

LESSON 16



# Researching Your State's Economy

## ***What do you need to know to understand your state's economy?***

### **Introduction**

What kind of job would you like to have when you grow up? Would you like to work with other people? Perhaps you will become a teacher, a salesperson, or a lawyer. Would you like to create new things? Maybe you will choose to design clothes or create computer programs. Would you like to work with your hands? You might choose to be a carpenter or a mechanic.

Thousands of jobs like these are a part of your state's economy. An economy is made up of all the ways in which people make, sell, and buy different goods and services. Goods are physical objects that can be bought, sold, or traded, such as food, clothing, and cars. Services are things that we pay others to do for us. For example, restaurant workers provide a service by saving people the trouble of cooking, and travel agents help people plan their next vacation or business trip.

Studying your state's economy, as well as the goods and services it produces, is necessary for you to understand how people live and work in your state. It can also help you learn what kinds of jobs you might have in the future. As you read this section and learn more about your state's economy, think about how the economy affects your life.

### **Social Studies Vocabulary**

**budget**

**factors of production**

**market**

**scarcity**

**tax**

- ◀ People in your state have many different jobs. What jobs are available in your state?







This girl wants to buy a toy robot. The resources that are used to make it are limited, however.

**scarcity** the idea that the things and the resources people want are limited

## 1. The Basics of Economics

Economists study the choices people make, but why are our choices so important? There are some things we all need in order to survive, including food and shelter. But there are also things we want. A new bike or an MP3 player would be nice to have, but we could survive without them.

Economists know that people cannot always get everything they want, and they describe this fact of life as **scarcity**. Scarcity means that the things people want, and the resources used to make them, are limited. Because resources are limited, people cannot get all the things that they want.

All people face choices about the things that they want because of scarcity. The ways in which people make these choices shape an economy.

Your state has its own economy that is made up of the actions of people, businesses, and governments. Together, these people and groups use their actions to answer three basic questions:

1. What goods and services should be produced?
2. How should goods and services be produced?
3. Who will consume these goods and services?

## 2. Understanding Markets

Economists have a word for a place where economic activity occurs. They call this place a **market**. You may have been shopping at a market like a grocery store. But to an economist, the word *market* describes any place where buyers and sellers trade things.

**market** a place where economic activity occurs

A market can be an actual place, such as a store, but it does not have to be. In today's world, markets exist on computer networks and telephone systems. Some markets cover an entire state, the entire country, or even the entire world.

Markets are the center of our economy. In the marketplace, people work out answers to the three economic questions. There, buyers look to meet their wants, and sellers seek to provide goods and services that buyers want.

Both buyers and sellers are interested in the prices of goods and services. When the price of a good or service is high, sellers tend to produce more of it. But high prices discourage buyers. Buyers are more likely to make a purchase as prices drop.

What happens when there is more than one seller in a marketplace? The result is competition, which means that sellers will compete for consumers. One seller may try to offer a better product while another seller may offer a lower price. Competition is good for the buyer.

When people shop, they make choices about what goods and services to buy. They can also choose where to buy their goods, like at a farmers' market or a mall.





### 3. Workers in Your State

Before a seller sells a good, a worker must make it. These workers are also called producers. What is a producer's role in the economy?

To make a product, businesses use what economists call the three **factors of production**. One factor is land. This includes raw materials—things that are found in nature and are used to make goods. Another factor is *capital*. Capital means tools, machines, and buildings that are used to make goods. The third factor is labor, or workers.

Businesses attract workers by paying them money. The higher the wage or salary offered, the more likely that people will be willing to work for that price.

Workers use their pay to meet their wants. When workers spend their money on products, they also help sellers. You can see, then, why jobs are important to an economy. More and better jobs help everyone because jobs enable workers to buy what they want, which helps sellers earn money, too.

Workers also pay **taxes** on their earnings. Taxes support the government and pay for services that the government provides to people. For example, salaried firefighters work for the government, and taxpayer money pays for their wages.

**factors of production** the resources, including land, capital, and workers, used to create a good or service

**tax** the money that people and businesses pay to the government to support its functions

Here, you see three of the factors of production: land (the natural metal material), capital (the torch and machines), and labor (the workers).



# My Budget for the Month

## Money I Will Earn

Washing our car: \$ 5  
Sweeping outside  
our house: \$ 5  
Mowing lawns: \$ 15  
Carrying groceries  
for neighbors: \$ 15  
Walking dogs  
for neighbors: \$ 15  
Total: \$ 5 + \$ 5 + \$ 15 +  
\$ 15 + \$ 15 = \$ 55

## Money I Will Spend

Going to a movie: \$ 7  
Buying music: \$ 10  
Buying a birthday  
gift: \$ 10  
Riding the bus: \$ 8  
Total: \$ 7 + \$ 10 + \$ 10 +  
\$ 8 = \$ 35

## Money I Will Save

\$ 55 - \$ 35 = \$ 20

## 4. The Role of the Consumer

When a worker spends money to buy something, that producer becomes a consumer. Consumers are people that buy the goods and services that producers make, and they play a key role in the economy.

