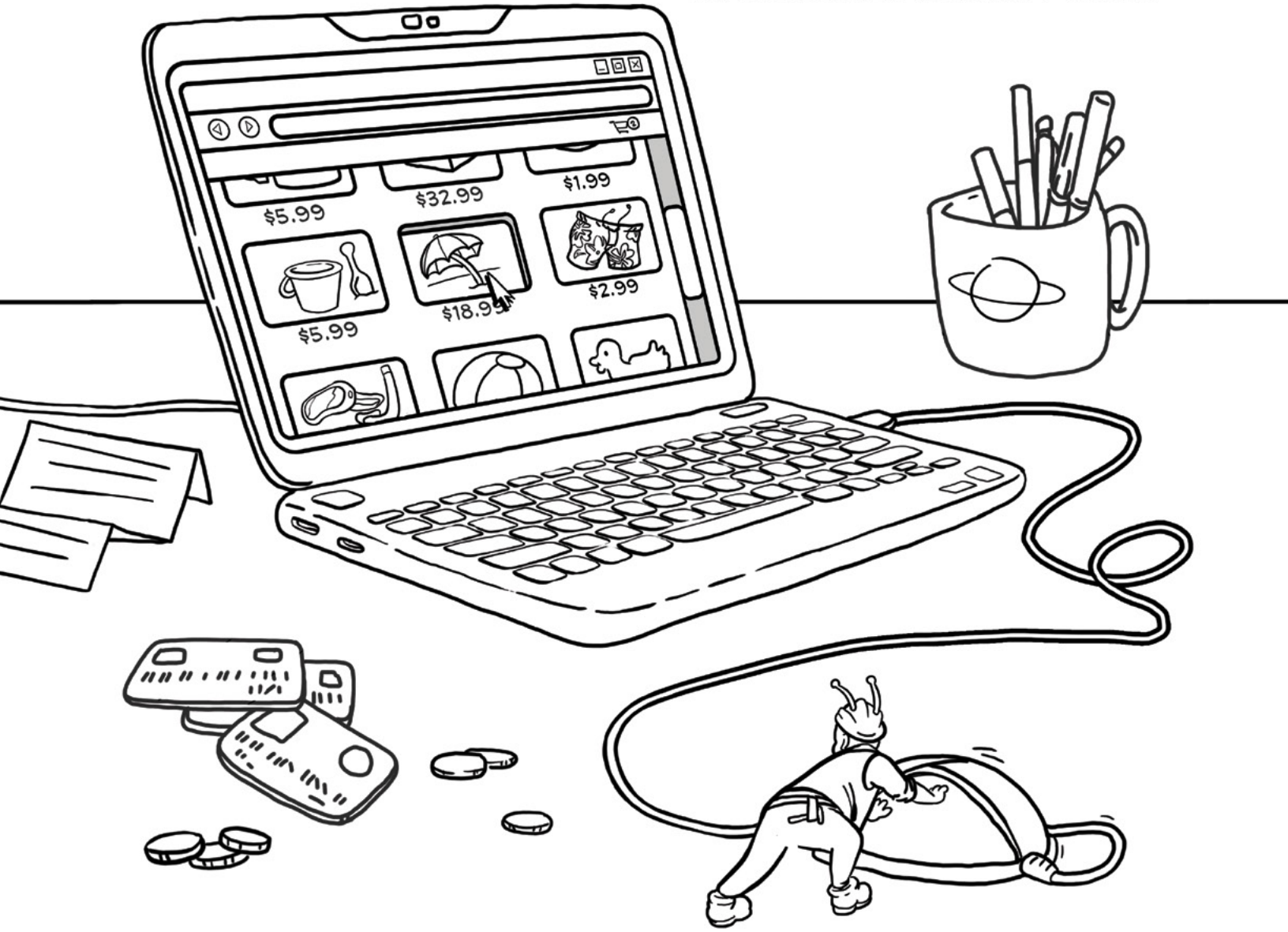
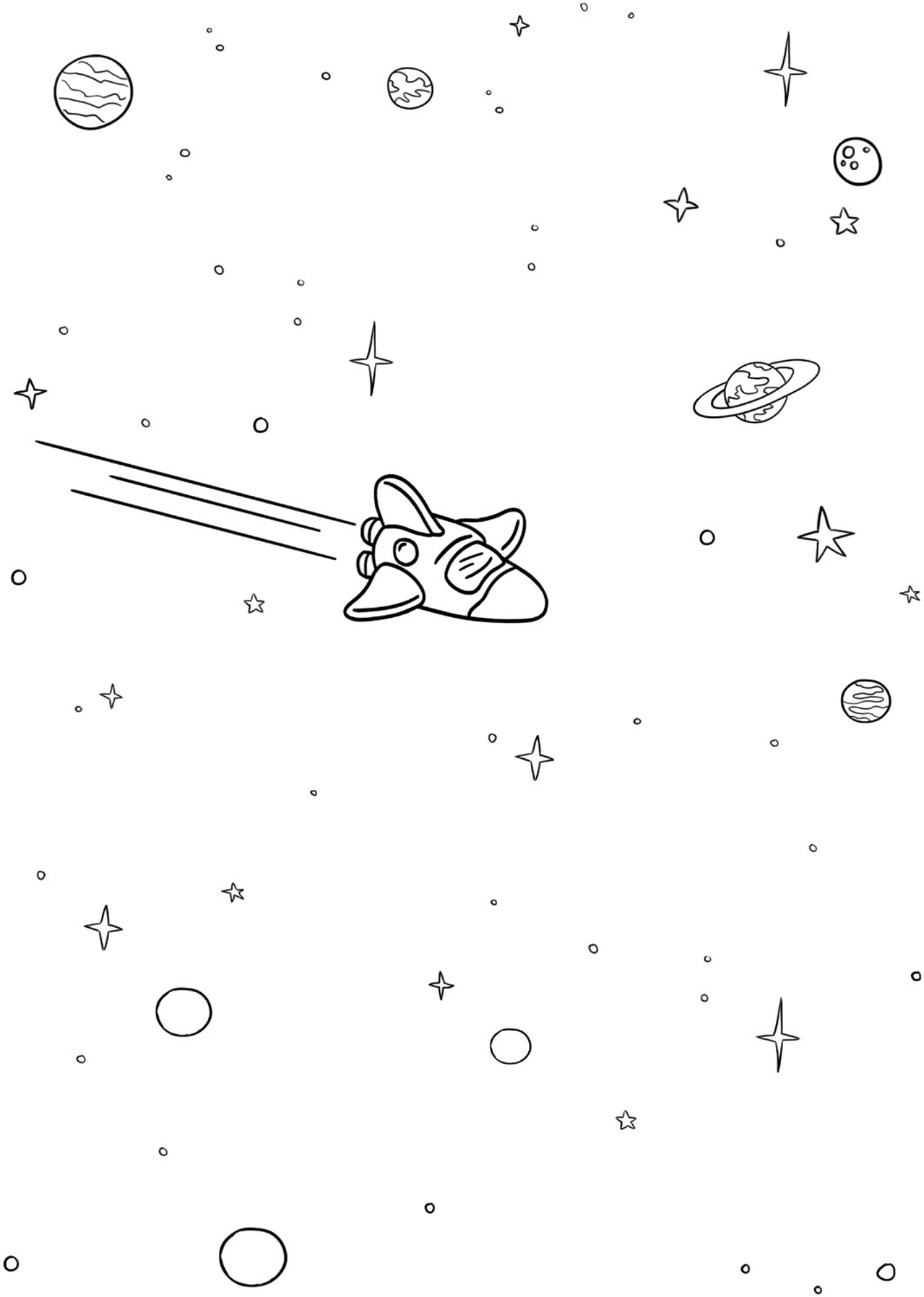
HOW DO WE GET THE THINGS WE WANT?

