Choices Build Markets

Trace choices, prices, and growth in a market economy.

CE.12 "The student will apply history and social science skills to describe the United States economy by evaluating the shared fundamental principles and connection of free enterprise and democracy..."

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Underline two sentences that show how people or businesses make choices. Circle words that name forces or institutions affecting prices and growth.

Choices, Prices, and Growth

1 In the United States, democracy and free enterprise share an important idea: people can make choices. Voters choose representatives, while consumers choose what to buy. In a market economy, people may own private property and start businesses. Limited government protects rights and enforces rules, but usually does not decide every price. Competition among sellers can improve choices and prices for buyers.

2 Prices in markets respond to supply and demand. When many shoppers want concert tickets but few tickets are available, demand is high compared with supply, so prices often rise. When supply increases or demand falls, prices may fall. Inflation is a general rise in prices over time, which reduces what each dollar can buy. Producers decide what to offer, and consumers signal preferences through purchases.

3 Businesses can be sole proprietorships, partnerships, or corporations. Entrepreneurs take risks to organize resources and create new products or services. Banks and credit unions channel savings into loans. A borrower might use a loan as capital to buy equipment or expand a business. In Virginia, technology firms, ports, farms, and manufacturers connect workers and products to national and global markets. Faster data systems can help firms sell, ship, and communicate.

2 ANSWER WITH EVIDENCE

Use the passage

1. What shared principle connects democracy and free enterprise? Use one example from each system.

2. Why might concert ticket prices rise when many shoppers want tickets but few are available?

3. What is inflation, and what effect can it have on a dollar?

4. How do banks and credit unions help create capital for a business?

3 YOUR TURN

Your own words

Write four sentences about a Virginia entrepreneur. Include the business type, a loan used as capital, a price decision caused by supply and demand, and one technology that helps the business reach a wider market.

PART 1 · READ AND MARK

Underline two sentences that show how people or businesses make choices. Circle words that name forces or institutions affecting prices and growth. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What shared principle connects democracy and free enterprise? Use one example from each system.	**Both involve people making choices. Voters choose representatives, and consumers choose what to buy.**
2	Why might concert ticket prices rise when many shoppers want tickets but few are available?	**Demand is high compared with supply, so sellers can often raise prices.**
3	What is inflation, and what effect can it have on a dollar?	**Inflation is a general rise in prices over time. It reduces what each dollar can buy.**
4	How do banks and credit unions help create capital for a business?	**They channel savings into loans. A borrower can use a loan as capital to buy equipment or expand a business.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A Virginia entrepreneur owns a sole proprietorship that sells reusable lunch containers online. She receives a credit-union loan and uses it as capital to buy a packing machine. When demand rises while supply stays low, she raises the price. A faster ordering system helps her reach customers in other countries.

Accept equivalent explanations of choice, supply and demand, inflation, and lending that match the passage. For the open response, accept reasonable Virginia business examples that include all four required economic connections.