

## VISUAL 5.1

### USING MARKETS TO DEAL WITH SCARCITY

Competitive markets generally align personal interests with social interests. Here are the moral and practical advantages of markets:

#### **For consumers, competitive markets**

- promote freedom of individual choice.
- treat equally customers with the same ability to pay.
- use prices to encourage conservation.
- provide for a reliable supply of private goods.
- use prices to eliminate shortages and long lines.
- improve living standards by providing better products at lower prices.

#### **For producers, competitive markets**

- promote freedom of individual action.
- rely on voluntary actions, not coercion.
- reward creativity in problem solving.
- promote cooperative behavior globally.
- encourage moral virtues such as hard work, honesty and thrift.
- align self-interest with efficiency at satisfying consumer desires.

## VISUAL 5.2 MARKETS AND VALUES

Is this statement true, false or uncertain?  
Why?

“If we primarily rely on market exchanges to allocate resources, we will lose the values necessary to maintain a humane and just society.”