Chapter 1

Our economy is an important part of life in Nevada. In the quality of our homes, schools, and our work. In our history, there have been many times when it was necessary to earn a living. But there have also been periods of tremendous growth. Today, Nevada continues to be one of the fastest-growing states in the nation. There are now more than 2.5 million people living here.

Construction companies build homes for Nevada's growing population.
Activity

How Much Money Does It Cost?

You and your parents need money to buy goods and services. How much money do you need? What can you buy with a dollar? You can probably buy an ice cream cone, a small notebook, or a box of crayons.

Look at the list below of things people buy with their money. Do some research to find out how much money these things cost. Go to the store, look in newspapers, or search the Internet. Most of these things will have more than one price. On a separate piece of paper, list the lowest and highest price you see for each item.

1. a car
2. a house
3. a couch
4. a television
5. a pound of hamburger
6. a pound of oranges
7. a pair of shoes
8. a large pizza
9. a bike
10. a music CD

Checks, and Cards

Checks, and personal checks are a way to pay for things. But before writing a check, you must put money into your bank account. If you have a credit card, you can pay for things with your card, but you have to pay interest on the amount you borrow. Credit card companies also charge credit card users a fee to use the card. They call the fee interest.

Making Choices

Whenever you buy something, you are making a choice. Sometimes you have to make a trade-off. A trade-off is choosing not to buy one thing so you will have enough money to buy something else.

Pretend you have $10 to spend. You want to buy a book and a video game, but you don’t have enough money for both. Which would you choose to buy? What trade-off would you make?

Adults have to think about trade-offs a lot. Sometimes they have to make budgets. A budget is a plan you make to help manage your money. Budgets can help people make better spending choices.
Understanding a Budget

Creating a budget is one good way to practice your math skills. Don’t forget that **income** is how much money you have, and **expenses**, or bills, are things you need to pay for. Look at this example of a budget and then answer the questions.

1. How much money does it take to make the house payment?
2. Add up all of the expenses. How much money is left over after all the expenses are subtracted from the income?
3. Is there enough left over to buy a $300 TV? What trade-off could be made?
4. Can you think of other expenses that should be included in this budget?

### Monthly Budget

<table>
<thead>
<tr>
<th>Income:</th>
<th>$2,500</th>
</tr>
</thead>
</table>

**Expenses**

<table>
<thead>
<tr>
<th>House payment:</th>
<th>$1,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food:</td>
<td>$500</td>
</tr>
<tr>
<td>Clothes:</td>
<td>$150</td>
</tr>
<tr>
<td>Savings:</td>
<td>$100</td>
</tr>
<tr>
<td>Electricity/water:</td>
<td>$100</td>
</tr>
<tr>
<td>Car payment:</td>
<td>$250</td>
</tr>
<tr>
<td>Gasoline:</td>
<td>$50</td>
</tr>
</tbody>
</table>

Saving and Planning

Money is important to people. Without it, people aren’t able to take care of their own wants and needs. Money also gives us a way to plan ahead for things we may want or need in the future.

Suppose you get an allowance from your parents. Maybe you earn money for walking the dog or mowing lawns. If you earn $10 each week and you want to buy a scooter that costs $100:

- How long would it take you to get the scooter if you saved $10 each week?
- How long would it take if you saved $5 a week?

Most people who save money put it in a bank. Banks are businesses that help people manage their money. Sometimes they loan money to people when they want to open a new business or buy a house or car.

Memory Master

1. What is economics?
2. What is the difference between goods and service?
3. Give an example of a trade-off.
4. Give one important reason for saving money.
The Free Enterprise System

Different countries in the world have different ways of producing and selling their goods and services. In the United States, we use what is called a free enterprise system. In this kind of system, the people, not the government, own most of the companies. Company owners decide what to produce and sell or what service to provide. They also decide where their company should be located, how much they will charge, and who they want working for them.

Company or business owners are called employers. They hire people called employees to work for them. Employees earn a wage or salary for their work. Are the adults in your family employers or employees?

Making a Profit

Business owners hope to make a profit from selling their goods or services. Profit is the money left over after a company pays all of its expenses. Business owners have many different kinds of expenses. They pay for the materials to make their products. They pay workers to make their products. They might also have to pay rent on their factory or building. These are all different kinds of expenses.

How a Business Makes a Profit

EXPENSE $30
The coat company pays for the cloth and the zipper. It also pays an employee to make the coat. These are expenses.

PRICE $45
The company sells the coat for more money than it costs to make it.

