

Summary: Who Are Producers?

Producers Work

Goods are things that can be bought. Producers make and sell many kinds of goods. A farmer who grows crops is a producer. Other producers make cars or bridges.

Producers provide services, too. Bankers and firefighters are producers. They provide services for other people to buy or use.

Producers sell their goods and services to consumers. Many producers specialize. This helps them do a better job of providing goods or services that people want. For example, an eye doctor learns special skills to help people see better.

Free Enterprise

Producers can make or do almost anything they want, and consumers can buy what they want. The right to make these choices is called free enterprise.

Producers think about what consumers want and the price consumers will pay. Then they make a supply. When the price is high, producers usually make more things. They may also provide more services. When the price is low, producers usually make less.

Consumers create demand for goods and services. When prices are high, consumers buy less. When prices are low, consumers buy more.



Before You Read

Find and underline each vocabulary word.

producer *noun*, someone who makes and sells goods or services

consumer *noun*, someone who buys the goods or services sold by a producer

supply *noun*, the amount producers will make for a certain price

demand *noun*, the amount consumers are willing to buy for a certain price



After You Read

REVIEW Why do producers specialize? Underline the sentence that tells you the answer.

REVIEW At higher prices, will consumers want to buy more or less of a good or service? Circle the sentence that tells you the answer.