AN ECONOMIC ACTIVITY BOOK



FEDERAL RESERVE BANK OF NEW YORK



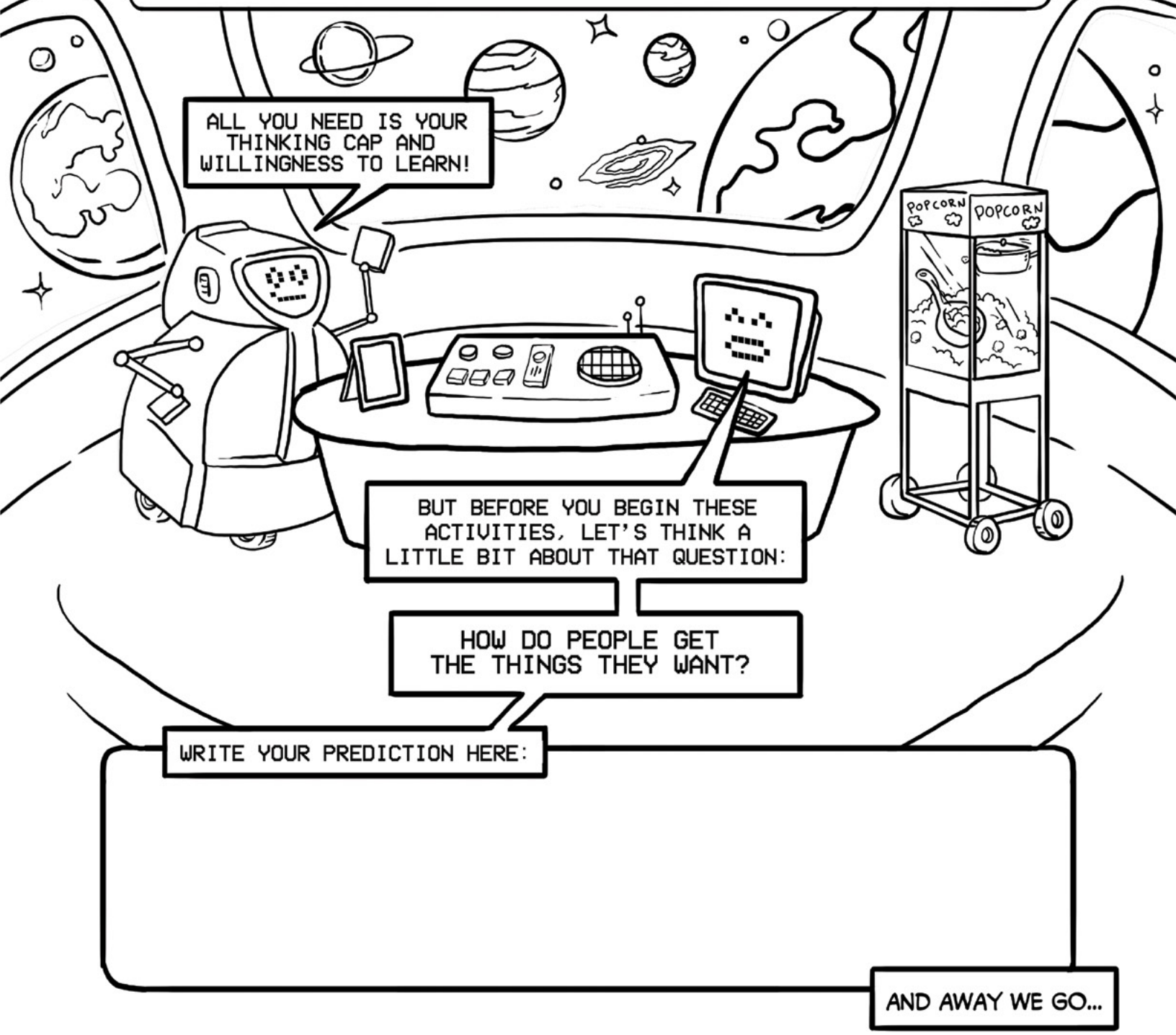
GREETINGS ECONOMIC ADVENTURER!

...AND WELCOME ABOARD! TODAY WE ARE TRAVELING TO PLANET NOVUS—AND BEYOND!—TO LEARN ABOUT GOODS AND SERVICES, BARTER AND TRADE, AND CURRENCY AND MONEY!

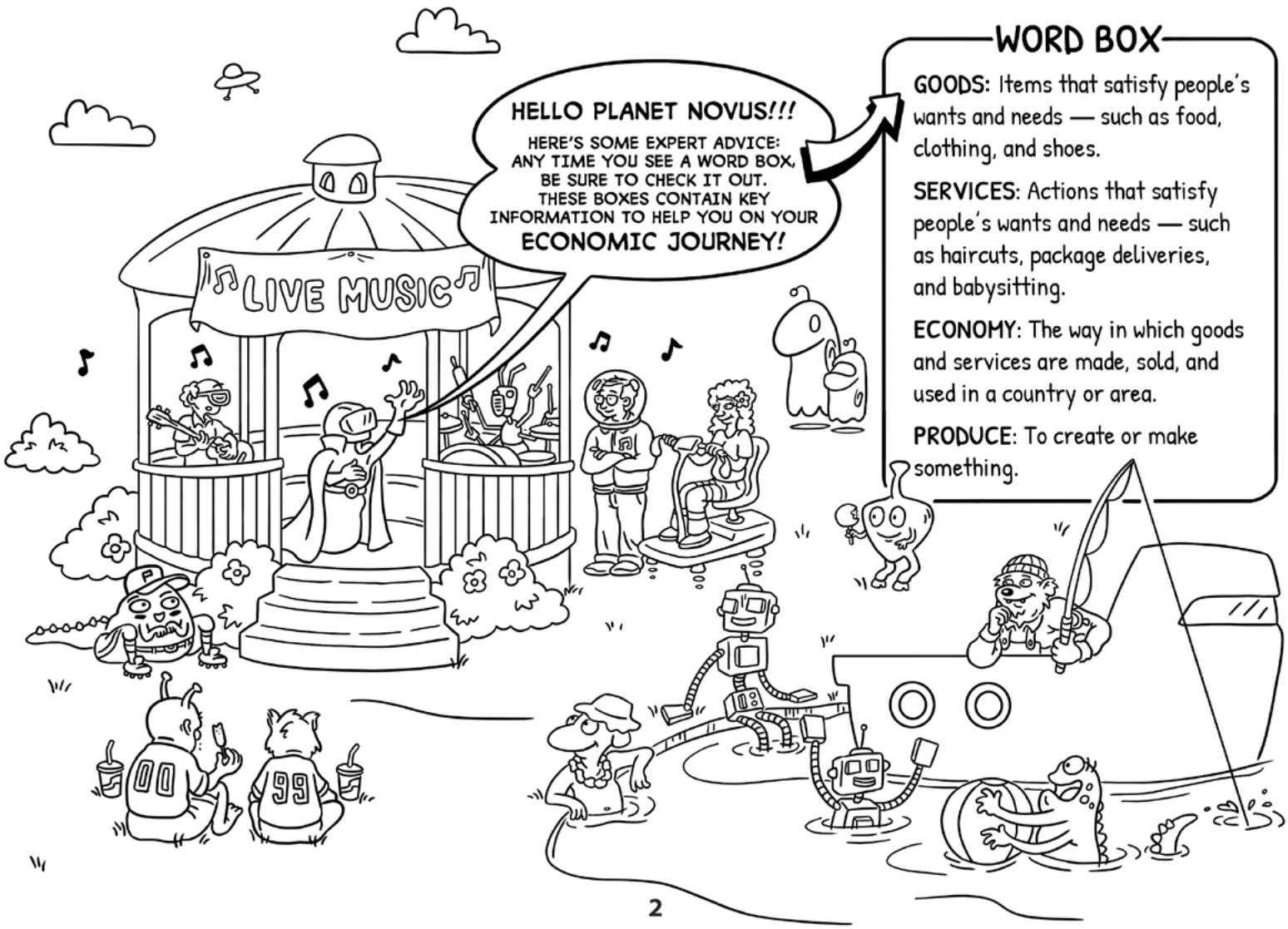
THIS BOOK HAS THREE DIFFERENT ACTIVITES THAT WILL HELP YOU LEARN ABOUT ECONOMICS. IN JUST A FEW SHORT SPACE TRIPS YOU'LL BE ABLE TO UNDERSTAND AND ANSWER THE VERY IMPORTANT QUESTION...

