

Producers and Consumers

**KIDS
DISCOVER**



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THE PRODUCERS

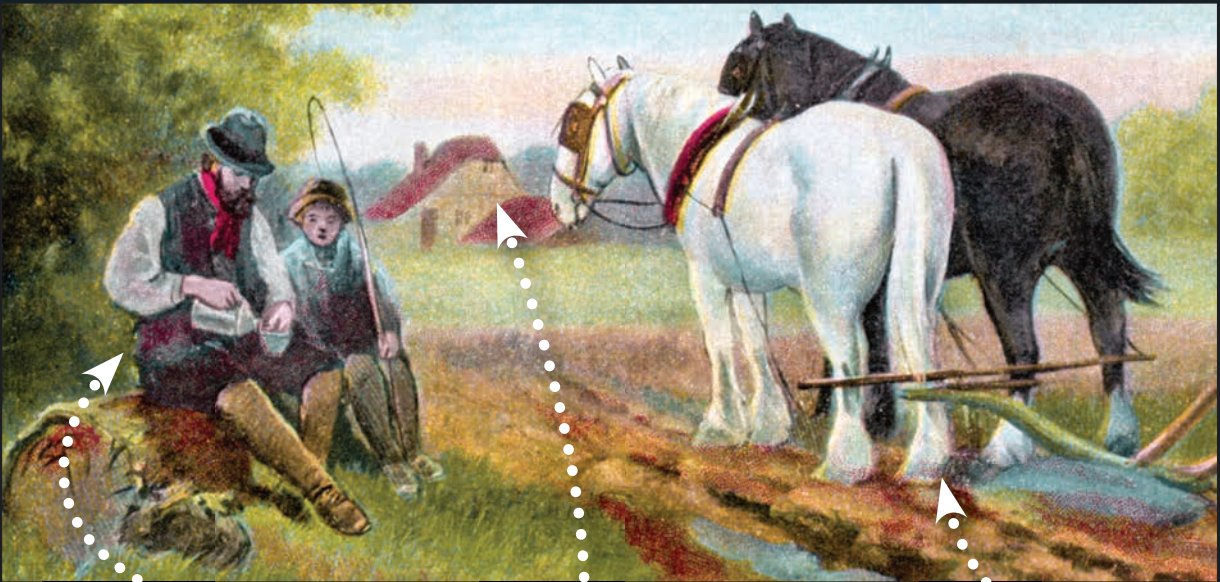
Quick! Look around. Name three things you see. Chances are, someone made those things, and someone else sold them. Those people are called producers. They make a product or provide a service.

A service is work done for someone else, such as washing a car or cutting hair. Most producers earn income, or money, for the work they do.

Let's take a look at different producers over the years.

Then . . .

This farmer is a producer. He uses the natural resources of the local region to grow corn. He hires workers to help him. Then, he sells the corn to earn an income.



In the past, people often made their own clothing. They did not always depend on producers to make and sell it to them.

The farmer lives in a house. He may have gotten the wood and stone to build the house from workers who gathered those materials. Or he may have hired the services of workers to build or sell him the home.

People may have depended on producers for certain goods and services. This farmer may have purchased his horse and cart from a horse trader and a wagon builder. The trader and the builder are producers. They provide services or make products for the farmer. Like the farmer's business, theirs are based on the natural resources of the area.

Now . . .

This farmer is a producer, too. Just like farmers of the past, she also grows and sells corn to earn an income.



The farmer uses technology, such as drones, to look at her fields from the sky. The drone replaces some of the work that workers had done in the past. Different producers made and sold the drone to the farmer.

↓ The farmer uses machines instead of horses and carts. Other producers built and sold the machines.

↓ Today, people often buy their clothing. Workers produce it in factories and then sell it in stores.



THINK PIECE!

What are some tools producers used to do their jobs in the past? What are some tools they use today? How have the tools and the jobs changed?



