Prices Shape Choices

Read how higher and lower prices can guide producers' decisions.

SS4E1.b “Explain how price incentives affect people's behavior and choices: decisions about what crops (e.g., cotton, and tobacco) to grow and products (e.g., textiles) to produce.”

NAME ______________________________ DATE ______________

1 READ AND MARK

Read it twice

YOUR JOB Circle each word or phrase that tells about a higher or lower price. Underline the choice that the price may cause a farmer or factory to make.

What Will Producers Choose?

1 Long ago and today, growers must decide what to plant. A farmer has limited land, time, seeds, and workers. Before planting, the farmer looks at prices buyers are offering. If cotton brings a higher price than another crop, growing cotton may earn more money. That higher price is a price incentive, or a reason that can influence a choice.

2 Suppose buyers offer a high price for cotton because clothing companies need more cotton cloth. Many farmers may plant cotton instead of tobacco or corn. If too much cotton reaches the market, the cotton price can fall. Then some farmers may switch to a different crop next season. A lower price gives them less reason to keep growing cotton.

3 Price incentives also affect factories. A textile factory turns fibers, such as cotton, into cloth. When stores will pay more for cotton shirts than for another product, a factory may use its workers and machines to make more shirts. The expected higher selling price can change what the factory produces. Producers compare possible earnings before choosing how to use their resources.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does a farmer look at prices before planting a crop?

2. How might a high price for cotton change what farmers plant?

3. What might some farmers do if the cotton price falls?

4. How can a higher selling price for cotton shirts affect a textile factory?

3 YOUR TURN

Your own words

Invent a farmer or factory choice. Write two sentences that name a crop or product with a higher price, tell what the producer chooses to make or grow, and explain why.

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PART 1 · READ AND MARK

Circle each word or phrase that tells about a higher or lower price. Underline the choice that the price may cause a farmer or factory to make. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does a farmer look at prices before planting a crop?	**Prices can help the farmer choose a crop that may earn more money.**
2	How might a high price for cotton change what farmers plant?	**Many farmers may plant cotton instead of tobacco or corn.**
3	What might some farmers do if the cotton price falls?	**They may switch to a different crop the next season.**
4	How can a higher selling price for cotton shirts affect a textile factory?	**The factory may use its workers and machines to make more cotton shirts.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A farmer learns that buyers are paying more for peanuts than for beans. She plants peanuts because the higher price may help her earn more money.

Accept answers that correctly connect a higher or lower price to a producer's choice. In Part 3, accept any realistic crop or product example with a clear price incentive and choice.