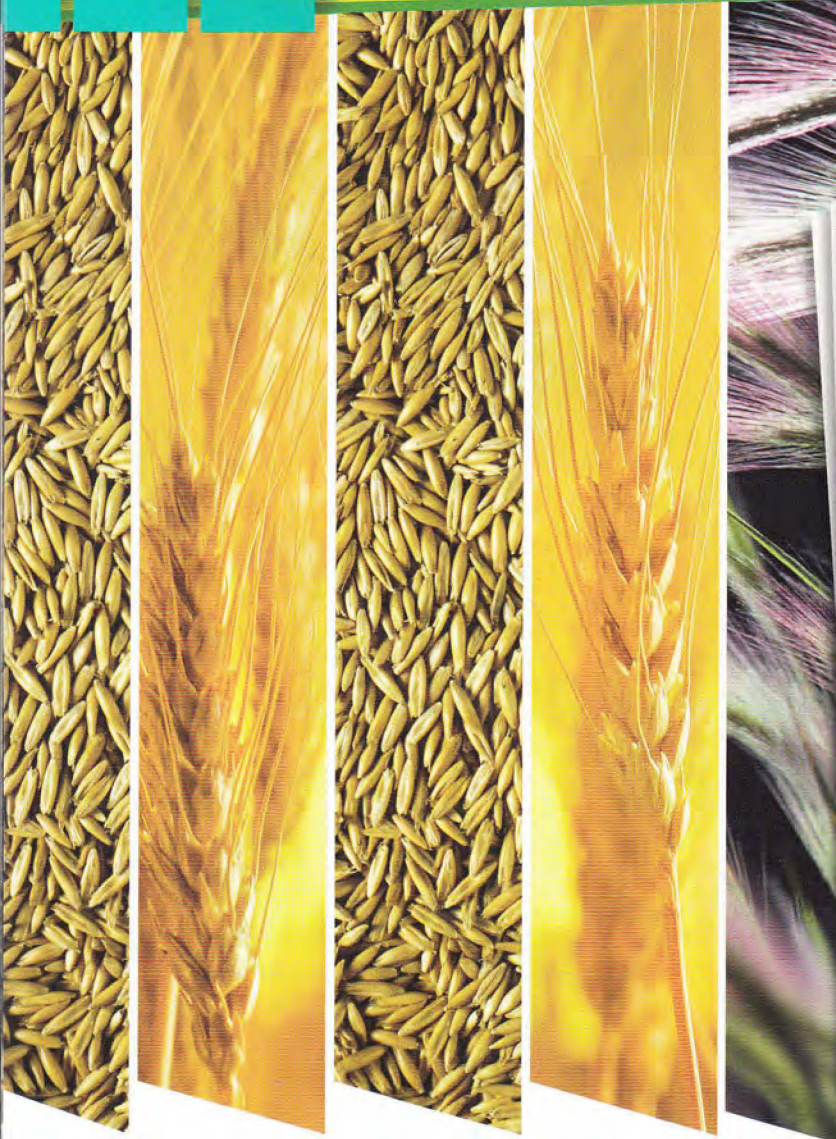


8

Government intervention



GOVERNMENT PROMISES HELP FOR WHEAT GROWERS

Government officials introduced a plan this week to enhance wheat production. Spokesperson Harriet Greene responded to reporters' questions on Friday. She said the government is committed to improving economic conditions in wheat-growing regions.

Greene said the plan supports the small farmers that the world's **food and fiber industry** relies on. The plan does have critics. But Greene responded that improving the wheat industry improves economies everywhere. She stated that the industry's **decline** negatively affects people around the world.

The plan is to decrease supply by employing a strategy of adjusting production. Leaving some wheat fields **fallow** should prevent excessive **surpluses** and wasted resources. Hopefully, this will increase **market demand**. Additionally, the government will implement various forms of **price support**. This includes establishing **price floors**, raising **quotas** and reducing **tariffs** on exports. Finally, the government is setting up a department to address **foreign trade enhancement**. The department will identify ways to increase wheat trade worldwide.

Get ready!

1 Before you read the passage, talk about these questions.

- 1 Does your government take an active role in agriculture?
- 2 Do you think governments should control agriculture? Why or why not?

Reading

2 Read the newspaper article. Then, mark the following statements as true (T) or false (F).

- 1 Some people do not support the plan
- 2 The plan calls for planting all available wheat fields.
- 3 The government intends to lower taxes on exported wheat.