PRICE - EXPENSE = PROFIT
$45 - $30 = $15
Profit is the money the business has left after all expenses are paid.
Supply and Demand

Another important part of selling goods or services is something called supply and demand. Suppose you are a company who makes and sells toys. Sometimes a toy becomes so popular that a company cannot make enough for everyone who wants one. The demand for the toy becomes higher than the supply. When this happens, demand for the toy often drives the price of the toy higher. People who really want it are willing to pay a higher price to get it.

What happens if the demand for a product or service goes down? Companies with too many dolls sometimes lower the price to get people to buy them. Supply and demand can also have an effect on jobs. For example, if the demand for scooters goes up, a company may decide it needs more workers. They begin looking for people who need work, or employment. Likewise, when the demand for scooters goes down, the company may have to lay off, or get rid of, some of its workers. When people don’t have jobs, we say they are unemployed.

Competition

There are other reasons a company may decide to lower its prices. There may be more than one company trying to sell the same product or service. Companies compete with one another to sell the best product for the lowest price. What happens when one company lowers its price on an item both stores sell? People usually buy from the store or business with the lowest price. That’s what competition is all about.

What happens when only one company produces a product or service? That company has what is called a monopoly. Companies that have a monopoly on something have no one to compete with them. This means they can sell an item or service for whatever price they like. There is no one else who will sell it for a better price.

Producers are the people who make goods or products. They make things like basketball, airplanes, books, clothes, and more. Consumers are people who pay money for goods and services. They buy things like bagels, computers, and cars.

What do you think

Do you think someone can both be a producer and a consumer? Explain how.

Activity

Competition in Your Community

Are there companies in your community where you live? Does the shopping center nearby have more than one toy store, bicycle shop, or restaurant to choose from? Check the yellow pages of your phone book to see how many stores sell the same product or service. See if you can learn how they get the customers to choose them over the competition.

Making a Living in Nevada
Factors of Production

There are at least three types of resources that go into the making of any product or service. They are natural resources, capital resources, and human resources. Sometimes we call these things the factors of production.

Natural Resources

Sand, gravel, trees, and soil are all examples of natural resources. If you own a bicycle factory, things like metal, rubber, and energy are some of the important natural resources your factory will need.

Metal is used to make bicycle frames. Rubber is used to make tires. Energy, in the form of
electricity, turns on the lights and machinery. It also provides heat or cool air for factory workers. Can you think of a large structure in Nevada that uses water to create electricity?

Coal, oil, and gasoline are also natural resources that provide energy. Your family lawnmower uses gasoline. Your home may have a gas stove or outdoor barbecue. Business owners try to build their companies or factories close to the natural resources they need.

**Capital Resources**

Capital resources are those things you need to make your products or goods. For example, a printing press is a capital resource for your city newspaper. It is a necessary part of what the newspaper needs to get important stories out to its customers. Money used to start and run a business is also called capital.

**Human Resources**

Human resources are made up of people who do the work, or *labor*. Even though many companies use large machines, they need people to run the machines. Businesses also depend on people to work in factories, in schools, as pilots, and as dentists. We need sales people, secretaries, farmers, and all kinds of workers. We will probably always need human resources to make goods and provide services.
Important role of unionizations... is the representation of... workers and the development... the common good.”

—Pope Paul VI

**Labor Unions**

During the 19th century, many people worked under difficult conditions for very little money. Some worked in factories or for railroads. Some were loggers or miners. Life was hard for these workers. They had very little say about how they were treated or how much they were paid. Soon people began working together to make things better for workers. They created groups called **labor unions**. Some labor unions tried to solve their problems peacefully. Others used force or violence against the companies they worked for.

In Nevada, the first labor unions started during the Comstock period. Miners argued with company owners about pay, safety in the mines, and other concerns. Because of this, mining unions were formed in Virginia City, Gold Hill, and Silver City.

These early unions opened the way for the labor unions of today. Now there are unions for painters, railroad engineers, journalists, and other types of communication workers. There are also unions for teachers, truck drivers, musicians, actors, firefighters, food workers, plumbers, and more.

**Memory Master**

1. What economic system does our country use today?
2. What must business owners do to make a profit?
3. Describe the difference between a producer and a consumer.
4. List the three factors of production. Give one example of each.
Nevada at Work

Not long ago, almost all the work in Nevada had something to do with mining or agriculture. For many years, raising crops and livestock was one of the main industries in our state. Today, people in Nevada do all kinds of jobs, including agriculture.

Our state has workers who design and build homes. Some work for the military or for state or local government. Others work as teachers, firefighters, gardeners, doctors, waitresses, and mechanics. There are also thousands of people who work for one of our state's largest industries—tourism. Let's learn a little more about some of Nevada's important industries.

