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 ACTIVITIES 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??

ALL YOU NEED IS YOUR THINKING CAP AND WILLINGNESS TO LEARN!

BUT BEFORE YOU BEGIN THESE ACTIVITIES, LET’S THINK A LITTLE BIT ABOUT THAT QUESTION:

HOW DO PEOPLE GET THE THINGS THEY WANT?

WRITE YOUR PREDICTION HERE:

AND AWAY WE GO...
DESTINATION: PLANET NOVUS

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.

HELLO PLANET NOVUS!!!

HERE’S SOME EXPERT ADVICE: ANY TIME YOU SEE A WORD BOX, BE SURE TO CHECK IT OUT. THESE BOXES CONTAIN KEY INFORMATION TO HELP YOU ON YOUR ECONOMIC JOURNEY!
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 milkshakes.

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?
Guess what?! The icy cup has been so successful that now I want to open a new shop!

And in honor of the occasion, I want to make another new product to sell... Can you help me?

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

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? 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?
DESTINATION: PLANET NOVUS

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.
Sometimes barter is just a simple exchange of goods...

I'll trade you this fish for a jar of honey mustard.
I'll agree to that!

Two robot wheels for two cakes?
Make it three wheels and you'll have yourself a deal.

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...

Way, way out, at the edge of the universe...

Orick, the florist, is on a quest.

He needs a state-of-the-art whirly-doo flying backpack to help his flower delivery service get to the next level, but there's just one problem... he can't figure out a way to get one!

I'll never get my business off the ground.

Lahna, the mechanic, has the whirly-doo flying backpack that Orick needs, and she's willing to trade it for doughnuts...

But Orick only has flowers.

And so off Orick went, with some of his freshest picks, hoping to trade flowers for doughnuts.
Hi everybody. I need some doughnuts. Does anyone want to trade doughnuts for some of my flowers?

I have doughnuts to trade, but I don’t want flowers. I want eggs.

I have eggs to trade, but I want wood for my farm.

I have wood to trade, but I want socks.

I have socks to trade, but I want thread.

I have thread to trade, but I want apples.

I have apples to trade! And I think today, I’d like some flowers.

Hey, Orick! Have you found any doughnuts yet?

Um, sort of...

But it’s gonna take a minute.

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...

MAY WE OFFER A SUGGESTION?
WORD BOX

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

**PART 1 OF 3**

**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.

<table>
<thead>
<tr>
<th>Able to Last A Long Time</th>
<th>Easy to Carry</th>
<th>Can Be Multiplied Or Divided (More Can Be Made Easily)</th>
<th>Accepted By Others</th>
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<tbody>
<tr>
<td>Leaves</td>
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<td>Coins</td>
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Which item do you think would be the best to use as money, and why?
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!
LAST BUT DEFINITELY NOT LEAST, MONEY NEEDS A ONE-OF-A-KIND DESIGN!

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?**

Remember your prediction to this question that you wrote on page 1?

How does your prediction compare to your answer now?

My prediction was:

Now I know that people get the things they want by:
Hey there! Before you head back to Earth, do you think you could help me with this word search?

Word Search

- Goods
- Services
- Economy
- Produce
- Product
- Resource
- Barter
- Double coincidence of wants
- Efficient
- Money

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URROOBYSETPOCOJTEPCRCMYUG
DRERLGEREGRPFCYSCCEOCEEU
MESTDPEYEROCDRCDDPDNEUDD
PCOEORPOOVOFHOFFFRFEBRND
DOUBLECINCIDENCEOFWANTS
QNRSECDDDLUOSWCBRDJREMY
POCMONEYUKFGXOBYUNMTCOG
KMEAOWCEOGCRSERVICESEYOH
QYBEFICIENTEHQFFENIRHCE
VOGMBASNWJREPYTYMCBURDER
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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