Vocabulary

3 Match the words (1-6) with the definitions (A-F).

- | | |
|--|--|
| 1 <input type="checkbox"/> decline | 4 <input type="checkbox"/> market demand |
| 2 <input type="checkbox"/> quota | 5 <input type="checkbox"/> adjusting production |
| 3 <input type="checkbox"/> price floor | 6 <input type="checkbox"/> foreign trade enhancement |

- A the desirability of a product
- B the process of becoming less or worse
- C a limit on the amount of something
- D a legal limit on how low a price can be
- E the act of improving international trade
- F changing the amount of a product that is made

4 Write a word that is similar in meaning to the underlined part.

- Most agriculture focuses on the production of food and other products.
f _ _ _ _ n _ _ i b _ _ i n _ _ _ _ _
- Taxes on imports and exports can help trade. t _ r _ _ _ _
- Leave that field unplanted this season. _ _ l l _ _
- The extra supply of wheat lowered prices. _ u _ p _ _ _
- Methods of maintaining high prices ensures that crop prices don't collapse. _ _ _ c e _ _ p p _ _ _

5 Listen and read the newspaper article again. How does the government plan to decrease supply?

Listening

6 Listen to a conversation between farmer and assistant. Choose the correct answers.

- Why isn't the farmer planting wheat?
 - The fields need to lie fallow for a season.
 - The price for wheat seeds has increased.
 - He is participating in a government program.
 - He is worried he won't be able to sell it.
- Why are the prices for wheat low?
 - The wheat crop was not good.
 - There is a surplus of wheat.
 - The market price for wheat is high.
 - The production of wheat has decreased.

7 Listen again and complete the conversation.

Assistant: But won't we lose money if we 1 _____ enough?

Farmer: Actually, the government is paying us to 2 _____.

Assistant: I had 3 _____. Why are they doing that?

Farmer: They want to decrease the supply. See, right now there's a 4 _____. So prices are low. But if everyone produces less wheat, the supply will fall. Do you see what I mean?

Assistant: I think so. And if the supply falls, the 5 _____ too. Right?

Farmer: Exactly. 6 _____, we'll just plant some cover crops in field 4-B.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

*But won't we lose money.
Why are they doing that?
If everyone produces less wheat,
the supply will fall.*

Student A: You are a farming assistant. Ask Student B about:

- not planting wheat
- government intervention
- supply and prices

Student B: You are a farmer. Answer Student A's questions.

Writing

9 Use the conversation from Task 8 to fill out the memo to farm staff. Explain why wheat will not be planted. Include information about surpluses and prices.

Franklin Farms
Memo

Staff: This year _____

Jack Franklin
Owner, Franklin Farms

14 Pricing



Dear Mr. Kowalski,

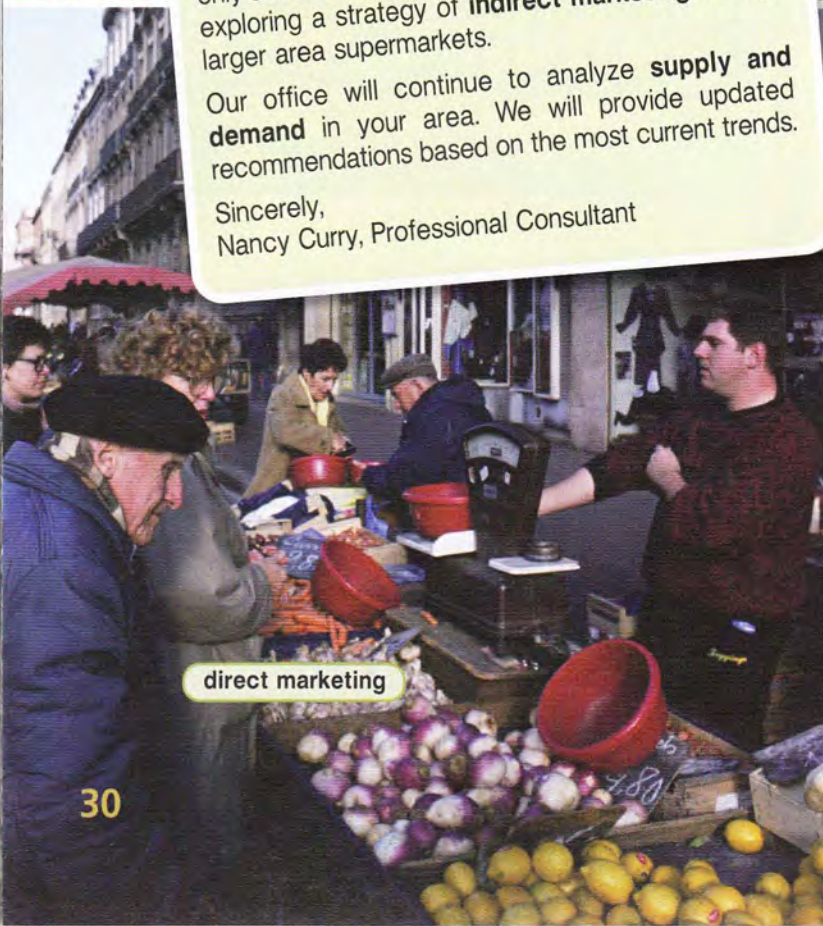
Our office analyzed your business practices as you requested. We have a few suggestions to improve your **pricing strategy**.