STARTING A BUSINESS

Do you know anyone who owns a business, such as a restaurant or a store? A business offers services or provides goods, or products. People who start their own businesses are called entrepreneurs. Entrepreneurs have different reasons for starting businesses. Some may have



← **Joyce C. Hall** was the founder of Hallmark Cards. He met a postcard salesman when he was just 16, and then started his own postcard business. A few years later, he and his brothers began selling greeting cards. They wanted to give people an affordable way to send a greeting to the ones they loved.

→ **Sam Walton** had an idea for a store in which people could buy goods at low prices. He wanted to put this kind of store in small towns across the United States. He created Wal-Mart. Today, Wal-Mart is one of the world's biggest discount stores!



a great new idea for a product or a service. Others may want to fill a need in their community.

Most entrepreneurs believe they can make a profit. That means they will have money left over after paying out all of their costs. But before they can

make a profit, they must spend money to make their product or provide their service.

Not all businesses are successful – many have come and gone through the years. Let's read about some businesses and entrepreneurs.

➔ **You've probably** heard of the computer company Apple. Did you know that friends Steve Jobs (far right) and Steve Wozniak (right) started Apple in a garage! It all began when Wozniak had a dream to build his own computer. Many years later, Apple is one of the biggest computer companies in the world!



Location, Location, Location!

The location of a business can help it succeed. In addition to the resources of the local region, a business's success depends on the people nearby. Will they buy the product or service?

Business Type	Location
Farm	Open land; good soil and weather
Shopping Mall	Near places where people live or work
Boat Sales	Near an ocean, river, or lake
Ski Shop	Near ski resorts
Hotel	Near tourist attractions

SUPPLY AND DEMAND

There are a lot of different businesses out there. They sell many different things. That is because the United States has a free market economy. Anyone can start a business. A business can make any product or provide any service allowed by law. Businesses are usually in competition with one another. This means they want to sell the most goods or services (and make the most profit).

In a free market, the rules of supply and demand are important. Supply is the amount of goods or services that a business provides. Demand is the amount of goods or services consumers are willing to buy. Look at the chart. It shows how supply and demand affect price.

SUPPLY		DEMAND		PRICE
High Supply	+	Great Demand	=	Low Price
High Supply	+	Low Demand	=	Very Low Price
Low Supply	+	Great Demand	=	Very High Price
Low Supply	+	Low Demand	=	High Price



A Tale of Two Lemonade Stands

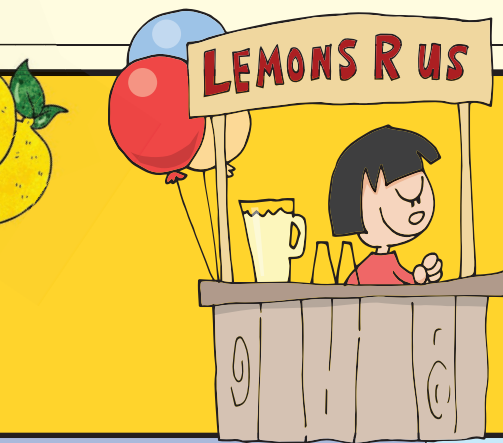
Thursday

Lisa opens her lemonade stand and names it Lemons R Us. She charges \$1.25 per lemonade. Lisa does well because she has no competition.



Low demand causes businesses to decrease their supply and their price.





Lisa is out of school for the summer and wants to earn some money. She hears that this weekend will be very hot! So, Lisa decides to set up a lemonade stand by her house.



Friday

Across the street, Lenny opens his own lemonade stand and names it LemCo. He charges 75¢ per lemonade and gets more customers. Lisa is not happy. She lowers her price to 75¢ per lemonade.



Saturday

A bus full of camp kids stops to buy lemonade from Lisa and Lenny. Neither lemonade stand has enough supplies to meet the needs of the camp kids. The high demand and low supply cause Lisa and Lenny to increase their prices to \$1 per lemonade. They both sell out of lemonade.



