Who Owns the Bike?

How property rights support everyday market choices

E.1.7 "Describe how clearly defined and enforced property rights are essential to a market economy."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline two statements that show who may use or sell a bike, and circle two ways those rights can be enforced. Write 1 and 2 beside two effects these rights have on choices to buy, sell, or invest.

A Bike Shop's Rights and Rules

1. At a neighborhood bicycle shop, two similar bikes can belong to different people. Mara owns the blue bike she bought to resell, so she can repair it, set a price, and transfer it to a buyer. A red bike belongs to a customer who left it for a tune-up. Mara may work on that bike under their agreement, but she cannot sell it. A repair ticket identifies the owner and the work authorized. These clear rights let Mara and her customers know what each person may use, keep, or exchange before money changes hands.

2. Rights on paper matter only if people can count on them being upheld. Mara records each purchase and gives buyers receipts. If someone takes the customer's red bike, the owner can report the theft, and authorities can investigate and return the bike when possible. If Mara and a customer disagree about a repair bill, their written agreement can help resolve the dispute, including in court. Laws against theft and ways to settle contracts make ownership more than a claim. Customers are more willing to leave bikes for repairs when they expect their property to be protected.

3. Clear, enforced rights also shape decisions beyond one sale. Mara might spend savings on better tools because she expects to keep the tools and earn income from using them. A lender may be more willing to finance new equipment if ownership and loan terms are recorded and enforceable. Buyers can pay for a repaired bike knowing Mara has the right to sell it and they will own it afterward. If anyone could seize tools or dispute every sale without a fair way to settle claims, repairs, loans, and bike sales would become riskier and less frequent.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why may Mara sell the blue bike but not the red bike?

2. How could the red bike's owner enforce their property right if someone took the bike?

3. Why might enforceable ownership and loan terms make both Mara and a lender more willing to invest in equipment?

4. If buyers could not tell whether Mara had the right to sell a repaired bike, what might happen to bike sales? Explain using the passage.

3 YOUR TURN

Your own words

In one paragraph, invent a situation at a shared-oven bakery. State who may use the oven and who owns the baked goods, describe one way those rights would be enforced, and explain how clear, enforced rights affect both an investment and a voluntary sale.

ANSWER KEY

Who Owns the Bike?

HIGH SCHOOL · E.1.7

PART 1 · READ AND MARK

Underline two statements that show who may use or sell a bike, and circle two ways those rights can be enforced. Write 1 and 2 beside two effects these rights have on choices to buy, sell, or invest. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why may Mara sell the blue bike but not the red bike?	**Mara owns the blue bike and has the right to transfer it. The customer owns the red bike and authorized only a tune-up.**
2	How could the red bike's owner enforce their property right if someone took the bike?	**The owner could report the theft. Authorities could investigate and return the bike when possible.**
3	Why might enforceable ownership and loan terms make both Mara and a lender more willing to invest in equipment?	**Mara can expect to keep and earn income from her tools. Recorded, enforceable ownership and loan terms reduce the lender's risk.**
4	If buyers could not tell whether Mara had the right to sell a repaired bike, what might happen to bike sales? Explain using the passage.	**Sales would become riskier and might occur less often because buyers could not be sure they would own a bike after paying for it.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

At a shared kitchen, Lena rents the oven on weekday mornings, while the kitchen owner keeps ownership of the oven. Their signed lease lists her hours, and the kitchen manager uses it to settle access disputes. Lena owns the bread she makes and may sell it to customers. Because she can rely on her oven hours and keep the money from her bread, she buys ingredients and sturdy baking pans. Customers can buy her bread knowing that Lena has the right to sell it.

Accept other accurate examples of documented rights and credible enforcement. For the open task, look for a clear link from protected rights to both an investment decision and a voluntary sale.