

Summary: Resources and Economy

Production in the South

Southerners use natural resources to produce goods and services. They use water moving through dams to make electricity. Farmers grow food. People mine coal and pump oil from underground. They catch ocean fish.

Producers turn these raw materials into many different products. The products are sold to consumers. Producers can also be consumers. They often have to buy supplies before they can make their product. For instance, owners of textile mills buy raw cotton. They spin the cotton to produce cotton yarn. Other manufacturers buy the cotton yarn to make T-shirts.

A Diverse Economy

In the past, farming was the most important part of the South's economy. It is still important. Texas, North Carolina, and Georgia rank in the top ten in numbers of U.S. farm jobs. Farmers produce rice, cotton, tobacco, sugar cane, oranges, hogs, chickens, and cattle. Other Southerners work in cotton mills and textile factories. They make yarn, cloth, and carpets. In Georgia, Arkansas, and Alabama people use trees to produce lumber and paper. People in West Virginia, Kentucky, and Texas mine coal. The coal is used to create energy. Many Southerners work in ground and air transportation. Others work in the tourism, aerospace, and oil industries. The federal government is one of the biggest employers in the South.

The economy is controlled by choices businesses and consumers make. Businesses choose which products to make. They choose how much money to charge for their products. Consumers choose which products to buy. Sometimes things happen that affect those choices. Imagine a frost hurt an orange grove in Florida. The price of orange juice would go up because of scarcity. Consumers have to decide if they are willing to pay more for this product. What someone gives up to get something else is called the opportunity cost. Every economic choice has an opportunity cost.



Before You Read

Find and underline each vocabulary word.

dam *noun*, a barrier built across a waterway to control the flow and level of water

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

consumer *noun*, someone who buys goods and services

scarcity *noun*, when there are not enough resources to provide a product or service that people want

opportunity cost *noun*, what someone gives up to get something else



After You Read

REVIEW What factors of production are needed to create cotton T-shirts?

Highlight sentences that tell how a T-shirt is made.

REVIEW What choices do producers and consumers make? Underline sentences that tell about choices.