Who Sets the Rules?

Weigh the benefits and costs of market rules

9-12.GOV.27 "Evaluate the government's establishment and maintenance of the rules and institutions in which markets operate, including the establishment and enforcement of property rights, contracts, consumer rights, labor-management relations..."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline at least four government rules or institutions in the passage, circle two benefits they can provide, and number two costs or limits that matter when evaluating them.

The Rules Behind a Used Phone

1. At a busy refurbished-phone market, a buyer pays $140 for a used phone that the seller promises will hold a charge all day. The sale depends on more than trust. State property laws help establish who owns a phone and allow an owner to seek a remedy if it is stolen. Contract law lets buyers or sellers ask a court to enforce clear promises, although a lawsuit can cost time and money. Consumer protection rules prohibit deceptive claims about products. These protections can make people more willing to trade, but sellers may pass compliance costs along through higher prices.

2. Suppose a repair company employs technicians to replace batteries before phones are sold. Federal labor law protects many employees' rights to organize and bargain collectively with their employer over wages and working conditions. Government agencies can address certain unfair labor practices; they do not set every term of a union contract. Safety rules can also require employers to limit workplace hazards. Meanwhile, used lithium-ion batteries must be managed under applicable waste rules rather than simply dumped. Such rules can protect workers and reduce pollution, but training and safe disposal cost money that a small repair shop must budget for.

3. Now imagine one online platform handles almost every local phone sale and threatens to remove sellers who list phones elsewhere. Federal antitrust agencies could investigate whether its conduct unlawfully limits competition; being large alone does not break the law. Effective enforcement could give sellers more options and buyers more choices. Yet an investigation does not automatically prove a violation, and rules that are expensive to follow may discourage new sellers. Governments maintain markets by enforcing rules through courts and agencies, not by guaranteeing that every sale is fair or every business survives. The challenge is weighing access, protection, and costs.

2 ANSWER WITH EVIDENCE

Use the passage

1. How could property and contract laws make people more willing to buy and sell used phones? What limit does the passage give?

2. Would a rule against deceptive product claims benefit only buyers? Evaluate its effects using two details from the passage.

3. Evaluate one benefit and one cost of the labor, safety, or waste rules described for repair shops.

4. Should the platform face a penalty just because it handles almost every local sale? Explain what the passage says agencies should examine and why enforcement might matter.

3 YOUR TURN

Your own words

A neighborhood meal-kit company employs delivery drivers who want to bargain over pay, and it throws away large amounts of packaging. Propose a government response to each issue, explain one likely benefit and one cost of each response, then argue which response should receive attention first.

ANSWER KEY

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HIGH SCHOOL · 9-12.GOV.27

PART 1 · READ AND MARK

Underline at least four government rules or institutions in the passage, circle two benefits they can provide, and number two costs or limits that matter when evaluating them. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How could property and contract laws make people more willing to buy and sell used phones? What limit does the passage give?	**Property laws help establish ownership, and contract law provides a way to seek enforcement of promises. A lawsuit can take time and money.**
2	Would a rule against deceptive product claims benefit only buyers? Evaluate its effects using two details from the passage.	**No. It protects buyers and can make people more willing to trade, benefiting sellers too. Sellers may also pass compliance costs along through higher prices.**
3	Evaluate one benefit and one cost of the labor, safety, or waste rules described for repair shops.	**These rules can protect workers or reduce pollution, but training and safe battery disposal cost repair shops money.**
4	Should the platform face a penalty just because it handles almost every local sale? Explain what the passage says agencies should examine and why enforcement might matter.	**No. Agencies could investigate whether its conduct unlawfully limits competition, since size alone is not a violation. Effective enforcement could give sellers more options and buyers more choices.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A labor agency could protect the drivers' right to organize and bargain with the company. Bargaining could give drivers a stronger voice about pay, but handling negotiations would take the company time and money. The city could require the company to separate recyclable packaging from other waste. That rule could reduce waste sent to a landfill, but sorting and collection would add costs. I would address the drivers' rights first because employees should be able to bargain while the city develops a practical waste rule.

Accept other supported tradeoffs and priorities in Part 3. A strong response proposes a distinct response for each issue and weighs a benefit and cost of each.