Sunday

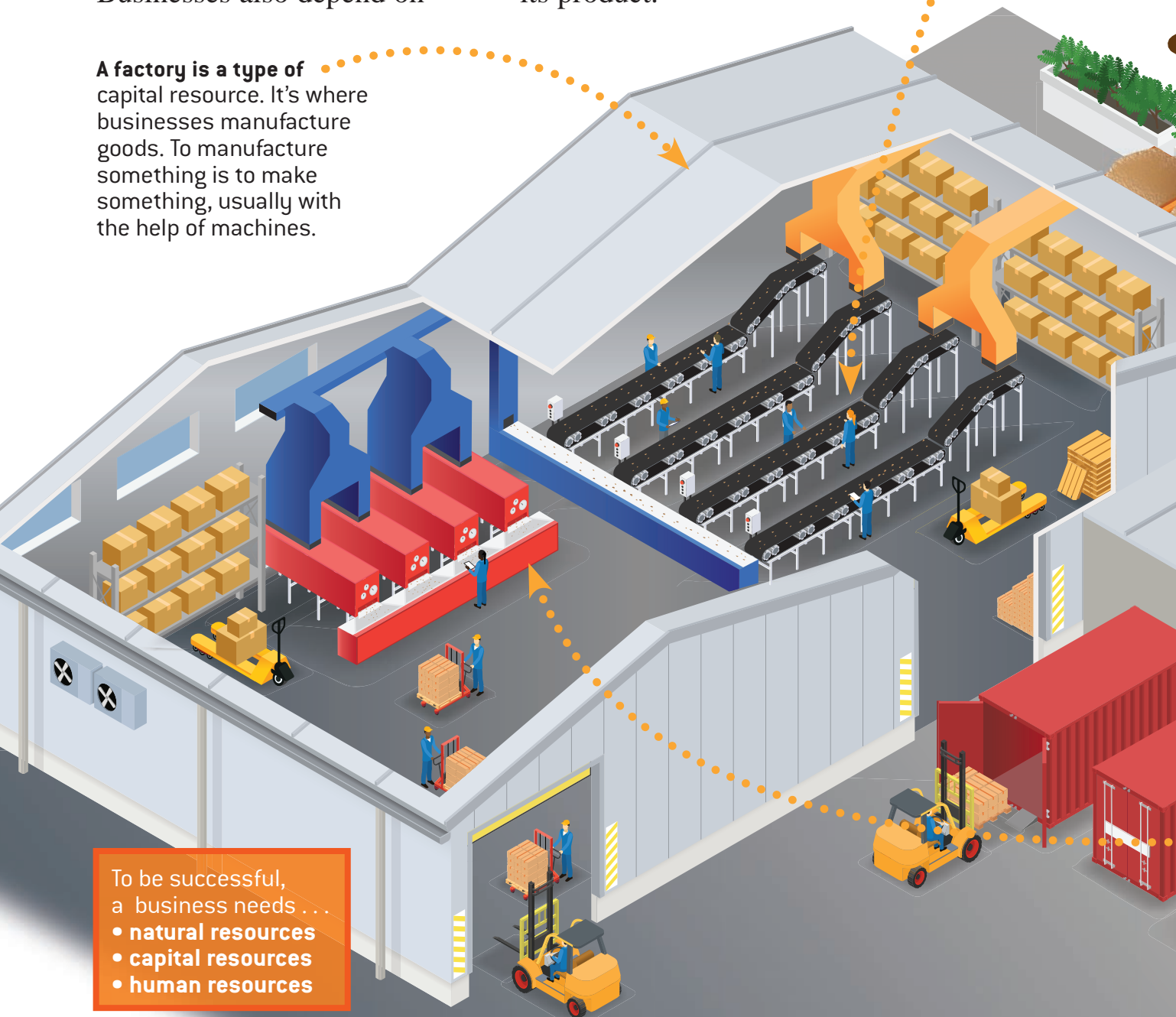
The weather is rainy and cool. No one comes to buy lemonade. Lisa and Lenny lower their prices to 50¢, but demand is still low. Lenny gives up and goes inside. At the end of the day, a large group of people comes down the street. They buy Lisa's lemonade because its price is low. Lisa is happy because Lemons R Us did very well this weekend!