HOW DO PEOPLE GET THE THINGS THEY WANT?

ARE YOU UP FOR THE CHALLENGE??



GOODS AND SERVICES



WORD BOX

GOODS: Items that satisfy people's wants and needs — such as food, clothing, and shoes.

SERVICES: Actions that satisfy people's wants and needs — such as haircuts, package deliveries, and babysitting.

ECONOMY: The way in which goods and services are made, sold, and used in a country or area.

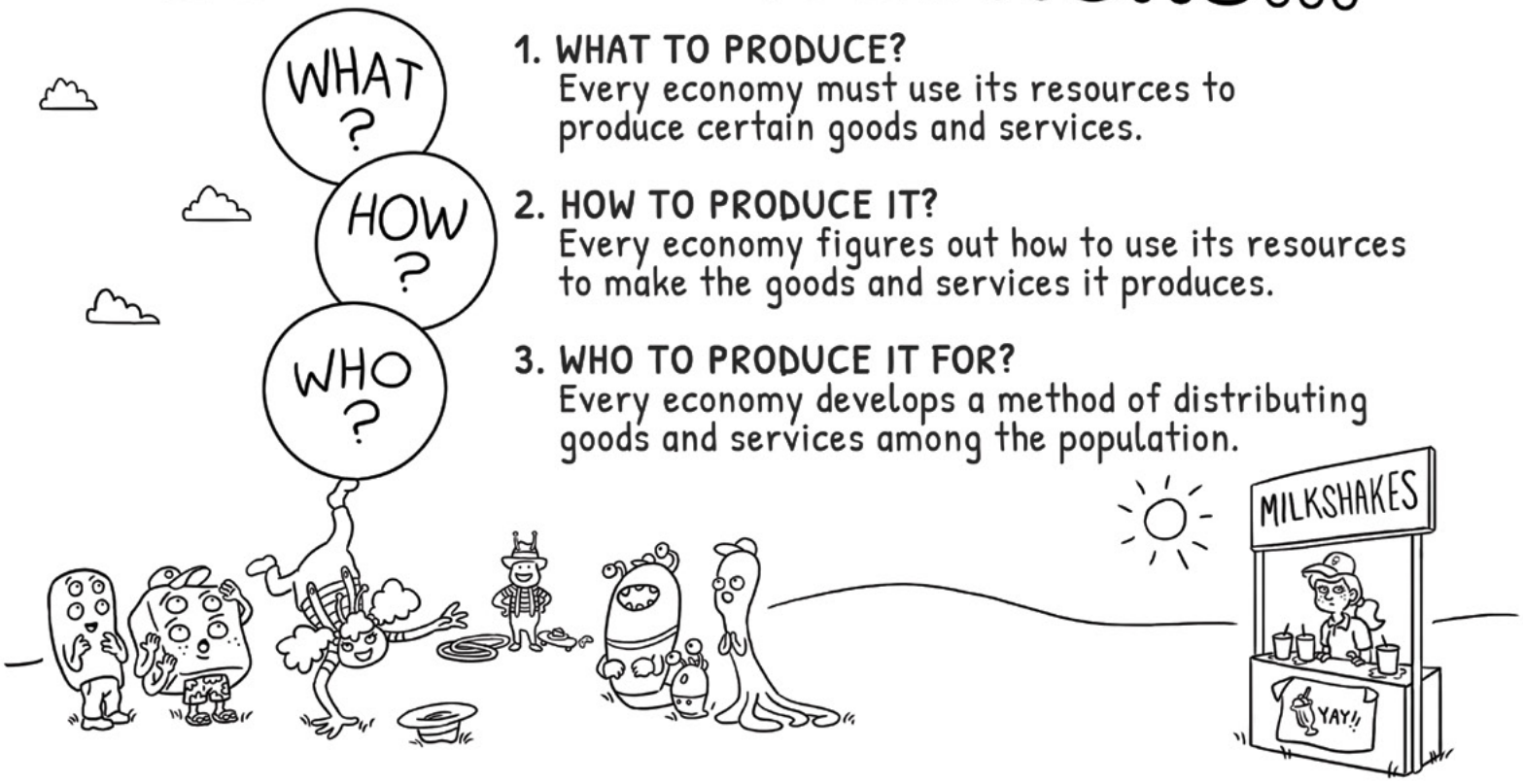
PRODUCE: To create or make something.

WORD BOX

PRODUCT: Something that is made or grown to be sold or used.

RESOURCE: Things that are used to produce.

THE THREE BASIC ECONOMIC QUESTIONS...



1. **WHAT TO PRODUCE?**
   Every economy must use its resources to produce certain goods and services.

2. **HOW TO PRODUCE IT?**
   Every economy figures out how to use its resources to make the goods and services it produces.

3. **WHO TO PRODUCE IT FOR?**
   Every economy develops a method of distributing goods and services among the population.

LET'S TAKE A LOOK AT HOW FLORA, A LOCAL ENTREPRENEUR, USED THE THREE BASIC ECONOMIC QUESTIONS TO MAKE SOME MONEY ON A SUPER-HOT DAY...

"Milkshakes! Come buy an icy, cold milkshake on this super-hot day!" Flora exclaimed, but no one seemed interested. "How could that be?" she wondered. "The day is hot... The milkshakes are icy and cold... What am I missing???"

Just then, she spotted her friend Robby, and began to unravel the mystery.

"Hey Robby," said Flora, "wanna buy an icy, cold milkshake on this super-hot day?"

"You know what, Flora?" Robby replied, "I would LOVE to buy an icy, cold milkshake. But what you're selling are *melt*-shakes! It's so hot out today that the ice cream is already melted!"

"Ohhh..." realized Flora. It all started to make sense. No one was buying her milkshakes because the ice cream was melting too quickly. She thought to herself, "How can I keep these milkshakes from becoming *melt*-shakes?"

Flora went into her family's shop to look for a solution. She found a metal container that looked like a mug. Curious, she poured a fresh milkshake into the container, and soon realized that the metal container kept the ice cream from melting quickly. Her milkshake had remained icy and cold on the super-hot day!

FLORA HAD AN IDEA!

In order to solve the milkshake-melting problem, Flora gathered materials such as metal cups, plastic lids (recyclable, of course), and some handles. Serving the milkshakes in Icy Cups helped address the number one problem that customers were having with her product—that the ice cream was melting too quickly. Now her milkshakes were sure to sell!