*These candymakers at Ethel M. Chocolates in Las Vegas are making a large pan of brittle.*
Activity

Important Industries in Our State

Look at this pie chart to see some of our state's most important industries. Talk with your class about some of the jobs that are part of these industries. For example, what kinds of jobs do people in the tourism industry do? Use the chart to answer these questions:

1. Which industry employs the largest number of Nevadans?
2. Which industries employ the smallest number of Nevadans?
3. Which industry is the second largest in our state?
4. Find out more about one type of Nevada industry.

Industries Help Nevada Grow

The city of Henderson has been called the industrial center of our state. More industries are located in that area than in any other part of the state. Industries all over our state have helped it grow for more than 50 years.

Manufacturing has also been an important part of Nevada's growth. Many of these companies do business in Nevada because we have low taxes and a large number of skilled workers. Here are a few of examples of things that are manufactured in our state:

- Ammunition in Boulder City
- Chocolate in Las Vegas
- Scooters in Minden
- Camper tops in Reno
- Beef jerky in Yerington
- Saddles in Elko
- Wine in Pahrump
Tourism

Nevada is one of the most visited places in the world. People come from all over to stay and play in Las Vegas, Lake Tahoe, Mesquite, Laughlin, and Reno. They come to see famous entertainers, major sporting events, and of course, to gamble.

Because tourism is such a big part of our state, many Nevadans work in this industry. Hotels need hundreds of employees to take care of their visitors. Casinos need dealers and cleaning people. Restaurants need servers, cooks, and dishwashers. Thousands of people work in our state’s large service industry.

But Nevada has much more for visitors than gambling and shopping. Tourists also come to enjoy our unique scenery and special events. They visit Great Basin National Park, Lehman Caves, Hoover Dam, Lake Mead, the Black Rock Desert, and Red Rock Canyon. People also flood into Elko for the annual cowboy poetry gathering. Outdoor lovers head to Lake Tahoe to fish, boat or hike. Others practice their *kayaking* skills in Reno’s Truckee River.

Tourists spend a lot of money in Nevada, which helps our state build a strong economy.
Modern Mining

Mining in Nevada is very different today than it was when prospectors first came. New inventions have made it much easier to separate the minerals in our soil from the dirt and sand.

After scientists locate minerals in the ground, they send engineers to the area to build mills. Large trucks and diggers are used to scoop up the ore and transport it to the mills.

Mining is still a very important part of Nevada’s economy. Minerals found in our state, have made a difference in transportation, communication, electronics, engineering, and medicine. Copper, molybdenum, barite, mercury, diatomite, magnesia, perlite, gypsum, and fluor spar are some of the minerals found in our soils.

For almost 30 years, Nevada has been the largest gold-producing state in the nation. We also lead the nation in the production of silver. Because mining companies make so much money from our minerals, the government has asked them to pay higher taxes. Citizens have also demanded that mining companies restore the land they mine. Now, when a mine closes, mining companies level the land and plant native grasses and trees. Many companies also try to improve the communities where their workers live. Some build schools and places for recreation in their towns.

Nevada, Our Home
Retail Sales and Warehousing

Another big part of the economy in Nevada is selling goods to tourists and people who live in our state. Visitors from all over the world love shopping in hotel shops and other areas. In Reno, more people work in retail and warehousing than in hotels and casinos. Companies can store their goods in Nevada warehouses tax-free. Goods are stored in these warehouses while they wait to be shipped.

Ranching and Farming

Farming and ranching are still a part of Nevada’s modern economy. Some of the working ranches in our state are very large, like the Ellison Ranching Company in Tuscarora, the Ninety-Six Ranch in Paradise Valley, and the Nevada First Corporation. But most ranches are small, with less than 500 head of cattle. All of them lease grazing land for their cattle from the federal government.

Many farming businesses in Moapa, Carson, and Smith Valleys also help our economy. They grow things like corn, alfalfa, and garlic seed. They also produce many dairy products.

Memory Master

1. Name at least two important industries in our state.
2. Why do companies like to do business in Nevada?
3. What have Nevada citizens demanded mining companies do after they close a mine?
4. Who leases grazing land to Nevada’s modern ranchers?
Consider Character

You have studied about character traits and about people who have made good and bad decisions. Which character trait do you think you have studied the most? Look back at all the character traits. Pick the one you think you need to spend more time studying. On your own piece of paper, write the character trait at the top. Then write the definition (you may use this book and a dictionary as a resource). Following the definition, write three examples from Nevada history that show this trait. How has this trait been important to Nevada history? Write down one example of this character trait from your own life. You, too, are becoming a part of Nevada history!

Technology & Tie-In

In this chapter, we have read about many ways people work to earn money. Almost everything has been changed by modern technology in one way. For example: When miners first began mining for minerals in the ground, they used a pick axe, pan, or shovel. It took them days to cover a small area of ground. Today, new machines allow miners and mining companies to dig and quickly through hundreds of tons of ore. Think about how technology has changed other types of work for people in our state. Select three jobs people do in Nevada. Then on a piece of paper, describe how technology has changed those jobs. Choose from the list below, or create your own list.

