

A decorative vertical bar on the left side of the page, consisting of several thin, parallel vertical lines in shades of gray. To the right of this bar are several dark gray circles of varying sizes, arranged in a vertical line, resembling bubbles or a vertical stack of circles.

SUPPLY

Chapter 5

DEFINE THE FOLLOWING WORDS:

1. **Law of supply**
2. **Supply**
3. **Subsidy**
4. **Overhead**
5. **E-commerce**
6. **Variable Cost**



SUPPLY

Amount of a product offered for sale at all possible prices in a market.



LAW OF SUPPLY

Principle that more will be offered for sale at higher prices than at lower prices



“GOURMET” BURGER JOINTS IN DEARBORN



Maybe the markup
on “gourmet”
burgers is good?



SUPPLY SCHEDULE

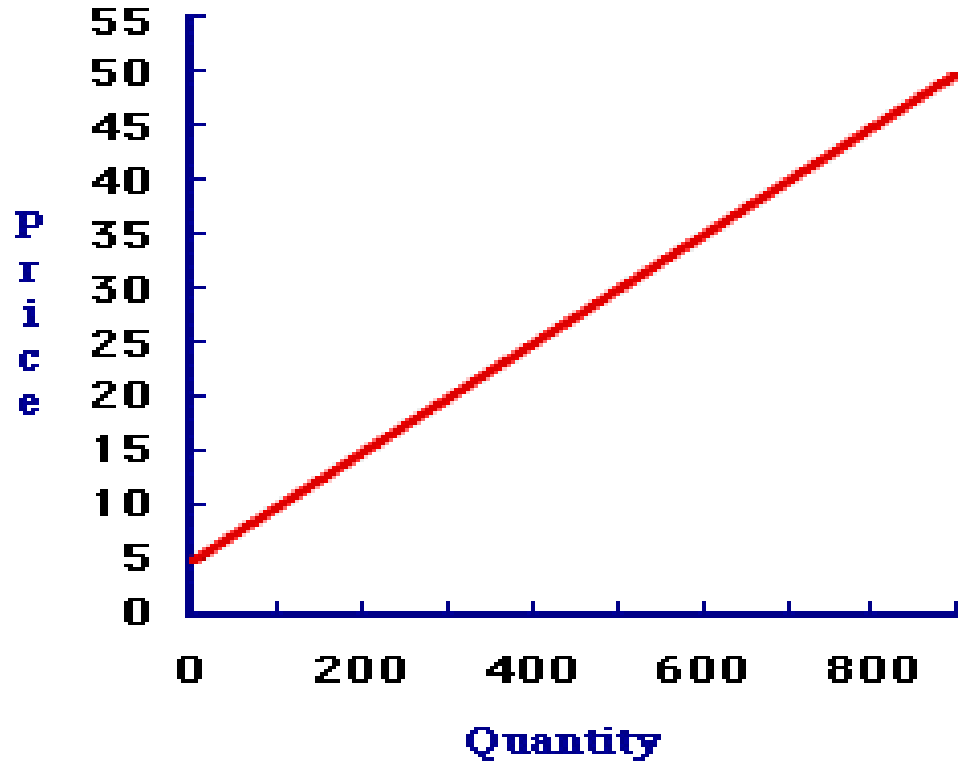
A table showing the quantities produced or offered for sale at each and every possible price in the market

	Price of Stuffed Animals	Quantity of Stuffed Animals
A	5	0
B	10	100
C	15	200
D	20	300
E	25	400
F	30	500
G	35	600
H	40	700
I	45	800
J	50	900



