**MARKETS (рынки) The Role of Market (Роль рынка)**

Reports in the press tend to say "the market did this" or "the market expected good news on the economic front", as if the market were a single living entity with a single conscious mind. This is not, of course, the case. A market is simply a mechanism, which allows individuals or organizations to trade with each other. Markets bring together buyers and sellers of goods and services. In some cases, such as *a local fruit stall,* buyers and sellers meet physically. In other cases, such as *the stock market, business can be transacted* over the telephone, almost *by remote control.* There's no need *to go into* these *details.* Instead, we use *a general definition* of markets.

***A market*** is *a shorthand expression* for the process by which *households' decisions* about consumption of alternative goods, firms' decisions about what and how to produce, and workers' decisions about how much and for whom to work are *all reconciled by adjustment of prices.*

***Prices*** of goods and of resources, such as labour, machinery and land, adjust to ensure that scarce resources are used to produce those goods and services that society *demands.* Much of economics is devoted to the study of *how markets and prices enable society to solve the problems of what, how and for whom to produce.* Suppose you buy a hamburger for your lunch. What does this have to do with markets and prices? You chose the cafe because it was fast, convenient and cheap. *Given* your desire to eat, and your *limited resources,* the low hamburger price told you that this was a good way to *satisfy your appetite.* You probably prefer steak but that is more expensive. The price of steak is high enough to ensure that society *answers the* "for whom" *question* about lunchtime steaks *in favour of someone* else.

Now think ***about the seller's viewpoint.*** *The cafe owner* is in business because, given the price of hamburger meat, *the rent* and the wages that must be paid, it is still possible to sell hamburgers at a profit. If rents were higher, it might be more profitable to sell hamburgers in a cheaper area or *to switch to luxury lunches* for *rich executives* on expense accounts. The student *behind the counter* is working there because it is a *suitable part-time job,* which pays *a bit of money.* If the wage were much lower *it would hardly be worth working at all. Conversely,* the *job* is *unskilled* and there are plenty of students looking for such work, so owners of cafes do not have to offer very high wages.

*Answer the questions*

1. What example is given of a market where sellers and buyers actually meet?

2. How are households' decisions on what to buy reconciled?

3. Why do prices adjust?

4. What problems do markets and prices solve for society?

5. Why is the cafe owner in business?