

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 _____.