SUPPLY CURVE

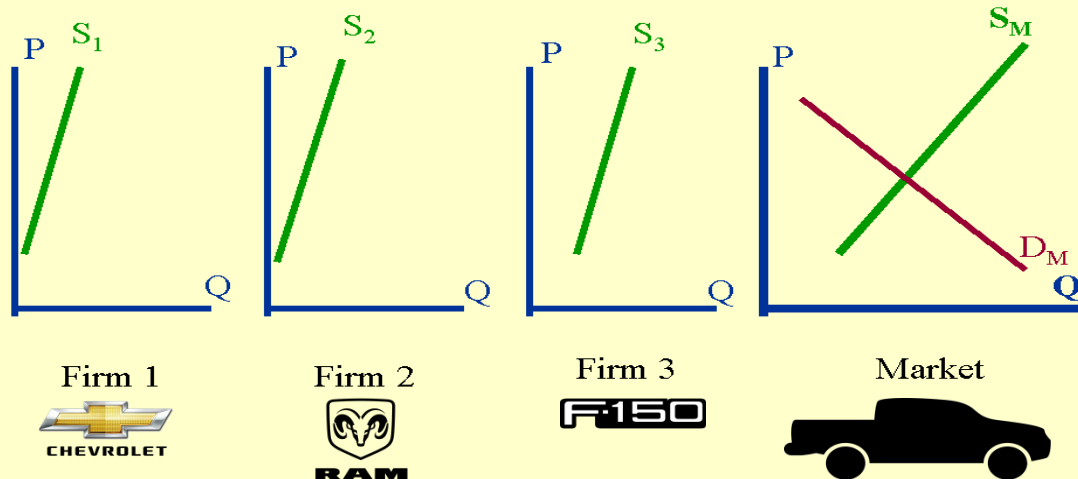
A graph that shows the quantities supplied at each and every possible price in the market



MARKET SUPPLY CURVE

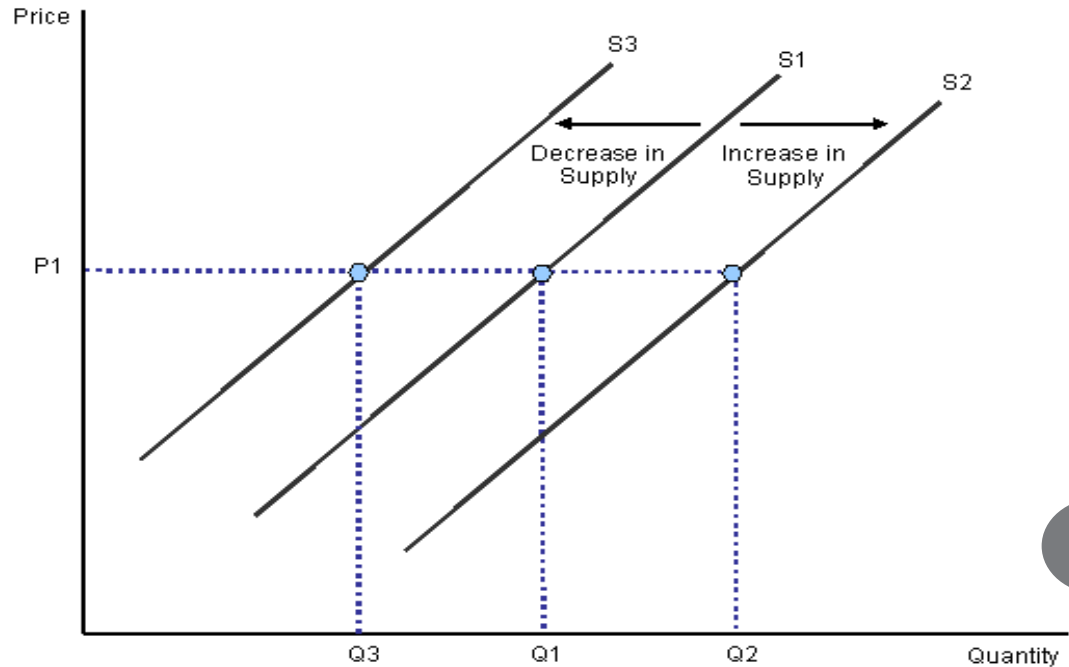
Supply Curve that shows the quantities offered at various prices by all firms in the same industry