The next day, Flora showcased her new innovation: The Icy Cup! And soon, every person in town was lining up to buy icy, cold milshakes.

The Icy Cups were a major hit!

HOW DID FLORA IMPROVE HER BUSINESS USING THE THREE BASIC ECONOMIC QUESTIONS?

WHAT?

WHAT TO PRODUCE: What did Flora decide to make, and why?

HOW?

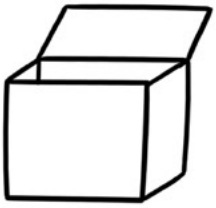
HOW TO PRODUCE IT: How was it made?

WHO?

WHO TO PRODUCE IT FOR: Who was it made for, and how did she sell it?

CAN YOU HELP FLORA INVENT A NEW PRODUCT?

YOU ONLY HAVE A LIMITED NUMBER OF RESOURCES. THEY ARE:



50 CARDBOARD BOXES

20 MARKERS

100 LONG PIECES OF STRING

2 PAIRS OF SCISSORS

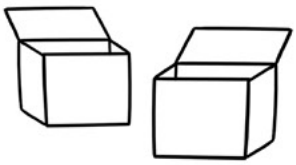
WHAT PRODUCT WOULD YOU MAKE?

(DRAW A PICTURE OF IT, IF YOU'D LIKE!)

GOODS AND SERVICES

PART 4 OF 4

ONE DAY, YOU AND FLORA FIND 50 MORE CARDBOARD BOXES...



BUT!
...YOU STILL ONLY HAVE THE SAME AMOUNT OF MARKERS, STRING, AND SCISSORS.

HOW WOULD HAVING 50 MORE CARDBOARD BOXES CHANGE THE WAY YOU MAKE YOUR PRODUCT?

EXTRA! EXTRA!

NEWS OF YOUR AMAZING PRODUCT HAS SPREAD ACROSS THE GALAXY, AND NOW PEOPLE ARE COMING FROM ALL OVER TO BUY IT.

HOWEVER...YOU DON'T HAVE ENOUGH FOR EVERYBODY!

WHO WILL YOU MAKE YOUR PRODUCT FOR?

WHO WILL WANT IT MOST? WHO WILL BE ABLE TO GET IT?

DID YOU KNOW...

...THAT YOU HAVE JUST ANSWERED THE THREE BASIC ECONOMIC QUESTIONS?

WHAT?

WHAT DID YOU PRODUCE?

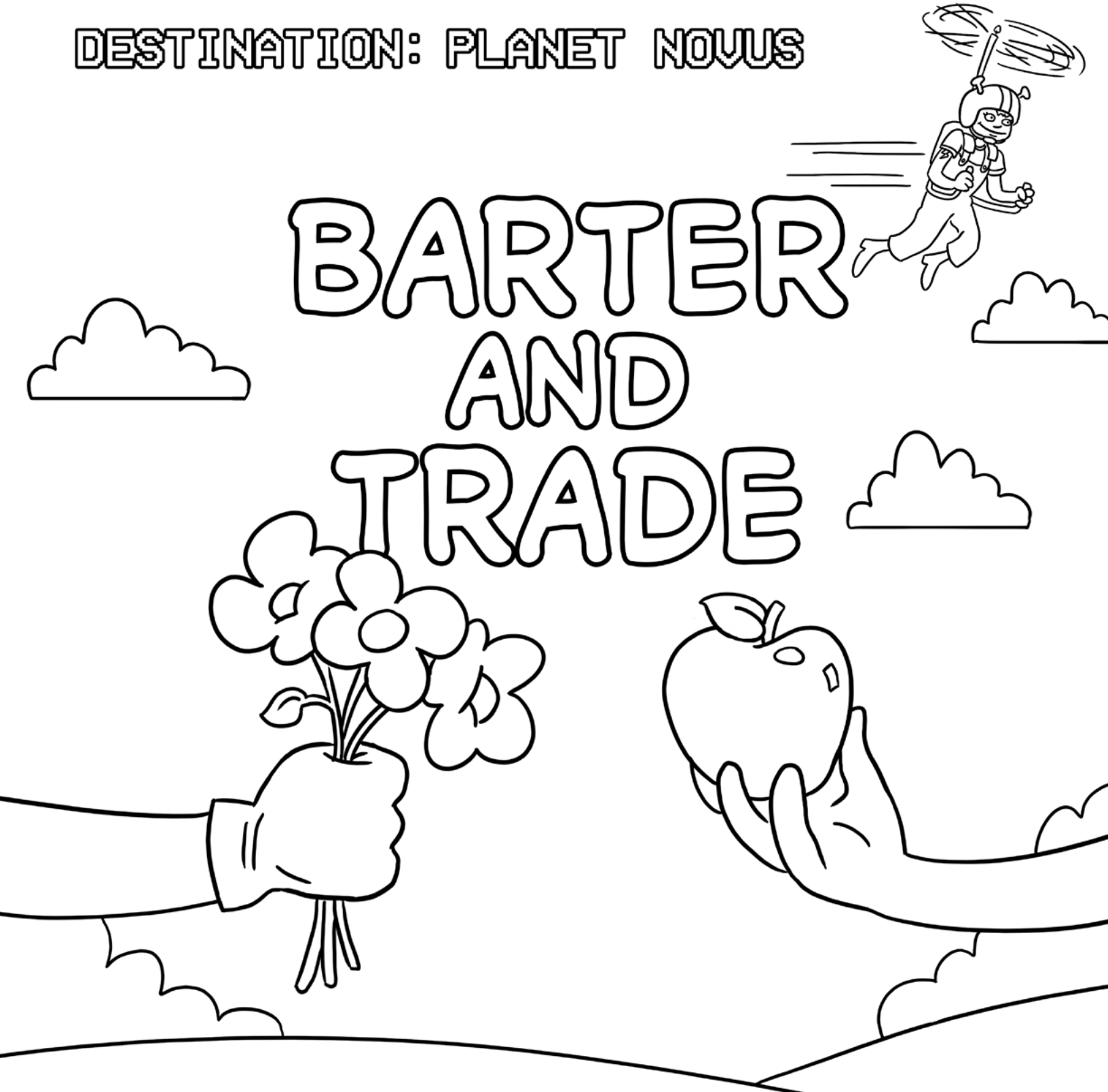
HOW?

HOW DID YOU PRODUCE IT?

WHO?

WHO DID YOU PRODUCE IT FOR?

BARTER AND TRADE



WORD BOX

BARTER:
Trading goods and services for other goods and services without using money. People can use barter to get things they want or need.

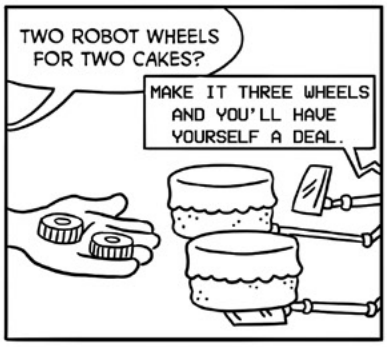
DOUBLE COINCIDENCE OF WANTS:
When each participant in an exchange is willing to trade what they have in exchange for what the other participant is willing to trade.

EFFICIENT:
The ability to do something or produce something without waste.

BARTER AND TRADE

PART 1 OF 3

SOMETIMES BARTER IS JUST A SIMPLE EXCHANGE OF GOODS...