We believe that it is time to consider **pricing for competition**. There are several new **produce** sellers in your area. Some are offering lower prices for the same vegetables that you sell. For example, you sell spinach for \$5.49 per pound. Most other sellers are offering spinach for less than \$5.00 per pound. They attract customers who want large quantities by offering **pricing for value**. We suggest moderate price decreases that maintain **pricing for profit**. As long as your prices remain higher than your **cost of production**, your business will make money.

We also think it is time for you to expand beyond **direct marketing**. Profits will remain limited if you only sell at the local farmer's market. We recommend exploring a strategy of **indirect marketing** through larger area supermarkets.

Our office will continue to analyze **supply and demand** in your area. We will provide updated recommendations based on the most current trends.

Sincerely,
Nancy Curry, Professional Consultant



Get ready!

1 Before you read the passage, talk about these questions.

- 1 What factors influence crop prices?
- 2 What factors are included in a farmer's cost of production?

Reading

2 Read the business letter. Then, choose the correct answers.

- 1 What is the purpose of the letter?
A to market a new product
B to offer new services to a client
C to bill a customer for services
D to explain the results of an analysis
- 2 How do the client's prices compare to others?
A They are higher than other's prices.
B They are the same as other's prices.
C They are lower than other's prices.
D They change more often than other's prices.
- 3 What suggestion does Ms. Curry make?
A lowering production costs
B studying local supply and demand
C marketing to grocery stores in the area
D increasing prices by five percent

Vocabulary

3 Read the sentence pair. Choose where the words best fit the blanks.

- 1 **direct marketing / indirect marketing**
A In _____, customers buy from farmers.
B _____ involves farmers selling crops to stores where customers shop.
- 2 **supply and demand / cost of production**
A Prices must make up for the _____.
B Prices change according to _____.
- 3 **pricing strategy / produce**
A Sell this _____ before it spoils.
B Change your _____ to make a bigger profit.

5 Match the words (1-4) with the definitions (A-D).

- 1 _ pricing
 - 2 _ pricing for profit
 - 3 _ pricing for competition
 - 4 _ pricing for value
- A setting a price that is less than other sellers
 - B setting a lower price for large quantities
 - C the process of establishing costs for items
 - D setting a price that exceeds the cost of production

6 Listen and read the business letters again. What does the consultant suggest would attract more clients?

Listening

6 Listen to a conversation between a consultant and a farmer. Mark the following statements as true (T) or false (F).

- 1 _ The man did not know his competition's prices.
- 2 _ The woman suggests a new pricing strategy.
- 3 _ The client will charge the same price for large and small amounts.

7 Listen again and complete the conversation.

Consultant: Mr. Kowalski, did you 1 _____ to read our recommended business improvements?

Farmer: I did, Miss Curry. Can you give me some more information about 2 _____?

Consultant: Of course. Your spinach goes for \$5.49 per pound. All 3 _____ in your area sell spinach for at least \$0.50 less per pound.

Farmer: Wow. I didn't 3 _____ my products are. What changes do you suggest?

Consultant: We 5 _____ some estimates. You can lower your spinach price to \$4.89 per pound and still cover your 6 _____.

Speaking

8 With a partner, act out the roles below based on Task 7. Then, switch roles.

USE LANGUAGE SUCH AS:

Can you give me more information about ...
I didn't realize how expensive ...
What changes do you suggest?

Student A: You are a business consultant. Talk to Student B about:

- client's prices
- competition's prices
- new pricing strategy

Student B: You are a farmer. Talk to Student A about the price of your crops.

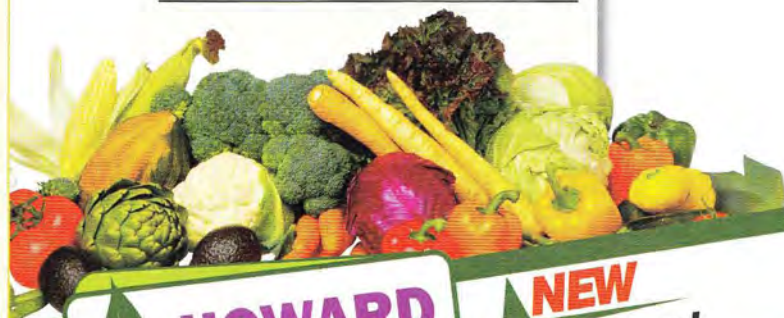
Writing

9 Use the conversation from Task 8 to describe the new pricing strategy.

Beginning this week, orders of _____

Orders of _____

will still be _____



NEW
Low Prices!