The Industry's Supply Curve



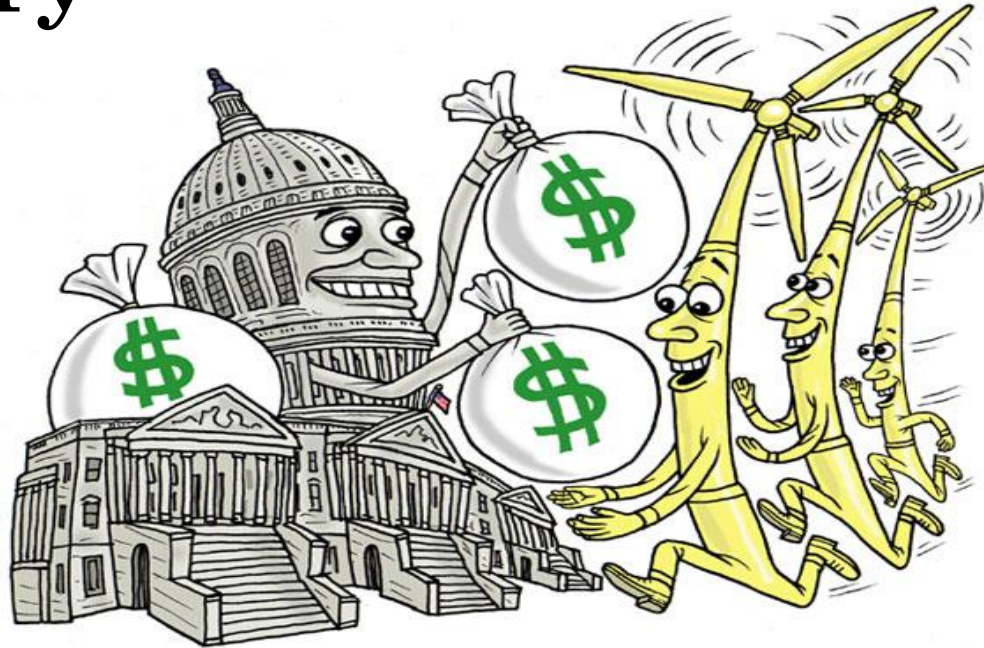
CHANGE IN SUPPLY

1. **Cost of Resources**
2. **Government Regulations**
3. **Number of Sellers**
4. **Taxes**
5. **Productivity**
6. **Technology**
7. **Subsidies**



