Section 3: Guided Reading and Review

Changes in Supply

A. As You Read
As you read Section 3, supply information to complete each statement in the spaces provided.

1. Unable to control price, a profitable producer faced with rising labor and/or materials costs will __________________________.

2. New technology affects supply by __________________________.

3. European governments’ reasons for subsidizing food producers include __________________________.

4. In the past, Western European governments subsidized banks and airlines by __________________________.

5. The United States government subsidizes such industries as __________________________.

6. An excise tax increases production costs by __________________________.

7. Consumers may be unaware of excise taxes because __________________________.

8. Government regulations often reduce supply because __________________________.

9. During periods of inflation, suppliers may temporarily withhold goods that can be stored for long periods because __________________________.

B. Reviewing Key Terms
Complete each sentence by writing the correct key term in the blank provided.

10. Government can increase supply by granting producers a(n) _________________.

11. To reduce supply, a government might levy a(n) _________________.

12. Requiring pollution control on automobiles exemplifies government ________________.