

Case 1



Name(s) _____

Objective:

To show how efficient exchanges are accomplished by society.

Information:

On the following pages are three different exchange scenarios involving a society which has **FOUR manufacturers** and **FOUR customers**. In each scenario, each manufacturer produces one product and each customer wants to purchase one unit from each manufacturer.

Scenario 1: Direct Exchange

Each manufacturer travels to one customer and sells one unit, then returns home. Then, each manufacturer repeats the process with each of the remaining customers.

Scenario 2: Direct Exchange – Central Market

Manufacturers and customers travel to a central market where each manufacturer sells one unit to each customer. Then all manufacturers and customers return home.

Scenario 3: Indirect Exchange – Middleman

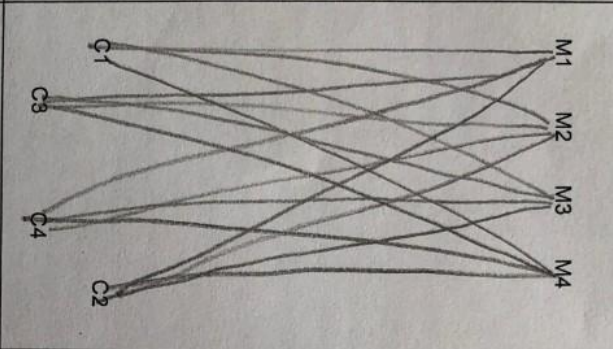
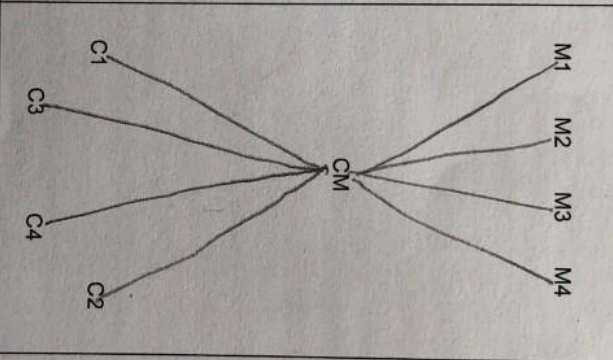
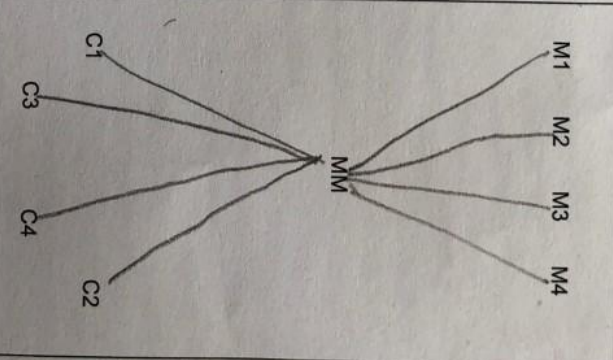
Manufacturers and customers travel to a central market where each manufacturer sells all units to a middleman (retailer). The middleman sells a single assortment of products to each customer and then all manufacturers and customers return home.

For each scenario, draw lines to represent the travel of the manufacturers and customers and fill in the table on the following page. After filling in the table, answer the following:

Principle:

A central market improves exchange efficiency in a society by _____

A middleman improves exchange efficiency in a society by _____

| | Scenario 1 Direct Exchange | Scenario 2 Direct Exchange - Central Market | Scenario 3 Indirect Exchange - Middleman |
|--|--|---|--|
| Total number of exchanges required |  |  |  |
| Number of units per exchange | | | |
| Total roundtrip travel miles use a ruler to measure distance. Assume 1" = 50 miles | 16 | | 1000 |