USE YOUR RESOURCES

Think about businesses you know. How do they make their goods or provide services? They use different resources. These include natural resources, materials that are found naturally on Earth such as soil, wood, and water. Businesses also depend on

human resources, or workers, to help make goods or provide a service. They use capital resources, too. These are the tools, machines, and buildings a business uses. Let's take a look at an almond factory that uses all these resources to make its product.

A factory is a type of capital resource. It's where businesses manufacture goods. To manufacture something is to make something, usually with the help of machines.



To be successful,
a business needs . . .

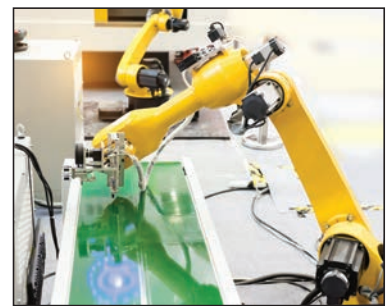
- **natural resources**
- **capital resources**
- **human resources**

THINK PIECE!

An almond factory needs natural, human, and capital resources. How do these resources work together to make a product? What would happen if one of the resources were removed?



↑ In the almond factory, workers may use computers and software to plan how to sell almonds. The workers are human resources and the computers and other devices are capital resources. They help to produce the service of advertising a product. Creating such advertising in the past may have involved pens and paper, rather than today's technology.



↑ In the future, we may continue to replace some natural resources with other resources that do not run out and are safer for our environment. As we invent new technology, capital resources such as robots and computers may replace some human resources.


Human resources include workers who help collect almonds in the fields and bring them to the factory. Then, factory workers run machines that prepare the almonds for sale. They also sort and package almonds.

Almonds need natural resources, including soil, water, and sunlight, to grow. Workers may also use water to steam clean almonds to remove harmful bacteria.

Capital resources include the factory itself, delivery trucks, and cleaning machines. There are also belts that move almonds through the factory. Machines then remove their shells and move them to separating tables before packaging.



SACRAMENTO: AMERICA'S FARM-TO-FORK CAPITAL

A photograph of a farmers market stall. A person wearing a purple hoodie is holding a clear plastic bag filled with various fruits, including apples and oranges, over a silver digital scale. The scale is placed on a wooden surface. In the background, there are crates of fresh produce, including apples and oranges, and other people browsing the market. A blue plastic container with more produce is visible in the lower right foreground.

Sacramento has one of the largest farmers' markets in California. It also hosts many events around local food producers, including a festival! Why does Sacramento love its local producers so much? Maybe it's because the city is surrounded by farms, ranches, and vineyards. Maybe it's because people in Sacramento love food. Whatever the reason, we love Sacramento!



BEING A CONSUMER

Have you ever bought something? Then you are a consumer. A consumer is someone who buys a product or a service. Consumers choose from all the goods and services that producers offer. They pay money to buy the things they need and want. Consumers may use cash, such as bills and coins. They may also pay with a credit card, debit card, or check.

Let's take a closer look at some of the decisions that consumers make in a setting that you may know – the mall!

➔ **These shoppers** at the mall are all consumers. The stores are selling different products and services. Consumers make

decisions every day about what they need and want to buy. They also decide how much money they can afford to spend.



← **This woman came to the** mall because she needs new clothes for work. She tried on a few blouses in different stores. Then she chose the one that she liked the best and was within her budget. The woman used her credit card to pay for the blouse, which was less expensive than she thought! She has money left over in her budget, so she might buy something else.





