

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Block: \_\_\_\_\_

Economics

### Shifts in Supply

*Directions:* Answer the following questions about shifts in supply. Draw a supply graph that shows this shift. Briefly explain why supply would respond the way it does.

1. Explain what would happen to the supply for jeans if:
  - a. the cost to ship cotton to textile factories increases
  - b. the price for khaki pants goes down.
2. Explain what would happen to the supply for iPhone if:
  - a. Apple announces that it made a deal with T-Mobile so that wireless provider begin offering cell phone service for the iPhone
  - b. the government set the price at Apple could sell the iPhone at \$100

3. Explain what would happen to the supply for milk if:
  - a. a new pasteurization process allowed for milk to be produced 25% faster than it had before
  - b. the price of cheese increases
  - c. a drought in the Midwest causes the price of maintaining a cattle ranch to increase
4. Explain what would happen to the supply for coffee if:
  - a. A boll weevil infestation destroyed the coffee crop on Latin American plantations
  - b. the Latin American plantations needed to spend millions of dollars on insecticide to get rid of the boll weevil infestation
5. Explain what would happen to the supply for solar panels if:
  - a. the Obama Administration offered tax incentives and low interest rate loans to producers of green energy