

Price



Artist: Sarah Sliwinski • 4th Grade • Steward School • Henrico County

PRICE

A price is what people pay when they buy a good or a service, and what they receive when they sell a good or a service.

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Definition/Background

A price is what people pay when they buy a good or a service, and what they receive when they sell a good or a service. Market prices are determined by the buying and selling decisions made by buyers and sellers. Prices send signals and provide incentives to buyers and sellers. High prices for a good or service provide incentives for buyers to purchase less of that good or service, and for producers to make or sell more of it. Lower prices for a good or service provide incentives for buyers to purchase more of that good or service, and for producers to make or sell less of it. In a market economy, the equilibrium price is the point where producers make the same amount of a good or service that consumers purchase. People commonly use the term “cost” to refer to the price of a good or service (e.g. How much does that toy cost?) However, in economics, cost typically refers to what it costs to produce something. The cost to produce something is likely to be different than the price for which it is sold.

Teaching Ideas

1. Bring in various products and ask students to guess the price of each item. Or give a price and ask students if the real price is higher or lower.
2. Have the students compare the prices of a pair of similar products. (Pairs might include fresh peaches and canned peaches, board games and video games, etc.) What conclusions can they make concerning the products and differing prices?
3. Share examples of a product(s) you have seen advertised or bought for different prices. Talk about the location or type of store where the product was bought (or could be bought). Ask students to give reasons that the price might be different.
4. Ask the students to create a list of five “pros” and five “cons” of buying Halloween candy on Nov. 1.
5. List the following items on the board, ONE DOZEN ORANGES (\$12), A PAIR OF SHOES (\$30), THREE USED PAPERBACK BOOKS (\$15). Ask the students to list them from most expensive to least expensive. Ask them if the order of their list would change if most of the world’s orange crop had been destroyed due to an unseasonable freeze.

Lessons & Resources

Print Lessons

Teaching Economics Using Children’s Literature, Lesson 15: The Babe and I (elementary)

Mathematics and Economics: Connections for Life Grades 6-8, Lesson 3: Baby-sitting Wages and Movie Prices (middle)

Online Lessons

Yard Sale (elementary)

<http://www.moneymanagement.org/Education/Resources/YardSale/index.asp>

Price Increase or Price Gouging? (middle)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM508&page=teacher>

Literature

• *Mama Panya’s Pancakes: A Village Tale from Kenya* by Mary Chamberlin and Rich Chamberlin. Barefoot Books, 2005. Mama Panya checks the **prices** and uses her few coins at the market to buy the ingredients to make pancakes. Will she be able to make enough for all the people her son has invited over to share their meal? [Grades K-3]

• *Esperanza Rising* by Pam Munoz Ryan. Scholastic, 2000. The Great Depression was a time of few jobs and high **prices**. It is during this period of time that Esperanza and her mother are forced to leave their life of wealth in Mexico to go work in the labor camps of Southern California. [Grades 5-8]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia’s K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers to learn about specific opportunities.

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Contact one of our economic education specialists or go to www.richmondfed.org/educational_info for resources on teaching economics and the Federal Reserve System. Among these free and easy to use resources you’ll find lesson plans, workshop information and publications.

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Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a \$50 U.S. Savings Bond.

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