← **Producers advertise** their products and services to get consumers to notice them. When you advertise, you promote a product or service so that you draw attention to it. Advertising is a selling tool for producers. This man sees that the store is having a sale on shirts. He was not planning to buy a shirt, but the sale sign made him change his mind. When producers advertise, they get consumers interested in their products and services.

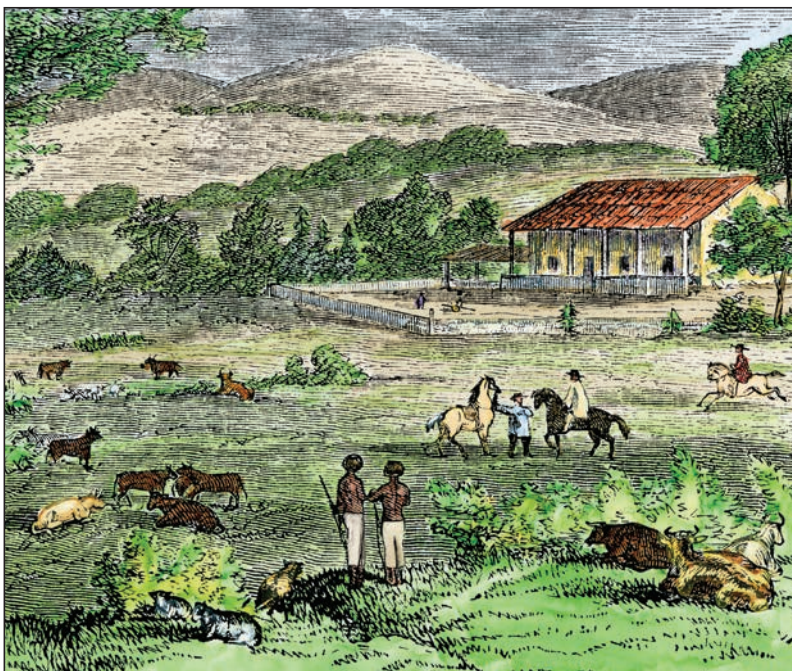
WORKING TOGETHER

Picture yourself as a pioneer of the West. You have traveled to start a new life on an open prairie. No one is around for miles. You have to be self-sufficient, or do everything yourself to meet your basic needs. You raise your own animals and grow your own food. You make most of your clothing, too. Pioneer life is very hard!

As communities grew, workers became more interdependent. That means they relied on each other to meet their needs. Today, workers continue to depend on one another to do their jobs and to meet their needs.

↓ **Ranchos are good** examples of a self-sufficient lifestyle. In the past, these farms were in many places in California. People who lived on ranchos grew

their own food. They raised cattle and other animals. They also had workshops to make the things they needed, such as clothing and furniture.



↑ **Today, communities are** made up of interdependent workers who rely on each other. For example, schools include teachers, principals, bus drivers, crossing guards, lunchroom workers, and many others. They depend on each other to do their jobs successfully.



↑ **Sports events include a variety of interdependent jobs and businesses.** Ticket salespeople, vendors, players, and others depend on each other to run the events. Some of the food and souvenirs sold and some of the equipment used at the stadium may be supplied by businesses from other parts of the country and from other countries.



← **Supermarkets** might rely on goods produced locally. They might also ship in goods produced in other communities around the country and the world. Fruits and vegetables, for example, may come from a farm in the

next town or South America or some place in between. Together, all these businesses help improve the local economy. Meanwhile, the economies of other communities also improve because the supermarket buys their products.

➔ **Volunteers also work together to help their community.** Habitat for Humanity is an organization in which volunteers build houses for people in need. The volunteers all rely on each other to make that happen.



IT'S A SMALL WORLD

Take a look around you. Read the brand names on televisions and other electronics. Look at the cars on the road. You may not realize it, but many products are not made in the United States. These products are called imports. That means that they were brought in from another country. Products that are shipped out from one country to another are called exports.