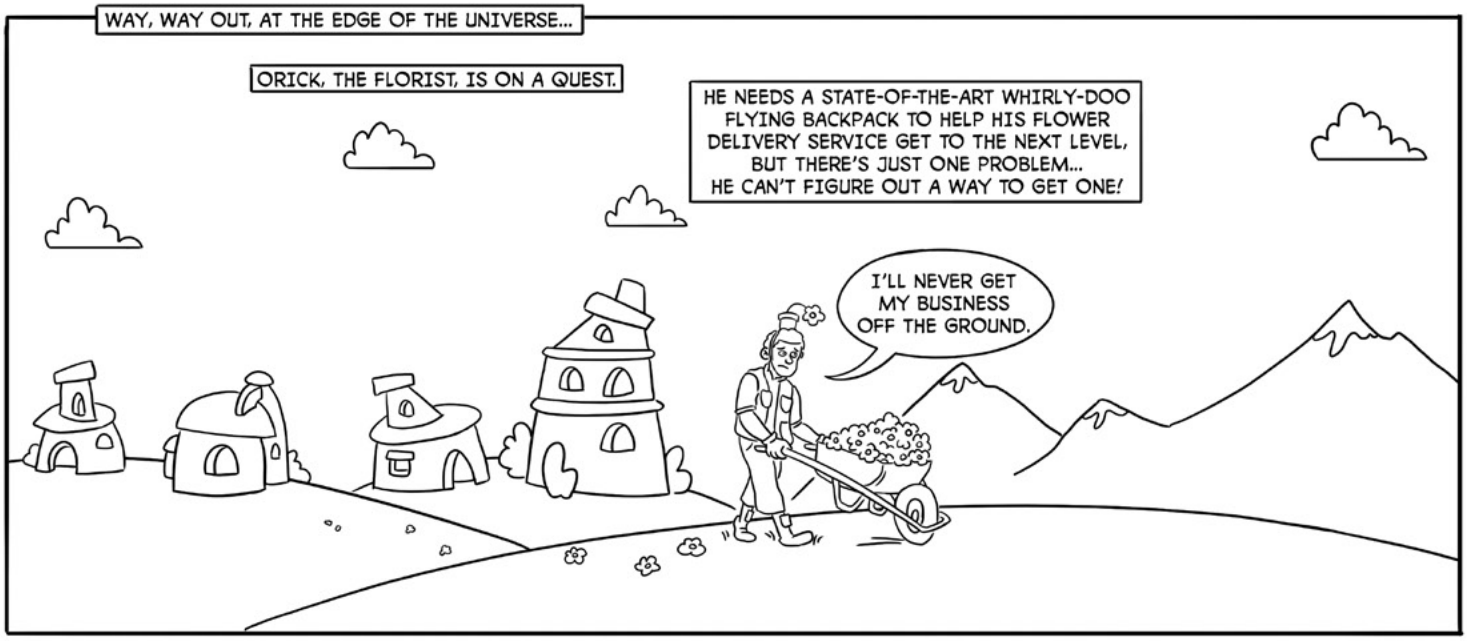
WHEN TWO INDIVIDUALS BOTH HAVE SOMETHING THAT THE OTHER WANTS, AND THEY ARE WILLING TO EXCHANGE THEIR ITEMS WITH EACH OTHER...

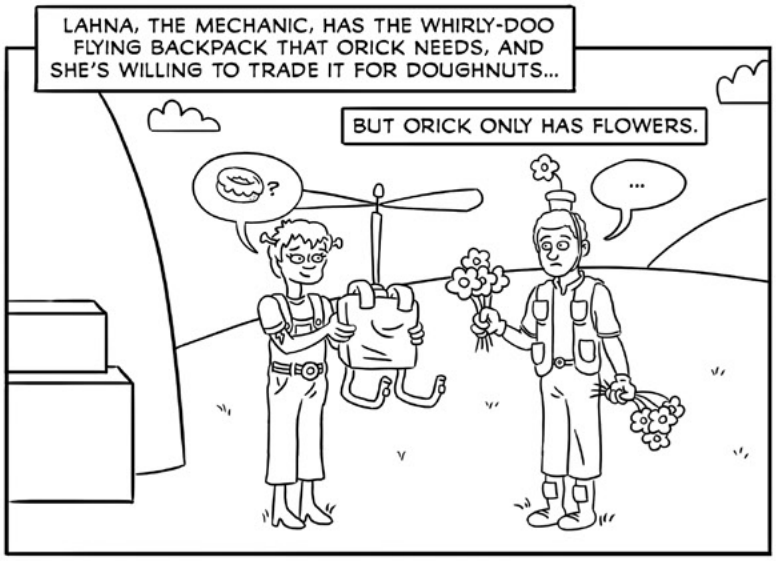
THIS IS CALLED:

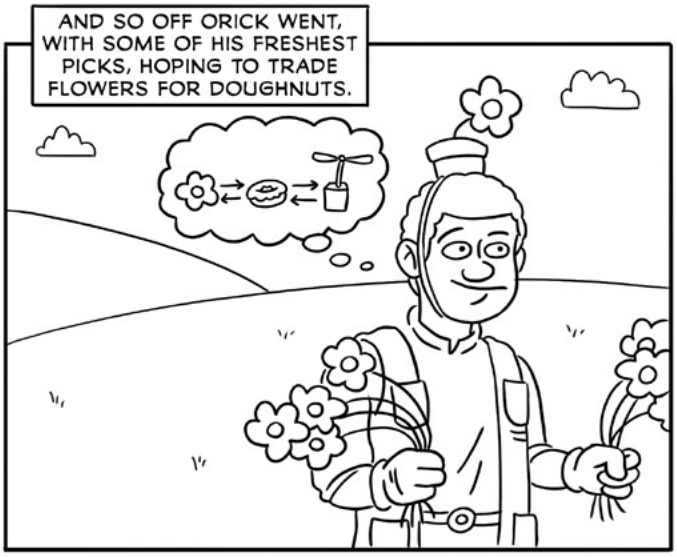
THE DOUBLE COINCIDENCE OF WANTS

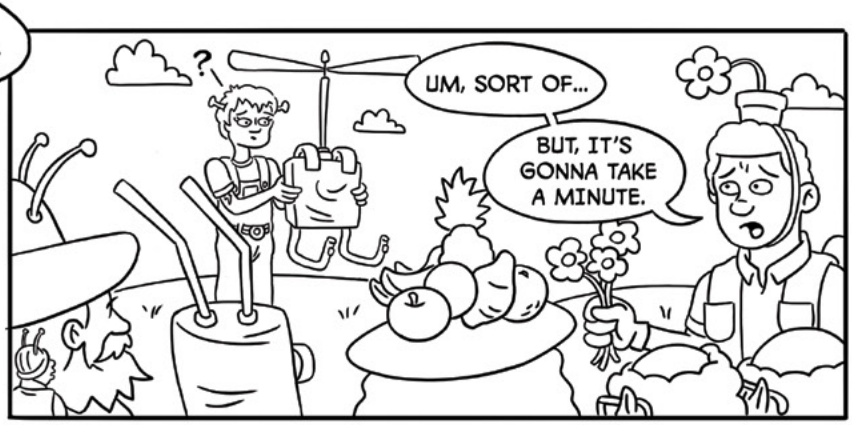
THE DOUBLE COINCIDENCE OF WANTS RESULTS IN A PERFECT — AND SIMPLE — BARTER EXCHANGE.

BUT LET'S TAKE A LOOK AT AN EXAMPLE WHERE BARTER ISN'T SO EASY...



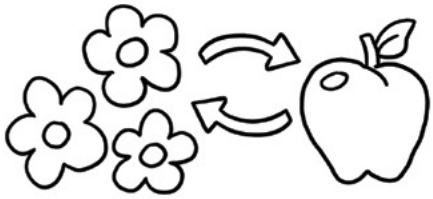






HOW WILL ORICK TRADE HIS FLOWERS TO GET A WHIRLY-DOO FLYING BACKPACK?