- banker
- doctor
- teacher
- farmer
- store clerk
- publisher
- secretary

Nevada, Our Home
Let's say you want to start a new business in Nevada. What kind of business would you start? Think about where your business would be located. Ask yourself the following questions:

1. Will my business offer goods or services? How will the goods or services get to the customers?
2. What natural features or resources will my business need?
3. How will the people who work at the business get there?
4. Will the business be able to make money in its location?

Share with your class your business idea and location. Tell them why you chose what you did.

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**Activity**

**Make Your Own Budget**

Pretend you are going on a vacation with your family. You have $2,000 to spend. You will need to make a budget. Where can you afford to go? How will you get there? How much money can you spend on food, hotels, and entertainment? How long can you stay?

You will need to do some research to find out how much things will cost. Fill in a chart to show your budget. You can work with your parents, search the Internet, or find brochures in hotels or other tourist places.

<table>
<thead>
<tr>
<th>MY FAMILY VACATION TO:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of days we’ll be gone:</td>
</tr>
<tr>
<td>Cost of gas for car:</td>
</tr>
<tr>
<td>Food costs:</td>
</tr>
<tr>
<td>Hotel costs:</td>
</tr>
<tr>
<td>Cost of entertainment:</td>
</tr>
<tr>
<td>Other costs:</td>
</tr>
<tr>
<td>Total costs:</td>
</tr>
</tbody>
</table>
Glossary

The definitions given here are for the Words to Understand as they are used in this textbook.

abolish: to put an end to
adapt: to adjust; to change to fit new circumstances
adobe: bricks made from mud and straw and baked in the sun
adopt: to take on or assume responsibility
aerobatic maneuvers: special stunts pilots perform in airplanes
agency: a division of the government with certain responsibilities
agriculture: the business of raising plants and animals to sell for food; farming
Aliens: countries that came together to fight against other countries during WWI and WWII
amendment: an addition or change to a constitution
ammunition: bullets and other explosive supplies
antique: an object that has special value because of its age
archaeologist: a scientist who studies artifacts and ruins to learn about people who lived long ago
Armistice Day: the early name for the national holiday called Veteran's Day
artifact: something made or used by people from the past
astronomer: a person who studies the planets and stars
astrolabe: an early tool for throwing spears
atomic bomb: a bomb with violent explosive power due to a sudden release of energy; a nuclear weapon
auction: a sale where items are bought by the highest bidder

ban: to outlaw or put an end to a certain practice
barracks: buildings for lodging a large group of people
barter: to trade one thing for another without the exchange of money
basque: a person who originally immigrated from the Pyrenees Mountains between France and Spain
Bill of Rights: the first 10 amendments to the U.S. Constitution
bill: a written idea for a law
blasting caps: small caps filled with blasting powder
boomtown: a place that grows quickly and fades away quickly
brand: a special mark that is burned into the hide of a cow with a hot iron
budget: a plan to control how money will be spent

cardinal directions: the four directions of a compass rose, north, south, east, and west
century: a 100 year period
checks and balances: a system that limits the power of any one branch of government

cholera: a disease that caused stomach cramps and often death
Civil War: the war fought between the Union and Confederacy from 1861-1865
claim jumper: a person who stole another prospector's claim
climate: the typical weather of an area
Clovis point: a sharpened stone made by prehistoric people and used as a hunting tool
collapse: to fall or break down
colonist: a person who lives in a settlement owned and ruled by another country
communist: one who lives in a social organization where businesses are owned and operated by the government instead of the people
competition: a test in which people go against others for a prize or reward
Comstock Lode: a rich lode of silver ore near Virginia City
concentration camp: a place where prisoners of war are forced to stay
Confederacy: the southern states that fought together in the Civil War
constitution: a set of written laws
consumer: a person who spends money on goods and services
continent: one of the seven large land areas in the world
contribute: to help out or add to
convert: to change from one belief to another
country: a region of land governed by one group or system
county seat: the place where the business of the county government takes place
crib: a box built out of timbers that was used to support a mine shaft
criticize: to find fault; to discuss what one did wrong
culture: traditions and social habits developed by specific peoples
curfew: a set time when people are expected to return home
custom: a way of living, thinking, and acting

decade: a period of 10 years
demand: a strong request or need
deposit: a concentration of mineral matter like silver or gold
depot: a railroad station
depression: a time when people can't make enough money to meet their basic needs
dictator: a powerful ruler who makes his or her own rules
discrimination: the unfair treatment of people
disease: sickness
district: an area or region
diverse: many different types