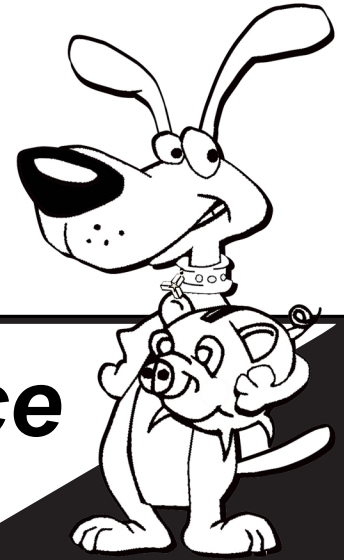


THE ECONOMY



At A Glance

Though the subject of economics may appear complex and specialized, the economy, which refers to the interaction of buyers & sellers or consumers and producers, can be understood by anyone if viewed from the framework of three basic workflows. These three work-flows are: **consuming, saving, and investing.**

Briefly, **consuming** a resource means making use of it, usually to the point of exhausting it. Think about what happens to the gas tank when the automobile is operated. Consuming is necessary because all persons have needs that are critical for survival—food, for example. But not all consuming is necessary, because apart from needs humans have wants that may be important but are not critical.

Saving a resource means not consuming it for the purpose of making use of it at a future time. An example of this would be the spare tire most drivers carry in their automobiles in case there is an incident of a flat tire.

Investing a resource means making use of it for the purpose of obtaining either more of the resource or other kinds of resources. Consider what happens when a person drives to work; the car is being consumed, not instantaneously of course, but its parts, like the tires or the engine, are slowly wearing away, yet the person drives the car because the job pays, perhaps allowing the person in the future to buy different things or maybe a better car.

Definition:

Economy: The careful use of money, supplies, and ability to create things.

THE ECONOMY



Uses of Money

When a business owner receives money from products he sells, he has three main categories of how he can use that money. He can save it for future expenses, reinvest by buying new equipment, or consume it by buying things he wants. In the chart below, think of things that would go in each category and write them down.



Consume



Save



Reinvest

Consume	Save	Reinvest