You are a consumer. And you can learn to be smart consumer. Being a smart consumer will help keep your state's economy strong, and it will also help you plan how much money you need. As you know, money is what we trade for goods and services to meet our wants.

You can be a smart consumer by spending wisely. To do so, you can make a **budget**. A budget details how much money you expect to have in a given time period and how you will spend that money. Following a budget helps you avoid spending more than you have.

You can also be a smart consumer by saving some of your money. Many people save money by putting it in the bank. Saving your money helps ensure that you will always have a way of meeting your needs. Savings also helps the economy because banks then have a supply of money to loan out that can help different businesses start and grow.

You can write a budget for any length of time. You can list what you will earn and spend, as well as what you plan to save.

**budget** a plan for how you will spend the money you expect to have



## 5. Types of Jobs in Our States

Each state has many types of industries and jobs. Here are some that you may find in your state as you research its economy. Can you think of others?

*Agriculture.* The agriculture industry is made up of businesses that grow food. Farm workers and ranchers work in agriculture. Scientists and businesspeople do, too.

*Manufacturing.* Any business that makes goods is part of the manufacturing industry. Factory workers, scientists, and engineers are just a few of the people who work in manufacturing.

*Retail.* Stores that sell goods to consumers make up the retail industry. Supermarkets, video stores, and car dealerships are all retail businesses. Two of the main jobs in retail are salesclerk and store manager.

*Government.* Millions of people work for federal, state, and local governments. Governments need many kinds of workers. Many teachers, firefighters, and police officers work for governments.

*Service.* Many people work in service businesses. Hair stylists, dry cleaners, mechanics, waiters, and security guards all provide services in a state.

Workers in your state have many different jobs. This man works in agriculture while this woman works in retail.





Many cities in Florida rely on tourism. Orlando, Florida, attracts many tourists each year.

## 6. A State's Economy Grows and Develops

Each state's economy grows and develops in different ways. A state's natural resources and climate can affect what producers choose to make and sell.

In Florida, the first big industry was agriculture because of the state's rich soil and warm, sunny, wet climate. Farmers could grow valuable crops, like sugarcane, that cannot be grown easily in most other states.

People saw another way to develop Florida's economy. The warm, sunny climate attracted tourists, so people built hotels, shops, and amusement parks. Today, tourism is one of Florida's most important industries.

As you research your state's economy, look for the ways in which it is linked to other economies. Many people in your state may do business throughout the country or throughout the world. They may also compete with businesses around the globe.

### Lesson Summary

Learning about the economy of your state helps you understand the types of jobs that can be found in your state. Studying scarcity and the three basic questions allows you to understand why and how goods and services are produced in your state. Understanding markets helps you see the role that consumers and producers have with the economy. Finally, you need to know what types of jobs that your state has.

To learn about your state's economy, you first need to understand what different resources shape your state's economy. What is the weather like in your state? What goods or services does your state produce?



# The Economy of Your State

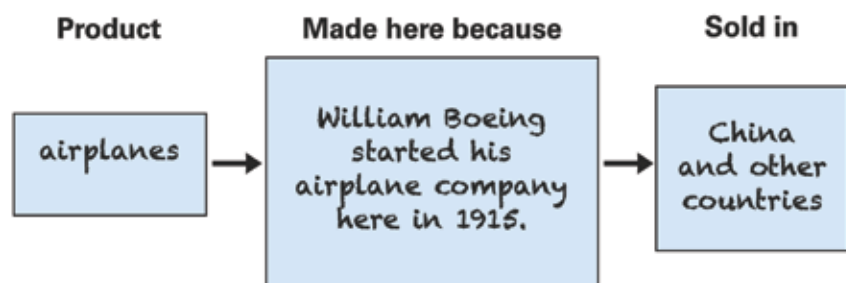
In the early days of your state, people made their own clothing, food, and furniture. But today, people and companies often specialize in just one kind of product and service. Then they sell their goods and services to one another.

This trading goes beyond your state boundaries. The paper you write on, the bus you ride, and the cereal you eat may have come from across the country or even around the world. Your state may make products that are sold in other places. What are the most important products made in your state? To answer this question you will need to search for information about the businesses that provide many jobs in your state and the top products made or grown in the state.

If you live in Washington, for example, you might learn that your state earns more money from apples than any other state. It grows more than half the apples in the nation. Washington's economy also depends on the aerospace industry. It has more aircraft workers than any other state. More than 130,000 workers help make jet planes and other equipment for countries all over the world.

You can learn about your state's economy from several Web sites. Your state's Department of Commerce is a good source. Online news articles also may be helpful. Find information on your state's top five products, and make a graphic organizer like the one shown here for each.

Research the top products made in your state. As you research, also record why these products are made in your state and where they are often shipped.





## Making a Business Decision

Business leaders want to make smart decisions so that their businesses stay strong. Should they spend money on new equipment? Should they stop making a product to save money? They must weigh the cost of their choice with the possible benefits.

