

Summary: Resources and Economy

Natural Resources of the East

People in the East use natural resources to get the things they want and to make goods to sell. People mine coal in the Appalachian Mountains. The coal is used to make electricity. Granite and marble from Maine and Vermont are used to make buildings. Forests are cut down to make houses, paper, furniture, and fuel. Many fruits and vegetables are grown in the East. Maine farmers grow blueberries and potatoes. Cranberries are grown in sandy marshes in New Jersey and Massachusetts. The Atlantic Ocean is an important resource for fish and shellfish.

Working in the East

The United States has a market economy. People can start almost any business. They can decide what to make, how to make it, and how to sell it. They keep the profit after they pay for materials, labor, and other costs. This is different than a command economy. In a command economy, the government decides what to make, who will make it, and who will get it.

People trade resources or money for goods. When people trade a lot the economy grows. Businesses use trade to get the resources they need. Moving goods is part of trade. Trucks move raw materials to factories and finished products to stores.

Some businesses make goods, such as chemicals, medicines, machinery, and clothing. Then they sell the goods. Other businesses perform services that people want. Lawyers, plumbers, and banks sell services.

Elements of Business

Businesses use human resources and capital resources to make things. They need people, equipment, and some raw materials. These are called factors of production. Entrepreneurs use these to start and own businesses. In our market economy, we have private ownership. This means that business owners make decisions and earn profits. Individual people, not the government, own the factors of production.



Before You Read

Find and underline each vocabulary word.

market economy *noun*, a system that lets people decide what to make, buy, and sell

profit *noun*, money left over after a business pays all its expenses

factors of production *noun*, the people and materials needed to make goods or provide services

human resources *noun*, the services, knowledge, skills, and intelligence that workers provide

capital resources *noun*, the tools, machines, buildings, and other equipment a business uses to make goods or provide services



After You Read

REVIEW Why is the farmland of the East an important natural resource? Underline crops farmers grow in the East.

REVIEW How is making goods different from performing services? Draw a box around the paragraph that tells the answer.

REVIEW Why is private ownership important in a market economy? Circle the sentence that tells what owners of a business do.