*ECONOMIC ACTIVITY* Economics is a science which is based upon the facts of our everyday lives. So, the science of economics is concerned with all our material needs and wants. Economist studies our everyday lives. He studies the system which affects our lives. The economist tries to describe the facts of the economy in which we live. He tries to explain how the system works. His methods should be objective and scientific. We need food, clothes, and shelter. If we could get food, clothes, and shelter without working, we probably would not work. However, when we have got those basic needs, we still want some other things such as radios, toys for children, books, seeing movies, and many others that might make our lives more enjoyable.

Most people have to work in order to earn their living. They produce goods and services. Goods are either produced on farms, such as rice, soybean, tobacco, and milk, or in factories, like cars, television, and computers. Services are produced by such things as schools, hospitals, and shops. Some people provide goods, some provide services. Other people provide both goods and services. For example, in the same garage, a man may buy a car, or he may buy some service which helps him to maintain his car.  
 All of the works which people do is called economic activity. Economic activities can make up the economic system. The economic system is the sum total of what people do and what they want. The work which people undertake either provides what they need or want, they need or provide them with money, because people buy essential commodities with money.

**Questions:**

1. What is meant by economic activity? What is its purpose?
2. What is the function of money?
3. What do the people have to do in order to buy everything they need?