Choose one of the products from your state. Then make the following business decision: If you were a business owner, would you want to sell your products to other countries? There are many things to consider. For example, how will you get people in other countries to know about and buy your product? How will you transport the goods there, and how much will it cost? Should you build a factory there?

Use what you learned about your product and the economy to decide whether you want to sell to other countries or not. Then construct an argument to convince others. List reasons, and support them with facts that you found in your research. Show that you compared the costs and benefits.

Present your argument to your classmates. Does anyone have an argument against your decision? Listen to his or her reasons, and see if you can come to an agreement.

Aircraft is a top product that Washington ships to other places. Washington sells more planes to China than to any other country.





# Doing Real Work in the Real World

What is it like to do jobs that adults usually do? Students across the country answer that question as they participate in real-world work projects. What do they learn about work?

In 2004, the Robert E. Byrd Academy School was a crumbling building in a run-down part of Chicago. In winter, it was so cold that students had to wear coats in class because the building had no heat. The bathrooms had no soap dispensers, and the floors were wet from leaking pipes.

Teacher Brian Shultz asked his fifth graders what community project they wanted to work on. They answered “our school.” They knew they couldn’t make the repairs themselves, but they also knew they could build public support for solving their school’s problems. In the adult world, community organizers work to educate the public and elected officials about a specific issue. In effect, the students became junior community organizers to win supporters and get official solutions.

For five months, the students worked to bring attention to the problems in the school building. They made lists of projects that needed to be done, and they researched the costs for these projects. They looked at the school department’s budget to find where the money might come from. They even wrote letters and e-mails to school and city officials about their school’s problems.

Students saw their hard work pay off. Officials listened to their arguments, and workers fixed many problems. They even put soap dispensers in the bathrooms. “The students were so excited,” said Mr. Shultz. “They were coming out of the bathrooms with their hands full of bubbles, yelling, ‘We’ve got soap!’”

Students can become community organizers to solve problems, such as fixing up schools like this one.





4-H members learn real-world skills by working at home and in their community. This boy is feeding a calf as part of a 4-H program.

### **Learn by Doing**

“Learn by doing” is the official saying of 4-H. 4-H is an organization of clubs for children and teenagers. (The four “H”s stand for Head, Heart, Hands, and Health.) Learning by doing has been the focus of 4-H since its beginning. Kids learn practical skills by doing real work projects.

4-H had an interesting beginning. It was created in the early 1900s so that kids could teach adults about new farming discoveries. Teachers working at agricultural colleges discovered that many adults in the farming community did not easily accept new technologies. Kids, however, were happy to experiment with these new ideas and then share their experiences and successes with adults.

For many years, 4-H clubs were mostly agricultural clubs for boys and girls. With help from adult experts, kids learned new ways to raise animals, grow crops, and preserve food.

Today, the goal of 4-H is to help kids develop citizenship, leadership, and life skills. The clubs still focus on hands-on learning, and club member do projects that teach them skills and help their community. They raise and train seeing-eye dogs or care for endangered animals. They learn first aid and work as camp counselors.



This girl is writing a check. Students used checkbooks like this to buy what they wanted in the Enterprise City stores.



### **Running Businesses, Being Smart Consumers**

In many schools, students learn about business by running their own. At Central Middle School in Burlington, Illinois, students run a school store called “Nibbles and Scribbles.” The store is run out of a math classroom at the school, and it is stocked with items such as pens, pencils, notebooks, and folders. The students who run the store order supplies, stock shelves, wait on customers, and run the cash register.

At Canyon Creek Elementary School in Richardson, Texas, groups of students take turns running Enterprise City for a day. Enterprise City has 16 businesses, including a city hall and a bank. Students become shop owners, managers, accountants, and salespeople. They run the radio station and the newspaper. They act as police officers, judges, and the mayor.

At Enterprise City, students are “paid” for their work and learn how to be smart consumers. Using checkbooks, students buy what they need and want in the Enterprise City stores. They have to pay attention, though, to make sure that they do not spend more than they have earned.

“I learned how to check how much money I had, and not to spend it all!” one student explained.

## Working for Your Community

Look around your own community. Can you find kids who are doing real-world work? Some kids run farmers markets or work in stores. Some work with children or older people in schools, hospitals, and senior centers. Others work in parks or in playgrounds.

What real-world work projects could you and your friends do? Look around your school, your neighborhood, your community. Do you see any problems? Are there things your community needs?

What skills and interests do you have to share? Do you love animals? Are there animals that need to be cared for in your community? Do you love being outside? Are there parks or rivers that need cleaning and tending?

Here are some steps to take to do a real-world work project of your own:

1. Identify a problem and decide on a project.
2. Find other kids who want to help.
3. Get help from adult experts.
4. Make a plan.
5. Do it!

You can find problems and solve them in your community. ♦

In many places, kids plan, plant, and tend community gardens. Some kids even help distribute the food they grow to food pantries.

