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 ____________.