Lexile: 780

General Economics

A producer makes a good. A consumer uses the good. The farmer is a producer needs the money from the store that bought the milk. The store is a consumer that needs the milk from the farmer. The store also needs money from the customer that bought the milk. The customer needs milk for their cereal from the store. The customer needs milk also from the farmer who owns the cow, who produces the milk. Interdependence is when people need each other.

Allocating is when goods and services are given to different people. Price is a way to allocate. The price tells what goods and services people get. Pretend that gasoline is cheap. People would be more likely to drive. People won.t drive often when gas is expensive.

Goods and services can be provided locally, from somewhere else in the country, or outside the country. Going to school is a local service. Drinking orange juice is buying a good from another part of the country unless you are a state that is known for growing oranges. If you check the tag in your t-shirt, it was made outside of the United States in another country.

Currency buys goods and services. Countries can even buy things from other countries using currency. Countries may have different types of money.