Imports and exports are part of international trade, or the buying and selling of goods between countries. Some countries have products that others do not. They become interdependent because they trade with each other for the things they need and want.

Look at the exports on the map. International trade connects producers with consumers all around the world!

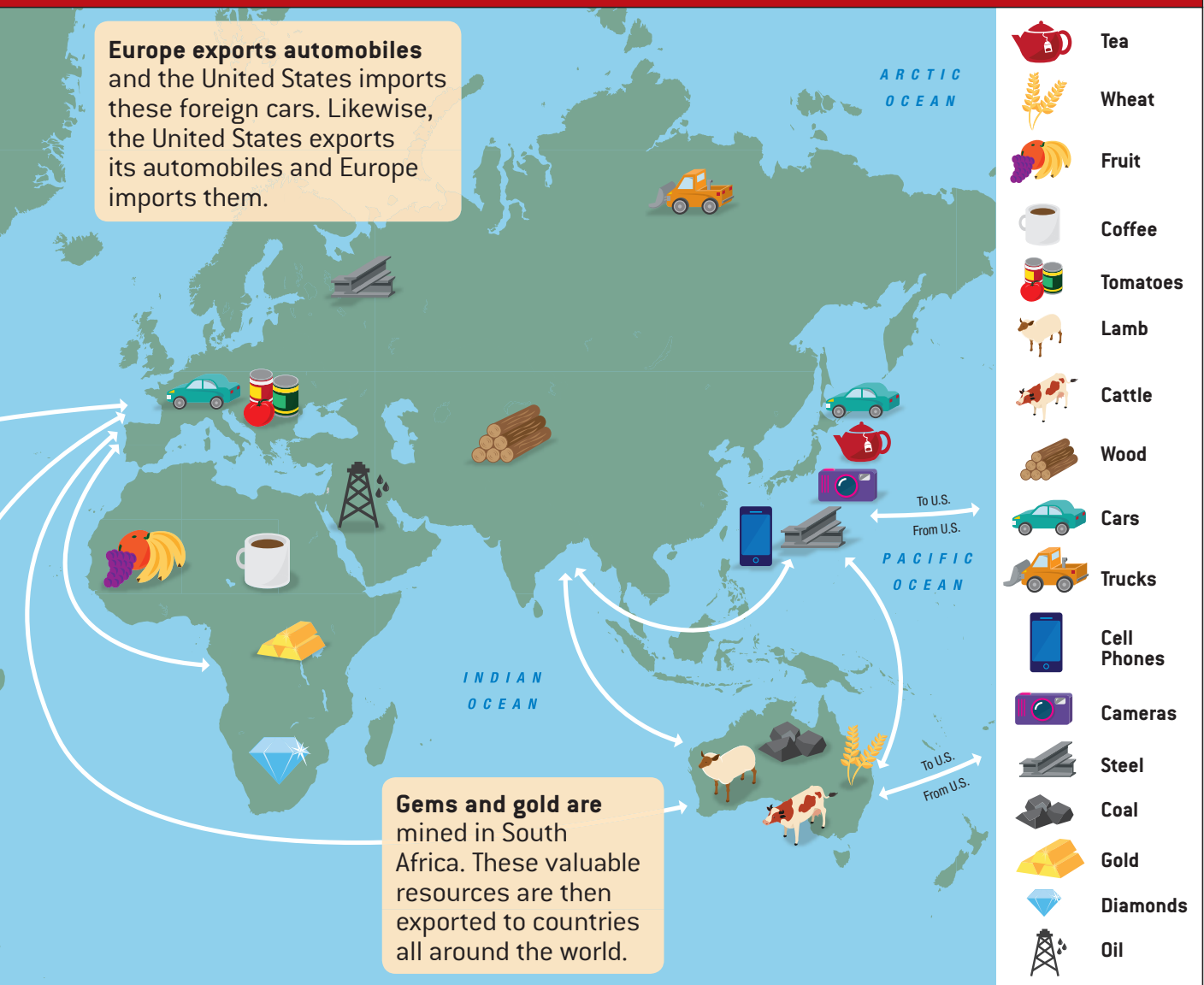
➔ **In the past,** it was often slow and difficult for countries on opposite sides of the world to trade with each other. Today, modern transportation has made trade possible anywhere. Trucks and trains

bring packages across state and national borders. Ships and airplanes transport cargo across oceans from faraway continents. These transportation advances have made global trade faster and easier.

