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Concept 3 – Productive Resources Companion Activity

**Teacher Instructions**

1. Distribute one copy of the companion activity worksheet below (page 2) to each student and review the four productive resources on the beginner level page. Point out the acronym “C.E.L.L.” to help students remember the four scarce factors of production.
2. Encourage students to complete the chart as they attempt the practice on the Beginner and Intermediate level pages.
3. Once students have had a moment to attempt the exercise of classifying the productive resources in both the salon and farm settings, review their responses or proceed to step 4.
4. Review the four money terms used for the payment of each of the four productive resources on the Advanced level page. Be intentional about pointing out the role of prices as incentives for sellers of resources. Ask students what the owners of the resources should do when a resource price increases. Use the example of college athletes provided, when wages increase households should supply more labor to meet demand and to be better off by receiving more compensation for their work. (Alternatively, if you owed an apartment building and rent prices were increasing in your community, you should figure out a way to supply more apartments to fill the needs of the market.)

**TEACHER KEY**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Organizing the Productive Resources (C.E.L.L.)** | **Capital** | **Entrepreneurship** | **Land** | **Labor** |
| Swivel Chair | ***X*** |  |  |  |
| Scissors | ***X*** |  |  |  |
| Owner |  | ***X*** |  |  |
| Stylist |  |  |  | ***X*** |
| Custodian |  |  |  | ***X*** |
| Water |  |  | ***X*** |  |
| Animals |  |  | ***X*** |  |
| Seeds |  |  | ***X*** |  |
| Farm Owner |  | ***X*** |  |  |
| Tractor | ***X*** |  |  |  |
| Farm Worker | ***X*** |  |  |  |
| Silo | ***X*** |  |  |  |

***SUGGESTED RESPONSES:***

Use the money descriptions in the Advanced reading section to identify which factor of production is being referenced and identify if the market is signaling for *more* or *less* of each resource. *Example:* College athletes can now be paid a wage for their name, image, or likeness. ***Labor*** *(the market wants****: More****, Less)*

1. Commercial space in the city is renting for higher monthly rates than any time in history. ***Land*** (the market wants: **More**, Less).
2. Rental companies are charging lower interest rates for the use of machinery and equipment during the recent economic slowdown ***Capital*** (the market wants: More, **Less**).
3. Nurses and physicians’ assistants are being offered higher compensation by local hospitals than in recent years. ***Labor***  (the market wants: **More**, Less).
4. Surveys are reporting higher profits for owners in the renewable energy and entertainment sectors. ***Entrepreneurship*** (the market wants: **More**, Less).

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Concept 3– Productive Resources Companion Activity

All goods and services are produced using **productive resources** (also known as factors of production). These resources are divided into four broad categories: natural (land), human (labor), capital and entrepreneurship. **Natural resources** are “gifts” of nature and include things like raw materials, water, wood, air, sunlight, soil, animals, etc. **Human resources** are the mental and physical skills of people involved in the production process. **Capital resources** are the man-made tools, factories, machinery and chemicals used to produce final goods and services. **Entrepreneurs** are people who develop ways to combine the other productive resources to produce goods and services. They take financial risks to bring these goods and services to market.

**Classroom activity:** Economics is the study of how societies (and individuals) allocate scarce capital, entrepreneurial, land, and labor resources. The economic building blocks (C.E.L.L.) are scarce: limited, desired, and have multiple uses. Therefore, the efficient use of productive resources is a significant part of economic reasoning and decision-making. *Place an ‘X’ in the proper category for each of the produce resources provided in the Beginner Practice on Econ Express.*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **The Productive Resources (C.E.L.L.)** | **Capital** | **Entrepreneurship** | **Land** | **Labor** |
| Swivel Chair |  |  |  |  |
| Scissors |  |  |  |  |
| Owner |  |  |  |  |
| Stylist |  |  |  |  |
| Custodian |  |  |  |  |
| Water |  |  |  |  |
| Animals |  |  |  |  |
| Seeds |  |  |  |  |
| Farm Owner |  |  |  |  |
| Tractor |  |  |  |  |
| Farm Worker |  |  |  |  |
| Silo |  |  |  |  |

In a market economic system, firms hire and use the factors of production to produce and sell goods and services. Private citizens own and sell the factors of production in order to buy and consume goods and services. Prices help identify which factors of production are needed or desired by sellers and consumers. Use the money descriptions in the Advanced reading section to identify **which factor of production is being referenced** and identify if the market is signaling for *more* or *less* of each resource.

*Example:* College athletes can now be paid a wage for their name, image, or likeness. ***Labor*** *(the market wants****: More****, Less)*

1. Commercial space in the city is renting for higher monthly rates than any time in history. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the market wants: More, Less).
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4. Surveys are reporting higher profits for owners in the renewable energy and entertainment sectors. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the market wants: More, Less).