SUPPLY LECTURE

I. Supply schedule and supply curve

   A. Supply schedule: a tabular depiction of the numerical relationship between the quantity supplied and its own price.

   B. Supply curve: a graphical representation of the relationship between the quantity supplied and its own price.

   C. Supply schedule for hamburgers:

<table>
<thead>
<tr>
<th>Price/lb</th>
<th>Quantity supplied</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ .50</td>
<td>100 lbs.</td>
</tr>
<tr>
<td>1.00</td>
<td>200 lbs.</td>
</tr>
<tr>
<td>1.50</td>
<td>300 lbs.</td>
</tr>
<tr>
<td>2.00</td>
<td>400 lbs.</td>
</tr>
<tr>
<td>2.50</td>
<td>500 lbs.</td>
</tr>
</tbody>
</table>

   1. As the price of hamburger increases, ceteris paribus, the quantity supplied increases.

   D. The supply curve for hamburger:

   1. One point on the supply curve represents a single ____________

   2. The upward slope of the supply curve,
3. A change in the commodity's own price results in

4. An increase in supply is characterized by

5. A decrease in supply is characterized by
II. Supply and quantity supplied:

A. Supply: relationship showing the various amounts of a commodity that producers would be willing and able to sell at possible alternative prices during a given time period, ceteris paribus.

B. Quantity Supplied: total amount of a commodity that all firms are willing and able to sell, at a given price, during a given time period.

III. Determinants of supply:

A. Commodity's own price:

1. analogous to Demand: as $P \quad \longrightarrow \quad Q_s$____

   $P \quad \longrightarrow \quad Q_s$____

2. What type of relationship is characterized by supply?____________

3. 

B. Number of firms in the industry:
C. **State of technology:**

1. Technological improvements allow

D. **The weather:**

1. If the weather is bad, the supply of agricultural commodities ______

2. If the weather is good, the supply of agricultural commodities ______
E. Increase in the cost of production:

1. This implies that the price of the factors of production have______

2. What occurs when the costs of production decrease?

F. Price of other commodities that use the same or similar set (bundle) of inputs:

1.

2. What has happened to the supply of farm labor over time?
G. Producer expectations:

1. If a producer expects a price increase for a commodity he is able to produce, supply may ________________________________

2. If a producer expects a price decrease for a commodity he is able to produce, supply may ________________________________

H. Length of time available for response:

1. This is analogous to demand in that it affects the slope of the supply curve.
I. Taxes and subsidies:

1. Increase production taxes to producers ----> ____________________________

   a. Increase Social Security, Federal Unemployment taxes, or workers' compensation premiums paid by producers with respect hired management and laborers

2. Increase subsidies to producers ----> ____________________________

   a. Small Business Administration loans are a good example.
   b. Farm Service Agency shared payments for conservation practices
   c. Farm program payments

REMEMBER: SUPPLY SHIFTERS HAVE NO AFFECT ON THE DEMAND CURVE.