

ACTIVITY 1 Free Enterprise

PRODUCTIVE RESOURCES

In a market economy, individuals are free to choose the way they will earn money to support themselves in a satisfactory manner. The following passage illustrates how one entrepreneur used this system to provide a needed product and realize personal gain.

Levi's Jeans

In 1850 a 20-year-old immigrant named Levi Strauss sailed for San Francisco. He planned to sell goods to miners who were prospecting in California's gold fields. By the time Strauss arrived in San Francisco, however, he had sold almost all his goods to other travelers headed for the gold fields. The only item he had left was canvas, which usually was used for tents or for covered wagons.

When Strauss reached the gold fields, he found that the miners needed tough pants. That gave him an idea. Instead of selling tents, he hired a tailor and made the canvas into trousers. Word spread quickly that Strauss's pants were durable, and soon the new pants were in great demand.

Convinced that his product was sound, Strauss went into partnership with his brothers, founding Levi Strauss and Company in 1853.

The brothers bought a building and converted it into a factory. They purchased scissors, sewing machines, needles, canvas, thread, zippers, rivets, and snaps, plus leather for the Levi label. Finally, they hired workers to cut, sew, package, and deliver the jeans. Today, Levi Strauss has more than a billion dollars in yearly sales, with production plants around the world.

1. You have learned about the factors of production, or the resources needed to produce goods and services. List the major resources that the Strauss brothers needed to make canvas trousers, or jeans.

2. All resources fall under one of four categories. *Land* includes the resources that are used to make a product; *labor* is made up of the workers; *capital* includes tools, buildings, and equipment; *entrepreneurship* is the combination by someone of the other three resources to make or improve a product or service. Place each resource you listed for Question 1 under the correct heading below.

a.	Land	Labor	Capital
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____
	_____	_____	_____

- b. What entrepreneurial abilities did the Strauss brothers have? _____
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