IF ORICK BEGINS BY TRADING HIS FLOWERS FOR APPLES...



HOW MANY TOTAL TRADES WILL HE HAVE TO MAKE TO GET THE WHIRLY-DOO FLYING BACKPACK?

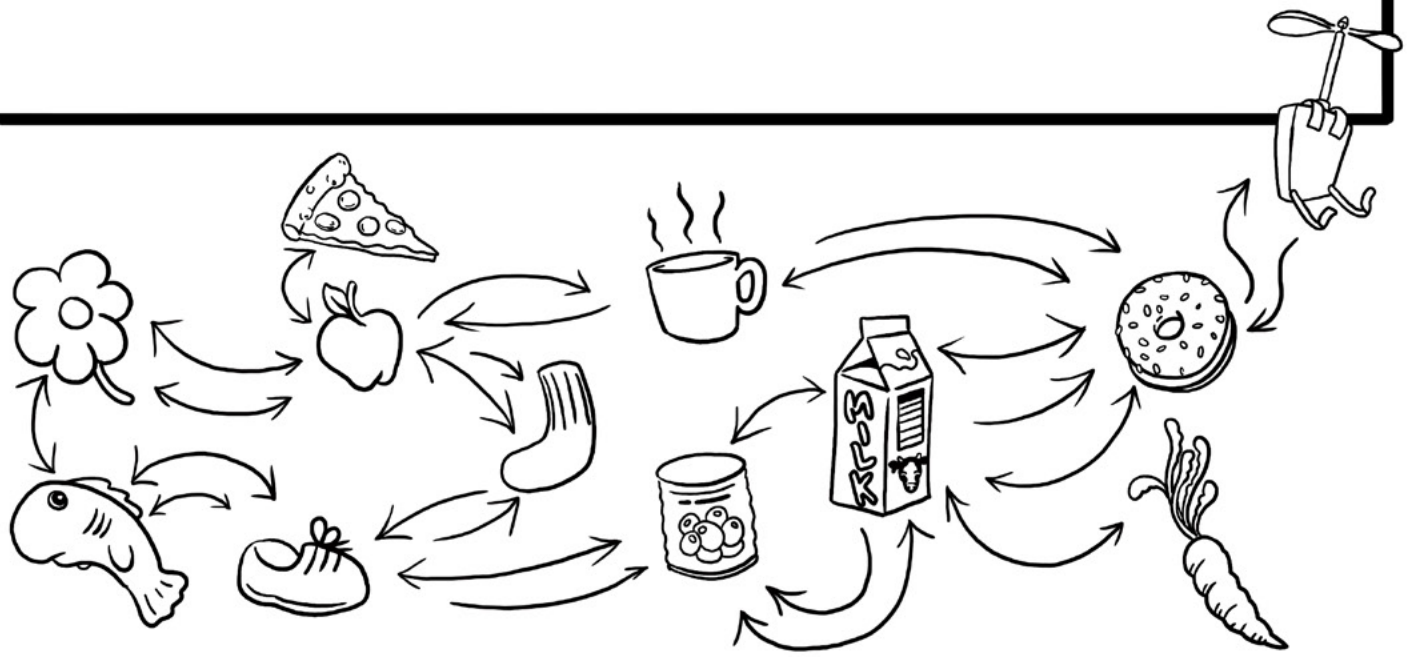
WRITE YOUR ANSWER HERE

DID YOU ANSWER **SEVEN?** THAT'S CORRECT!

NOW, LET'S CONSIDER...

IS BARTERING A VERY EFFICIENT WAY TO GET THE THINGS YOU WANT OR NEED?

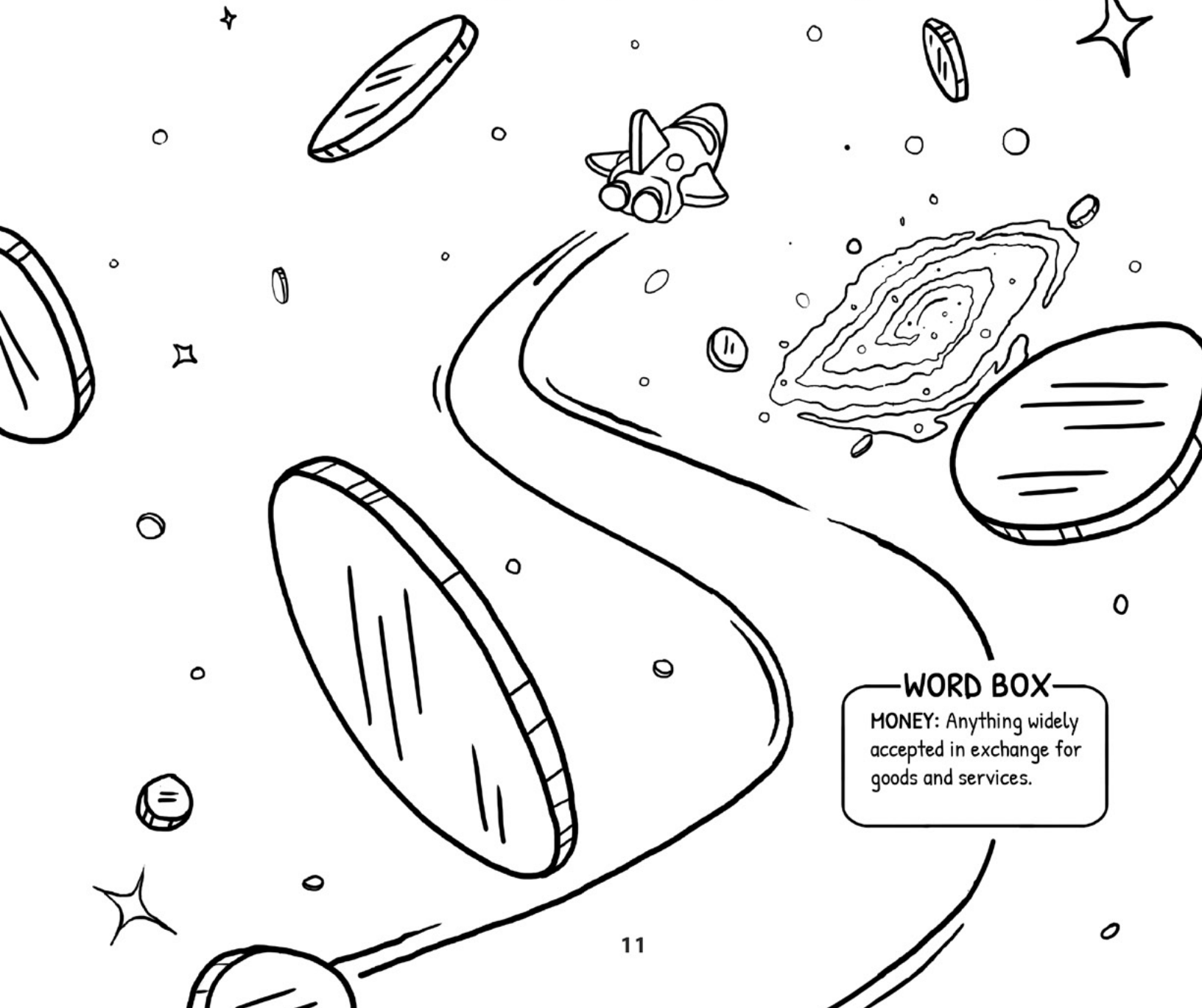
WHY OR WHY NOT?



