



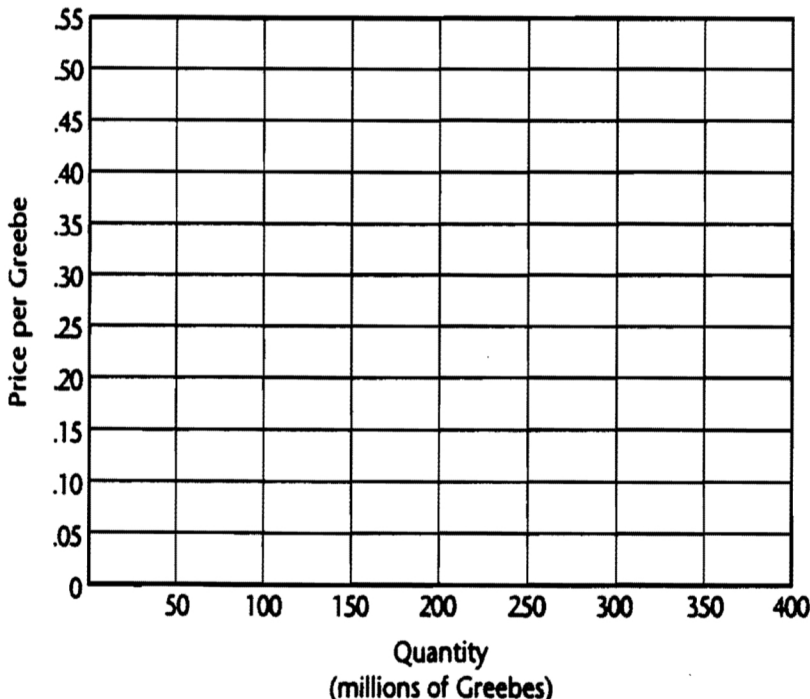
Supply Curves, Moves Along Supply Curves, and Shifts in Supply Curves

In this Activity, and those that follow, we will assume that the long-run supply curve of Greebes is "typically" upward sloping. Study the data in the table *Supply of Greebes*, and plot the supply of Greebes on the axes provided. Label the supply curve *S*. and answer the questions that follow.

Supply of Greebes

Price (\$ per Greebe)	Quantity supplied (millions of Greebes)
\$.15	100
.20	150
.25	200
.30	250
.35	300

Plotting Supply of Greebes



Part A.

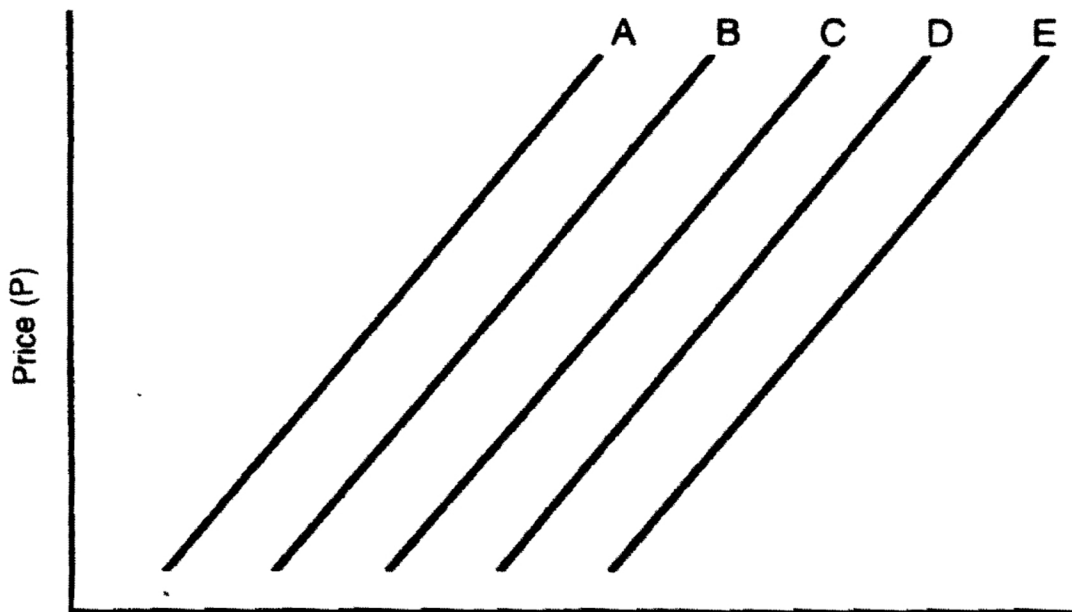
Fill in the answer blanks or cross out the incorrect words in parentheses.

The data for supply curve *S* indicate that at a price of \$.25 per Greebe, suppliers would be willing to offer _____ million Greebes. Other things constant, if the price of Greebes increased to \$.30 per Greebe, suppliers would be willing to offer _____ million Greebes. Such a change would be an increase in (*supply/quantity supplied*).

Other things constant, if the price of Greebes decreased to \$.20 per Greebe, suppliers would be willing to offer _____ million Greebes. Such a change would be called a decrease in (*supply/quantity supplied*).



Reasons for Changes in Supply



Supply of foreign and domestically produced cars in the U.S. (Q)

Read the following seven newspaper headlines. In each case, decide if the event will cause any change in the supply of cars. If so, determine if it is an increase or a decrease, and write the correct answer. Begin at curve C. If you think headline 1 means there will be a decrease in supply, write "decrease" in the first blank and "B" in the second blank; move to curve B to do headline 2. If you think supply will increase, write "increase" and "D" in the blanks for headline 2; move to curve "D" to do headline 3.

Move only one curve at a time. Do not skip from say A to C even if you think the headline means there will be a large change in supply. Do not go beyond the five curves. If you are at A and the next headline implies a decrease in supply, you goofed somewhere. There is one headline which implies that the supply of cars does not change.

- 1 AUTO WORKERS UNION AGREES TO WAGE AND FRINGE CUTS
Supply _____ Curve _____
- 2 NEW ROBOT TECHNOLOGY INCREASES EFFICIENCY
Supply _____ Curve _____
- 3 NATIONWIDE AUTO STRIKE BEGAN AT MIDNIGHT
Supply _____ Curve _____

- 4 NEW AUTO IMPORT QUOTAS REDUCE FLOW OF FOREIGN CARS
Supply _____ Curve _____
- 5 COST OF STEEL RISES
Supply _____ Curve _____
- 6 AUTO PRODUCER GOES BANKRUPT, CLOSES OPERATION
Supply _____ Curve _____
- 7 BUYERS REJECT NEW MODELS
Supply _____ Curve _____
8. SHORTAGES IN SCOOTER MARKET; CONSUMERS CAN'T GET ENOUGH COOL TWO-WHEEL MOPEDS.
Supply _____ Curve _____

Optional bonus: Categorize each change in supply according to the reason that affected supply. Write the number of the headline next to the reason for the change in supply. In some cases, more than one headline could be matched to a reason.

- _____ Government
- _____ Other Profit Opportunities
- _____ Number of Suppliers
- _____ Investment in Technology
- _____ Cost of Production
- _____ Expectations of Future Profits