



# CAPITAL FOR COOKIES

**GRADE LEVEL:** 4-5

**SUBJECT:** Economics

**NATIONAL STANDARD(S):**  
(3-5) ECO: 1.1, 1.2, 1.4, 1.6

**THEME:** Business/Production

**FOOD AND FIBER TOPIC:** I-B,E; IV-A,B

## LEARNER OBJECTIVES

Students will learn how land, labor, capital, and enterprise relate to the Food and Fiber System.

## VOCABULARY

*capital*—Things used to produce other goods and services.

*enterprise*—The business as a whole, particularly the owner who assumes risks and takes responsibility for organizing land, labor, and capital.

*labor*—People who do work in exchange for pay.

*land*—Ground, along with raw materials such as oil, water, or trees taken from it.

## BACKGROUND

All economic activity is dependent on four categories of resources: land, labor, capital, and enterprise. Each of these is used in some combination with the other to produce the wide range of goods and services available for us to purchase.

Agriculture is an essential form of enterprise since it uses land, labor, and capital to produce the raw materials needed for existence: grains, meat, fruits and vegetables, milk, and many by-products, along with fiber and lumber. Texas farmers are some of the most efficient producers of food and fiber. The farmers or ranchers produce things that are most suited for their geographic area. For example: timber in East Texas; cotton and cattle in the Plains and Panhandle; cotton and sheep along the border; cattle and poultry in the Central area, and rice and cattle along the Gulf Coast. The Metroplex area around Dallas and Fort Worth is the center of economic capital, providing financing for the many factors of production.

## STEP BY STEP INSTRUCTIONS

1. Using background information, relate and discuss concepts of land, labor, capital, and enterprise. Write the definitions for each word on the board.
2. Pass out Activity Sheet A. Read the information together as a class, then have students write the words under the appropriate headings.

### Answer Key

#### **Capital**

advertising\*  
bank loan  
building  
checking account  
eggs  
flour  
mixing bowls  
ovens  
packaging

#### **Enterprise**

advertising\*  
cookies  
packaging\*  
recipe  
the Yamamotos\*

#### **Labor**

bakers  
cashier  
delivery drivers  
the Yamamotos\*

#### **Land**

Real estate

3. Words with \* fit in more than one area. Discuss with the students why these items could be included under more than one heading.
4. Challenge the students to explain why a cookie producer could be considered a part of the Agricultural or Food & Fiber System.

### **RELATED ACTIVITIES**

1. Discuss the various enterprises, capital, labor sources and land in your community. Examine how each of those relates to the Food & Fiber System.
2. Have students write a story about a company they would open in the community. What would it produce and what resource inputs would it need?
3. Let the class create a company to make an agricultural product. As a class they should decide how to organize the company and where they will attain the necessary resources to be successful.
4. Discuss the significance of human resources. Why is it essential for a company to have officers and managers? Are the managers and supervisors more important than the workers? What happens if the leaders don't do their jobs? What happens if the workers don't do their jobs?
5. Using the library and internet, research the natural resources of your region and their economic impact.

### **RESOURCES**

#### *Student Books*

Adams, B. J. (1992). The Go-Around Dollar. Macmillan.  
Brittain, B. (1979). All the Money in the World. Harper Collins.  
Byers, P. & Preston, J. (1983). The Kids' Money Book. Liberty.  
Cook, J. & Bond, S. (1988). Where Food Comes From. EDC.  
Elkin, B. (1983). Money. Children's Press.  
Horowitz, J. (1986). Night Markets: Bring Food to the City. Harper Collins.

#### *Teacher Resources*

"Food for America," National FFA Supply Service, 5632 Mt. Vernon Memorial Highway, Alexandria, VA 22309. (teaching guide with activities, \$7.50 per kit).

#### *Related Internet Websites*

The United States Department of Agriculture website will provide information on all commodities, and livestock produced by, exported to, or imported into the United States: <http://www.usda.gov>

The National Agricultural Statistics Service website can be used to find most production statistics for livestock and crops produced in the United States:

*<http://www.usda.gov/nass>*

The Chicago Mercantile Exchange website: *<http://www.cme.com/>*

## **EVALUATION**

Were students able to correctly categorize resources as capital, enterprise, labor or land?

## **ACKNOWLEDGMENT**

This lesson was adapted from Texas Ag in the Classroom, Texas Farm Bureau, P.O. Box 2689, Waco, TX 76702-2689.

# Capital for Cookies

Mr. and Mrs. Yamamoto want to begin a cookie baking business using Mr. Yamamoto’s mother’s cookie recipe. They have already decided to name their business Yamamoto’s Yummies. However, before they can begin selling cookies there are several things they must have. Besides flour, sugar, butter and eggs, they must have a building, mixing bowls, cookie sheets, ovens, packages to put the cookies in, and people to help in the process of making cookies. The money to purchase all these things is known as capital resources.

The Yamamotos must have a place to put their cookie baking business. They will need to purchase land on which to build their business. Mr. and Mrs. Yamamoto will also have to employ people to mix dough, bake cookies, package cookies and sell cookies. These people are referred to as labor. Enterprise is a term to describe the whole business, including the building, equipment, employees, and even the idea to make and sell cookies.

Mr. and Mrs. Yamamoto need your help in categorizing the list of items below into the proper category. Rewrite the words under the headings.



- advertising
- bakers
- bank loan
- building
- cashier
- checking account
- cookies
- delivery driver
- eggs
- flour
- mixing bowls
- ovens
- packaging
- real estate
- recipe
- the Yamamotos



Capital	Enterprise	Labor	Land
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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