

Changes in Supply - Guided Notes

Name _____

Directions: Read section 5.3 on pages 116-120 and complete the questions located below.

1. What are examples of inputs used to produce a good or service?

2. Why does the change in the cost of inputs impact the quantity of supply?

3. If a firm has no control over the inputs what is the solution to an increase in input costs?

4. In what direction does the supply curve shift if there is an increase in production? _____

5. What is typically the impact of technology on supply? Describe why?

6. What is a subsidy? _____

7. In what area do subsidies exist in the United States? _____

8. What is an excise tax? _____

9. On what goods/services does the American government place excise taxes?

10. In what direction do excise taxes shift the supply curve? _____

11. Define regulation:

12. What does government regulation do to supply? _____

13. How do the following global events impact supply?

Economic Event	Production Change	Increase/Decrease	Supply Curve Shift
U.S. imports carpets from India.			

U.S. imports phones from Japan			
U.S. imports oil from Russia			

14. What does an import ban from a foreign nation do to the supply of American goods produced?

15. What two areas can influence supply outside of government actions?

a. _____

b. _____

16. What is the result of the expectation of higher prices on a business?

17. What happens to supply if more businesses decide to enter the market?

After the reading:

18. Decide whether each of the events would cause an increase or decrease in the supply of American-made backpacks - and why.

	Increase/Decrease	Why
The government increase the minimum wage of backpack workers to \$40 per hour.		
A new regulation requires backpack manufacturers to use only organic products in production.		
An engineer invents a machine that can now sew 10 backpacks per minute, speeding up production.		