INSTEAD OF BARTERING, WHAT IS A MORE EFFICIENT WAY TO GET THE THINGS YOU WANT OR NEED?

HINT: THINK ABOUT WHAT PEOPLE USE TO GET THE THINGS THEY WANT OR NEED NOW...

CURRENCY AND MONEY



WORD BOX

MONEY: Anything widely accepted in exchange for goods and services.

PLANET NOVUS NEEDS YOUR HELP!

THE PEOPLE OF PLANET NOVUS REALIZE THAT BARTERING IS NOT THE BEST WAY TO GET THE THINGS THEY WANT OR NEED. AND SO NOW THEY ARE LOOKING TO CREATE A NEW SYSTEM, AND THEY NEED ADVICE ON HOW TO CREATE THEIR OWN MONEY. YOU HAVE A NEW JOB AS CHIEF OF MONEY! HELP PLANET NOVUS CREATE A MONEY SYSTEM...

TO GET STARTED:

THE MAJOR RESOURCES OF PLANET NOVUS ARE LISTED BELOW.

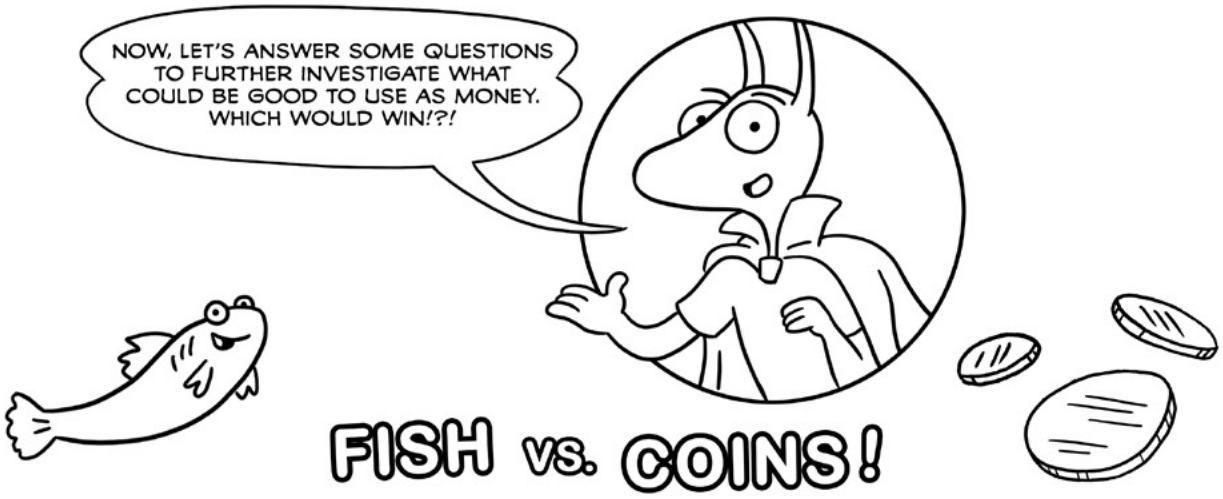
LOOK AT ITEMS 1 - 5 IN THE FIRST COLUMN OF THE CHART.

THEN, LOOK AT THE DESCRIPTIONS IN THE FIRST ROW (*I.E., ABLE TO LAST A LONG TIME, EASY TO CARRY, ETC.*)

FINALLY, PUT A CHECK MARK IF YOU THINK THE DESCRIPTION ACROSS THE TOP APPLIES TO EACH ITEM. TO HELP YOU GET STARTED, THE FIRST ONE HAS BEEN COMPLETED FOR YOU.

	ABLE TO LAST A LONG TIME	EASY TO CARRY	CAN BE MULTIPLIED OR DIVIDED (MORE CAN BE MADE EASILY)	ACCEPTED BY OTHERS
LEAVES	☐	☑	☑	☐
SHELLS	☐	☐	☐	☐
PEANUTS	☐	☐	☐	☐
FISH	☐	☐	☐	☐
COINS	☐	☐	☐	☐

WHICH ITEM DO YOU THINK WOULD BE THE BEST TO USE AS MONEY, AND WHY?



What are some special traits or qualities of fish?

What are some special traits or qualities of coins?

What happens if you keep fish in your wallet, pocket, or purse?

What happens if you keep coins in your wallet, pocket, or purse?

Do you think fish would make good money? Why or why not?

Do you think coins would make good money? Why or why not?

THINK ABOUT THE MONEY THAT PEOPLE USE TODAY. COINS AND DOLLAR BILLS ARE MADE FROM MATERIALS THAT CAN LAST FOR A LONG TIME, AND THEY ARE ALSO EASY TO CARRY IN YOUR POCKET, WALLET, OR BAG. BECAUSE DOLLAR BILLS ARE MADE OF PAPER AND FABRIC, THEY CAN BE EASILY REPLACED WHEN THEY GET OLD AND WORN.

AND, BECAUSE A COUNTRY AGREES TO USE A TYPE OF MONEY, ALMOST EVERYONE WILL ACCEPT IT. SO, YOU CAN GO TO ANY STORE AND BUY THINGS WITH YOUR MONEY!

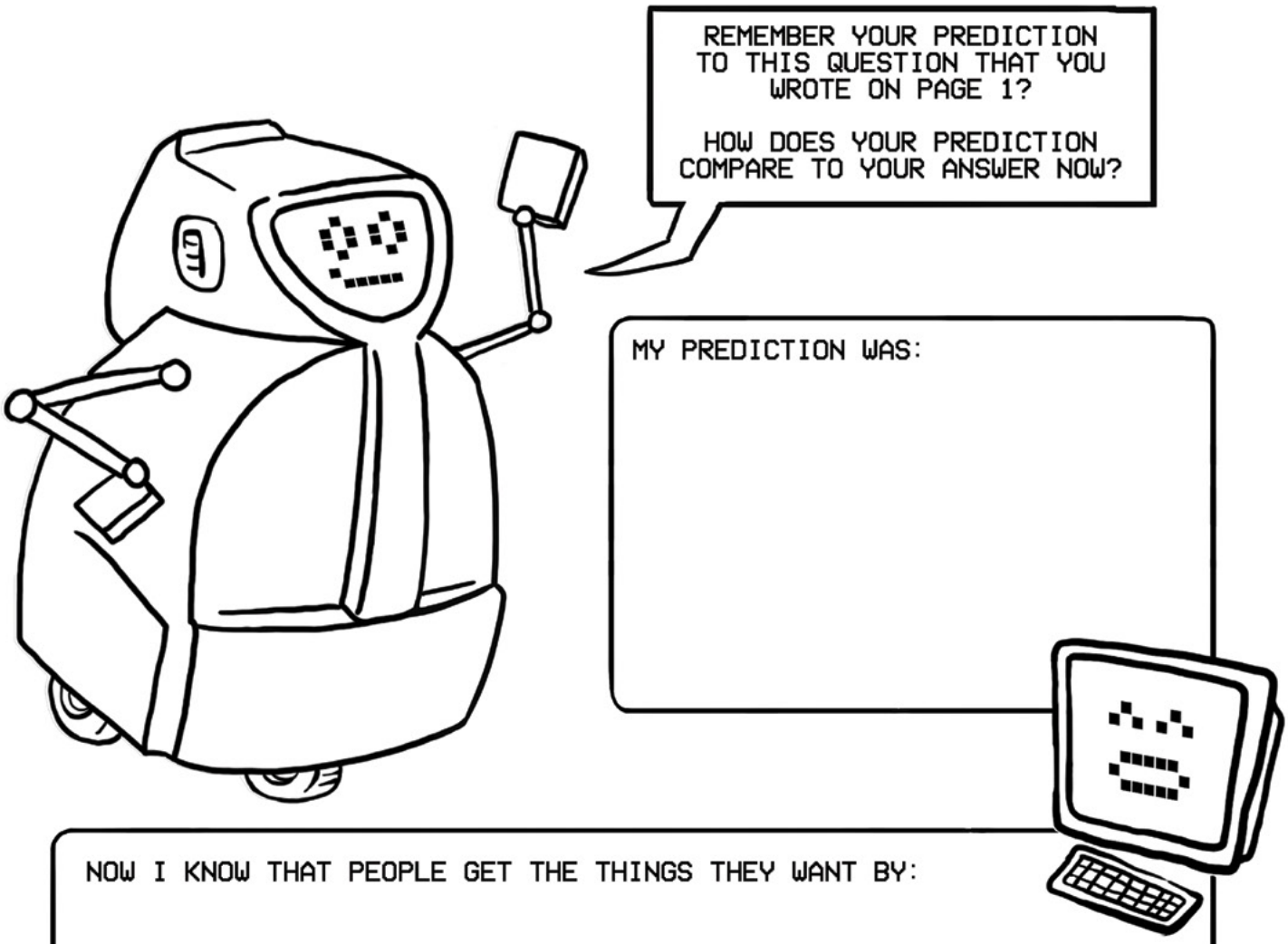
USE THE SPACE BELOW TO DESIGN YOUR OWN ONE-OF-A-KIND MONEY!