SOME



EXPORTS FROM EACH CONTINENT



← **Better communication** has also improved trade relationships. Long ago, letters and other documents were the only way for trade partners to communicate. Today, we can call, e-mail, or text almost anyone almost instantly. People can place orders online at any time. Modern communication and transportation together make the world seem much smaller than it once was!

Activities

CONDUCT AN INTERVIEW

Think about the different businesses in your community. What do you imagine it's like to own or run a business? Interview a business owner to find out. Before the interview, prepare questions such as these: How did you become a business owner? What do you like most about owning a business? How does your business contribute to the community? Ask permission to record the interview or take notes. Later, compare with interviews others have conducted.



WRITE AN E-MAIL

What effect has technology had on businesses in your community? One way to find out is to ask. Write an e-mail to the owner of a business that's been in the community for a long time. Introduce yourself and your project. Then, ask how the person's business has changed over the years. What, if any, effect has technology had? Has the effect been positive? Why or why not? Compare responses with classmates who have written to other business owners.

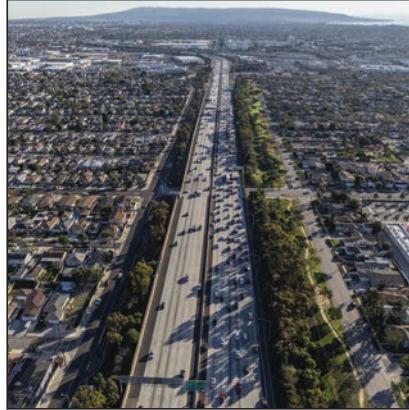


MAKE CONNECTIONS WITH THESE RELATED TITLES



Saving and Spending

Let's say you want to buy something. In order to get it, you'll most likely need some money. People all around the world use money to buy the things they need, and the things they want. Learn about the different ways people make money, and the decisions they make on how and when to spend it!



Communities Change

Every community has a history. And all communities change in some ways and stay the same in other ways. Sometimes change happens slowly, and sometimes it happens fast. Learn about how changes within a community's economy, population, and even topography can have a lasting impact on its citizens.



Protecting Resources

The Earth is a delicate planet. Clean air and water play essential roles in our lives. As the global population continues to grow, scientists are working hard to find ways to help protect the world's natural resources. From conserving our rain forests to protecting endangered species, it's important that we all do our part to help protect Earth's resources.



CALIFORNIA STANDARDS

HSS 3.5 Students demonstrate basic economic reasoning skills and an understanding of the economy of the local region.

3.5.1. Describe the ways in which local producers have used and are using natural resources, human resources, and capital resources to produce goods and services in the past and the present. **3.5.2** Understand that some goods are made locally, some elsewhere in the United States, and some abroad.



LEARN MORE ONLINE!

- Madam C.J. Walker started a hair product business in the early 1900s. By 1917, she had one of the largest businesses owned by an African American in the United States.
- Janet Yellen is the first woman to be the head of the U.S. Federal Reserve. The Federal Reserve is the central bank of the United States. Learn about the responsibilities of the Federal Reserve.
- Today, some power plants use water to make electricity that runs the machines. Computers and robots have replaced a lot of the jobs that people used to do.



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U.S. Geography

People and the Environment

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Role of Citizens

How America Works

America: Heritage and Culture

Producers and Consumers

Saving and Spending

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