SUBSIDY

Government payment to encourage or protect a certain industry



Elon Musk has received 4.9 billion in government subsidies



SOLAR
CITY

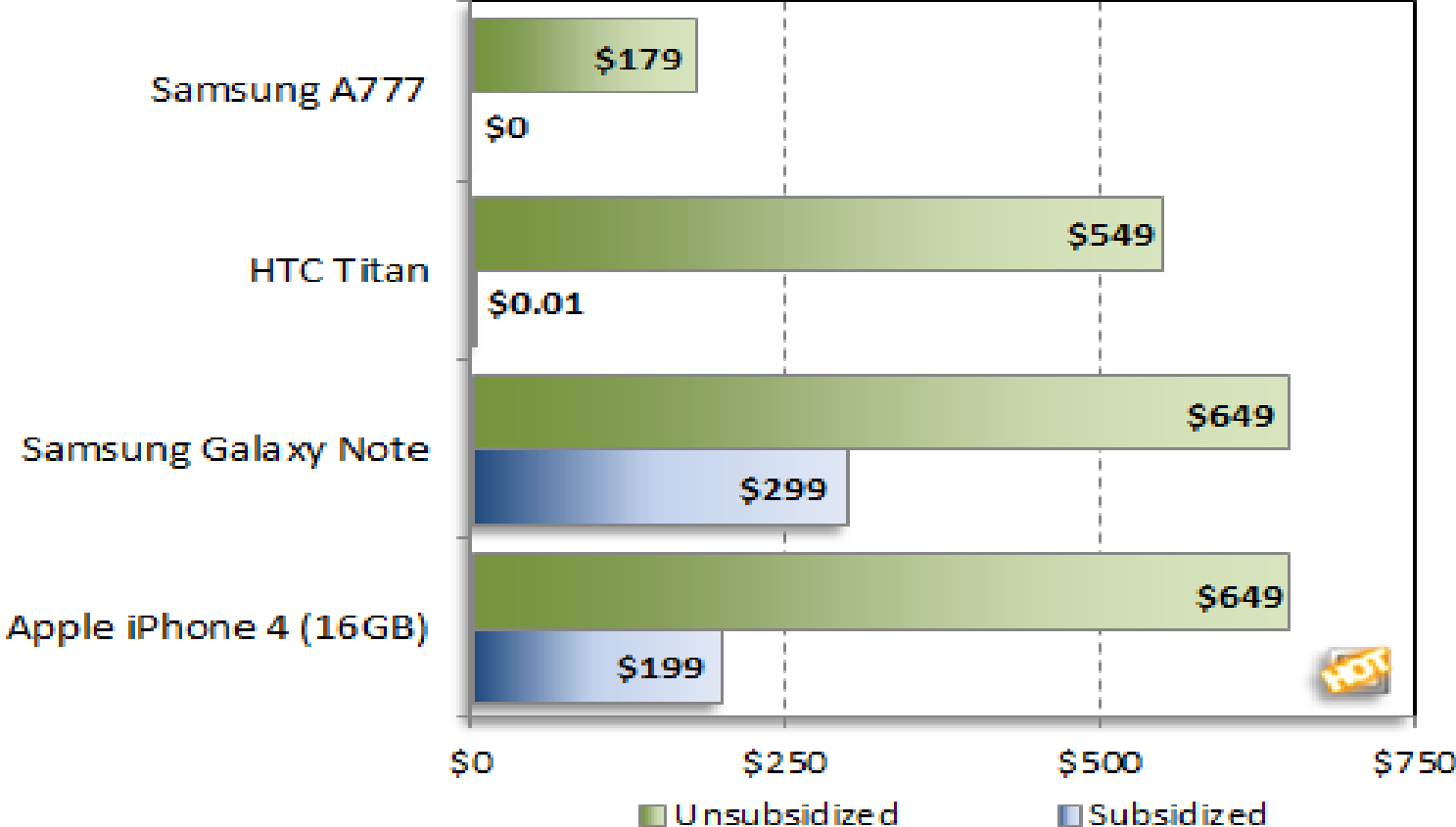


TESLA MOTORS



SUBSIDIES AND YOU

Subsidized vs. Unsubsidized Phone Prices
3/9/12 Measured via AT&T Pricing



TAXES

If the government raises taxes less of a product will be produced (cost of production goes up)

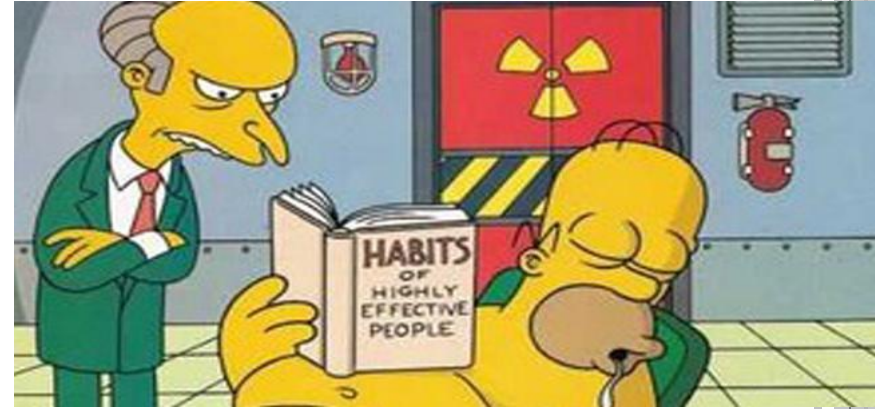
If taxes are lowered companies produce more (cost of production decreases)



PRODUCTIVITY

If management trains
or motivate workers
productivity goes up!

If workers are
unhappy or untrained
productivity goes
down!