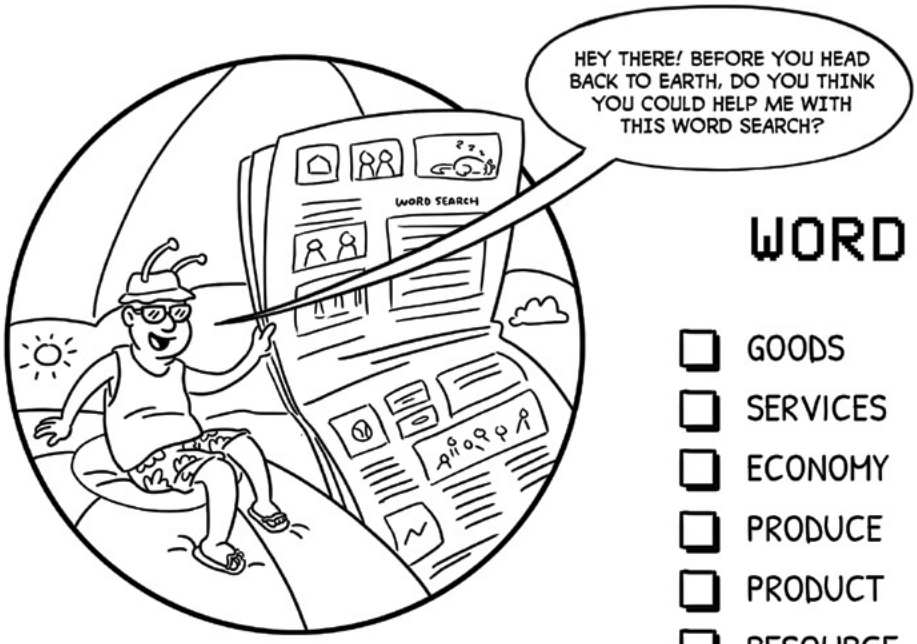
SUMMARY

LET'S DO A QUICK REVIEW. YOU LEARNED ABOUT THE THREE BASIC ECONOMIC QUESTIONS TO HELP MAKE AND DISTRIBUTE THINGS THAT PEOPLE WANT. THEN, YOU LEARNED THAT BARTERING IS NOT THE MOST EFFICIENT WAY FOR PEOPLE TO GET THE THINGS THEY WANT. LASTLY, YOU LEARNED ABOUT THE CHARACTERISTICS OF MONEY AND WHY SOME THINGS ARE BETTER THAN OTHERS TO USE AS MONEY.

WE CAN NOW ANSWER THE QUESTION:

HOW DO PEOPLE GET THE THINGS THEY WANT?





WORD SEARCH

- ☐ GOODS
- ☐ SERVICES
- ☐ ECONOMY
- ☐ PRODUCE
- ☐ PRODUCT
- ☐ RESOURCE
- ☐ BARTER
- ☐ DOUBLE COINCIDENCE OF WANTS
- ☐ EFFICIENT
- ☐ MONEY

V R R O O B Y S E T P C O J T E P C R C M Y U G
D R E R L G E R E G R R P F C Y S C E O C C E U
M E S T D P E Y E R O C D R C D D P D N E U D D
P C O E O F R P O O V O F H O F F R F E B R N D
D O U B L E C O I N C I D E N C E O F W A N T S
Q N R S E R C O D D L U O S W C B D R J R E M Y
P O C J M O N E Y U K F G X O B Y U N M T C O G
K M E A O W C E O G C R S E R V I C E S E Y O H
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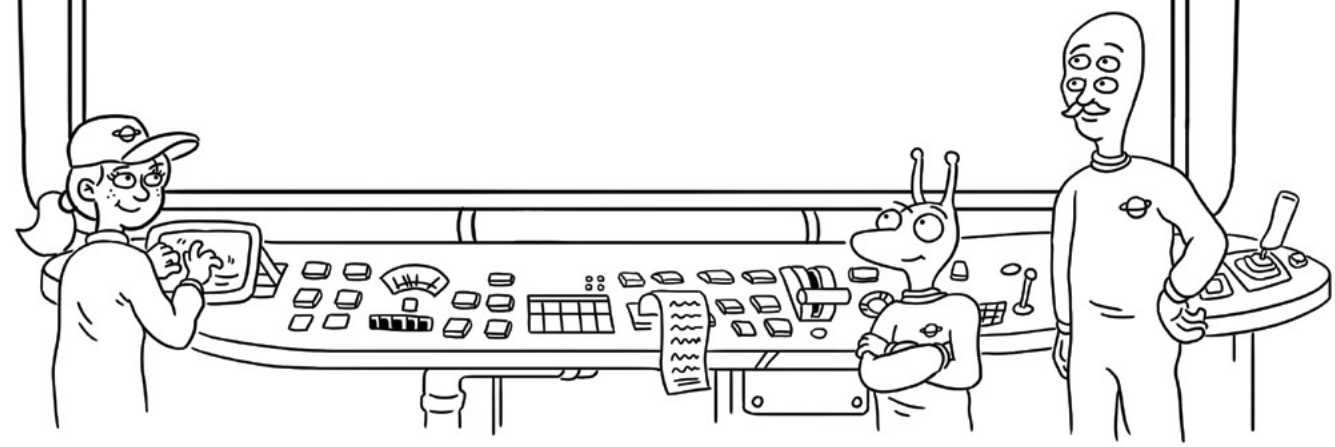
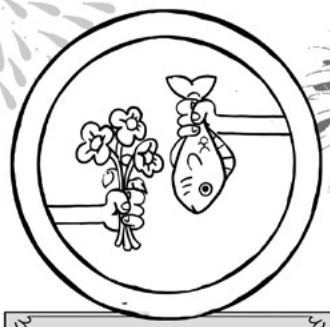


CONGRATULATIONS!

"HOW DO WE GET THE THINGS WE WANT?"
ACTIVITY BOOK

CERTIFICATE OF COMPLETION

GOODS AND SERVICES



BARTER AND TRADE

CURRENCY AND MONEY

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