Summary: Producers and Consumers

Products and Services
Goods are things that can be bought. Producers make and sell many kinds of products. For example, some producers make and sell cars. Producers also sell services. For example, a hair-cut is a service a barber sells to a consumer.

Producers and consumers depend on each other. For example, farmers in Tennessee sell their crops to consumers. The farmers depend on consumers to earn money. Consumers depend on farmers for food.

Many producers specialize. For example, some Tennessee farmers along the Mississippi River specialize in growing soybeans. When producers specialize, they do a better job of providing goods or services that people want.

Price, Supply, and Demand
Producers make goods or provide services to earn money. Producers set the price of a good or service based on its supply or demand.

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.

Producers can make or sell almost anything they want. Consumers can buy what they want. The right to make these choices is called free enterprise.