits of Foreign Direct Investment in the United States. Discuss with students the impact of these benefits of Foreign Direct Investment. If students have their own devices, they could also explore the website themselves and share out benefits of FDI to the rest of the class.
5. Explain to students that they will now be divided into groups. Each group will read an article about how Japanese Foreign Direct Investment has affected a community in the United States. Four articles are listed - group sizes will depend on class size. Articles:
 - a. [Nissan's Economic Impact in Mississippi](#)
 - b. [Toyota Making Impact in Mississippi](#)
 - c. [Honda's Alabama Impact](#)
 - d. [Human Faces Tell How Nissan Transformed Tennessee Economy](#)
6. Each group should read their assigned article and fill out their section of the Foreign Direct Investment Research Chart.
7. Have each group share the economic impact described in their article with the rest of the class. Students should complete the remaining portions of their chart as their classmates share.
8. With any time remaining, summarize the benefits of Foreign Direct Investment. Also address what benefits FDI brings to the country of origin. Discuss how Foreign Direct Investment benefits BOTH countries.

Day 2-3 (Assessment)

1. Have students review their Foreign Direct Investment Research Chart they completed the day before. Review with students the benefits of Foreign Direct Investment.
2. Divide students into small groups of 3-4 students. Explain to students that they will play the role of a team of executives from a Japanese manufacturing company who wants to open up a manufacturing facility in their community. Students will give a presentation to community leaders about the economic and societal benefits that the Japanese facility would bring to the community, state, and nation. Students should address any questions or drawbacks that the community might envision (pollution, traffic, etc). Students should use their FDI research chart to get them started, but can be creative with their presentations.
3. The teacher may want to give students several options for their presentation: slideshow, commercial, skit, infographic, etc. depending on the interests of the student, time allotted for the presentation, etc.
4. The teacher may want to require students to incorporate course vocabulary such as the Financial Account, Investment Spending, productivity, Aggregate Demand, Gross Domestic Product, GDP per capita, etc.

5. Have students give their presentation in front of the class. While groups are presenting, the rest of the class should play the role of community leaders and ask questions about the presentations.

For Further Reading:

[The Hill: Japan is Proud to be Invested in America and Americans Japanese Investment and Job Creation in the U.S.](#)

Japanese Foreign Direct Investment

Research Chart

Name of Company	Location	Impact on Economy	Impact on Community