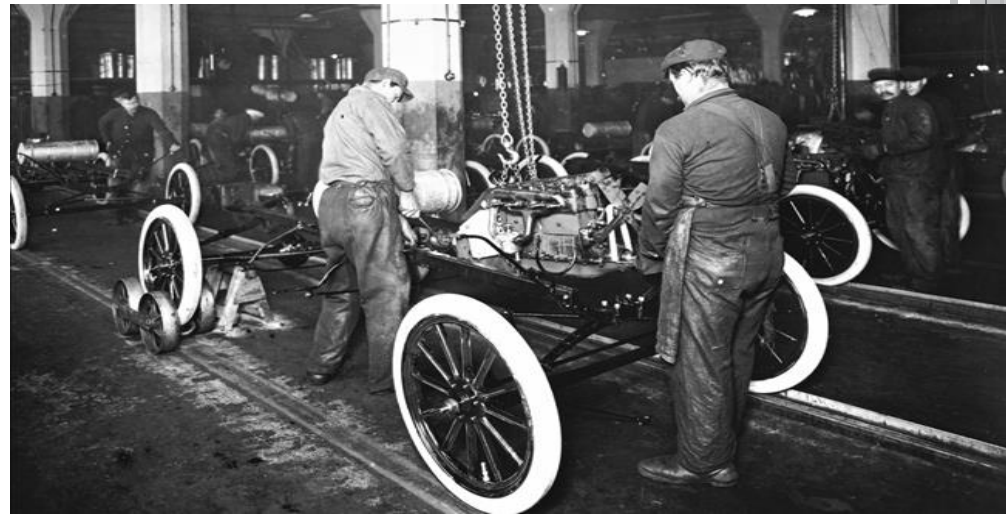


VS



TECHNOLOGY

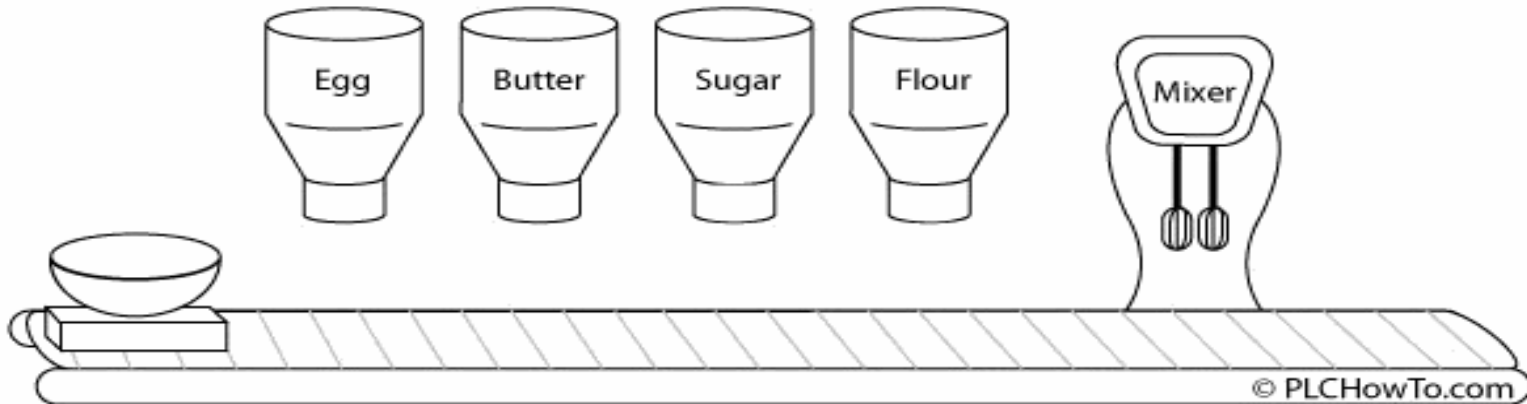
New technology shifts the curve to the right. Because it makes it easier and more effective to produce.



COST OF RESOURCES

If the price of **inputs** (labor, oil, materials, etc.) drops it becomes **cheaper** to produce.

If the price of **inputs** go up **less** is produced



GOVERNMENT REGULATIONS

**Safety controls, emission standards, tighter regulations cause prices of production to rise.
Relaxed regulations cause a decrease**



NUMBER OF SELLERS

If more firms enter the market more of a product is offered.
If suppliers leave less supply is offered.

