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YUM . . . CEREAL

Cereal is delicious! Do you think about how it gets to you? This is an important lesson in economics.

This is how oatmeal gets to you:

1. First, farmers grow oats. The land is a natural resource; it is part of nature.
2. Next, farmers take the oats to a mill. Workers use machines to clean and hull it. Machines roll it and put it in packages. The boxes of oatmeal are loaded onto trucks and sent to stores.
3. You see an ad on TV for oatmeal. You go to the store and buy it.
4. You take it home. When you are hungry, you can cook and eat the oatmeal!



The Game: Circle the natural resources.

land	water	ice cream	cars	oil
sunlight	trees	tools	advertising	shipping
taxes	fish	air	paper	machines

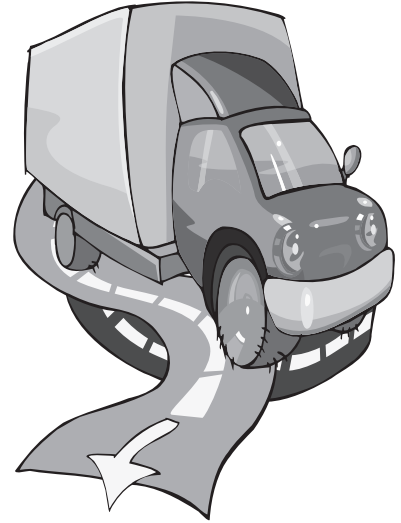


What did you learn?

WORK AND CAPITAL

Work is an important part of economics. Labor means work. Many people work to get the oatmeal to you:

- farmers
- mill workers
- truck drivers
- office people
- store clerks



They are all part of a team called the labor force.

Capital is the money and the things you need to make products to sell. The farmer's tractor is capital. The machines at the mill are capital. The truck that is used to ship the oatmeal is capital.

It takes money to pay the workers and buy the boxes to package the oatmeal. The money is capital. Guess what the product is. Oatmeal!

The Game: Circle the examples of labor in the phrases below. Underline the examples of capital.

1. the woman who runs the machine
2. the machine that cleans the oats
3. the man who loads the truck
4. money paid to the mill workers
5. the store building



What is another word for labor?

THE U.S. AND OTHERS

Not everyone thinks the same way about economics.

Here are three kinds of economies and examples of a country for each economy:

1. Free Enterprise System/Capitalism – People own land and businesses, and can make their own money: U.S.
2. Command Economy/Communism – The government owns the land and businesses and says how much people get paid: China.
3. Mixed – The government owns most businesses. People make their own money, but taxes can be high: Mexico.



The Game: Put F for Free Enterprise System. Put C for Command.

1. I own my car repair shop. _____
2. I work in a car repair shop that the government owns. _____
3. The government owns my home. _____
4. The government owns the stores where I shop. _____
5. Many people own all kinds of stores. _____



What is the economic system of the U.S.?

THE U.S.

In the U.S., we can own land. We can own our homes. We can own our businesses. We can work and make money. We can buy many things. We have a free enterprise system.

The government has some laws, but we have a lot of freedom. We can vote and change laws.

There are two main political parties: the Democrats and the Republicans. One party does not rule all the time.

The most important thing about the U.S. is that each person has many choices.



The Game: Put a check (✓) if the words are about the U.S.

- free enterprise system
- one party making laws all the time
- owning land
- having choices
- command/communism
- owning businesses and making money
- the government taking most of your money
- freedom
- Democrats and Republicans
- the government telling farmers what to grow



What did you learn?

DO YOU LIKE CHOCOLATE?

We get lots of things from other countries. We import oil from the Middle East. We import diamonds from Africa.



Foods can come from all over the world! Do you like chocolate? Cocoa comes from Africa and South America.

We export things that we make in factories to other countries. We make a lot of manufactured goods such as aircraft, machines, paper, and steel. We specialize in making things in factories. An economy using specialization is able to make more of the goods and services that people want.

The Game: Fill in the blanks with the words below.

1. When the U.S. sends goods to other countries, the U.S. _____ the goods.
2. When the U.S. gets goods from other countries, the U.S. _____ the goods.
3. Trading between countries is _____ trade.
4. Buying and selling is called _____.
5. The U.S. exports machines and _____.

trading

exports

international

imports

aircraft



What do we import from Africa?
