

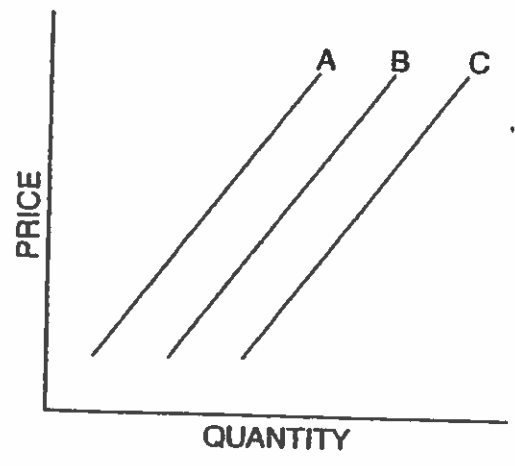
# 2 Microeconomics

## Reasons for Changes in Supply

### Part A

Read the eight newspaper headlines in Figure 13.2, and record the impact, if any, of each event on the supply of cars. Use the first column to the right of the headline to show whether the event will cause a change in supply. Use the next column to record whether the change is an increase or a decrease in supply. In the third column, decide whether the supply curve shifts left or right. Finally, write the letter for the new supply curve. Use Figure 13.1 to help you. Always start at curve B, and move only one curve at a time. Two headlines imply that the supply of cars does not change.

**Figure 13.1**  
Supply of Foreign and Domestic Cars



**Figure 13.2**

Headline	Supply Shift? (Y/N)	If Supply Shifts, Inc/Dec?	Curve Shifts Left/Right?	New Curve
1. Auto Workers' Union Agrees to Wage Cuts				
2. New Robot Technology Increases Efficiency				
3. Nationwide Auto Strike Began at Midnight				
4. New Import Quotas Reduce Foreign Car Imports				
5. Cost of Steel Rises				
6. Auto Producer Goes Bankrupt; Closes Operation				
7. Buyers Reject New Models				
8. National Income Rises 2%				

From *Master Curriculum Guide in Economics: Teaching Strategies for High School Economics Courses* (New York: National Council on Economic Education, 1985), p. 69

**Part B**

Categorize each change in supply in Part A according to the reason why supply changed. In Figure 13.3, place an X next to the reason that the headline indicated a change in supply. In some cases, more than one headline could be matched to a reason. Two headlines do not indicate a shift in supply.

 Figure 13.3

↓ Reason	Headline Number →							
	1	2	3	4	5	6	7	8
A change in costs of inputs to production process								
A change in technology								
A change in the number of producers in the market								
Government policies								