

Recently, Mindy and Jessica held a yard sale to get rid of old clothes, outgrown shoes, and other unwanted belongings.

Since the weather that day was hot and humid, the sisters also decided to sell ice-cold, hand-squeezed lemonade.

Before they could sell the lemonade, though, the girls had to gather and prepare some must-have items—also known as economic resources—for the lemonade stand. They filled a large glass pitcher with water and lots of ice, added some sugar, and squeezed several fresh lemons for lemon juice. Next, they stirred the mixture with a long-handled spoon and garnished it with a few lemon slices. Finally, they put the lemonade and some cups on a small table in the yard and convinced their little brother Caleb to sell the lemonade to customers.

Even though Mindy and Jessica’s lemonade stand was very small, it needed a variety of resources—including natural resources, human resources, and capital goods—to be successful. Do you know which of the lemonade stand’s economic resources fell into each category? Read on to find out!



## Find the Right Resources

**Economic resources** are items that can be used to produce goods and services. They are the inputs that enable businesses to operate. Without resources, there would be no **production**. Can you imagine trying to run even a small business, such as a family farm, without land on which to plant crops, seeds to plant, sunshine and rain to make crops grow, tractors and other equipment in which to keep equipment and supplies, and workers to plant and harvest crops?

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## Let the Sunshine In

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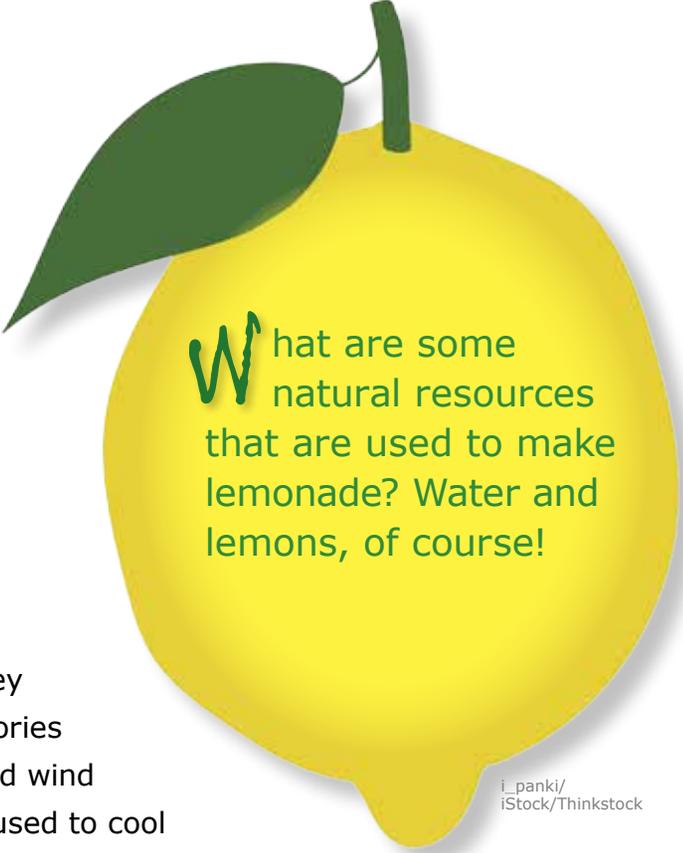
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Any resource that is found in nature and used to produce goods and services is considered a **natural resource**. Natural resources are sometimes generally referred to as land, but they include much more than land itself. Nature provides a wide variety of resources, including:

-  Land
-  Minerals such as iron ore, gold, silver, and copper
-  Energy reserves such as oil, coal, and natural gas
-  Lakes, rivers, oceans, and other bodies of water
-  Wildlife and vegetation
-  Air
-  Weather conditions such as sunshine, precipitation, and wind



All of these natural resources become economic resources when they are used to produce a good or service. For instance, we can build factories and offices on the land; trees can be turned into paper; water, sun, and wind can be used to generate electricity for manufacturing; and air can be used to cool machines and buildings.



What are some natural resources that are used to make lemonade? Water and lemons, of course!

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## What's in Your Toolkit?

Capital goods are limited by the amount of labor and natural resources available to produce them and by the money available to purchase them. A truck manufacturer, for example, might have to refuse orders for new semi-trucks if a needed part for the engine is unavailable. In another situation, an advertiser might have to use a copy machine, but if management cannot afford a newer, more efficient firm would have to rely on its current equipment. Capital goods are also limited by the level of technology available. Societies that rely on less advanced tools usually produce fewer products. Those items that are produced are typically for personal use (**consumer goods and services**), rather than for use as capital goods.

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▲ *In developing societies, consumer goods such as food, tools, and textiles are sold in local markets and are generally not used in economic production.*

## Making Do With Less

When resources are limited, producers must take steps to make up for the shortages. Let's look at the steps they take.

### Natural Resources

When natural resources are limited, producers use one or more of the following techniques:

- *Find another source.* When a resource becomes limited in one area, it may be found in another. For example, searches for more oil deposits began when there was an oil shortage. Oil has now been found in other parts of our country, in other countries, and on the ocean floor.