Choices at Market

Trace why different buyers and sellers choose to trade.

E.1.3 "Explain that voluntary exchange occurs when households, businesses, and governments have the freedom to make self-interested market choices."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one market choice made by Maya's household, the stall owner, and the city. Circle the benefit each expects from that choice.

Friday at the Food Market

1. On Friday evenings, a neighborhood food market fills a school parking lot. Maya's household has $30 for dinner and could cook at home. Instead, they buy two meals from a noodle stall because the food saves time and tastes good to them. The stall owner accepts their payment because it covers ingredients and helps the business earn income. Neither side is required to make this purchase. Maya's household can choose another stall or leave, and the owner can set a price and decide whether to sell. The trade happens because each side expects to gain something it values.

2. Earlier that day, the noodle stall owner compared two produce suppliers. One offered cheaper peppers but could not deliver before opening; the other charged more and promised delivery by noon. The owner chose the second supplier to avoid running out of food during the dinner rush. That supplier accepted the order because selling peppers brings in revenue. Both businesses had alternatives: the stall could change its menu, and the supplier could sell to other customers. Their exchange was voluntary because each business could accept or reject the deal based on its own goals, even though their goals were not identical.

3. The city also makes a market choice. To keep the parking lot clean during the event, it requests bids from several cleanup companies. The city selects a company whose price fits its budget and whose schedule meets the event's needs. The company accepts the contract because the payment helps cover wages and supports its business. The city seeks a public benefit, a cleaner shared space, rather than personal profit for officials. It must follow purchasing rules, but it is not forced to hire a particular bidder. The company is free to decline the contract. Both sides expect the agreement to serve their interests.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does Maya's household choose to buy dinner, and what makes its exchange with the stall voluntary?

2. Why does the stall owner choose the supplier that charges more? Explain why both businesses are free to make this exchange.

3. What does the city hope to gain by hiring a cleanup company, and what shows that it has a choice?

4. How do the city's goal and the cleanup company's goal differ? Why can their contract still be a voluntary exchange?

3 YOUR TURN

Your own words

Imagine a town library is hosting a weekend repair fair. In 5 or 6 sentences, describe separate market exchanges involving a household, a business, and the town government. For each exchange, state the choice, another option, the expected benefit, and why the exchange is voluntary.

ANSWER KEY

Choices at Market

HIGH SCHOOL · E.1.3

PART 1 · READ AND MARK

Underline one market choice made by Maya's household, the stall owner, and the city. Circle the benefit each expects from that choice. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does Maya's household choose to buy dinner, and what makes its exchange with the stall voluntary?	**The meals save time and taste good to the household. It could cook at home or choose another stall, while the owner can decide whether to sell.**
2	Why does the stall owner choose the supplier that charges more? Explain why both businesses are free to make this exchange.	**The owner wants peppers delivered before opening to avoid running out of food. The stall could change its menu, and the supplier could sell to other customers; each can accept or reject the deal.**
3	What does the city hope to gain by hiring a cleanup company, and what shows that it has a choice?	**The city wants a cleaner shared space. It requests several bids and is not forced to hire a particular bidder, although it must follow purchasing rules.**
4	How do the city's goal and the cleanup company's goal differ? Why can their contract still be a voluntary exchange?	**The city seeks a public benefit, while the company seeks payment that supports its business. The city can choose among bidders, and the company can decline the contract.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A household buys a repair kit to fix a lamp, but it could use old tools instead. The household gains useful supplies, and the seller chooses to accept payment. A repair shop buys spare parts from a wholesaler, though it could buy from another supplier. The shop gains stock, and the wholesaler chooses to sell for revenue. The town government rents a tent for visitors, though it could choose another rental company. The town gains shelter for the public, and the company chooses to accept a paid contract.

Accept different plausible exchanges if each actor has an alternative and both sides choose to trade for an expected benefit. The government's benefit should serve a public goal, not an official's personal profit.