SYLLABUS REFERENCE 1.1 (In Class Worksheet)

Supply: Some Problems

Webnote 106

Task1/Table 1: Supply of Coffee: what are the effects of the following events on the supply of coffee in Duesseldorf? Use concept of Ceteris Paribus (see simple definition below). Draw your answers or just write how supply is changing.

What are the effects of the following events on the supply for coffee?

Effect: how is supply affected? Use a diagram. (hint: shift or movement! Or !)

- (1) Severe frost shortly before harvest
- (2) workers on the coffee plantations demand higher wages
- (3) Rise in the price of production substitutes e.g Tea.
- (4) New technology allows crop to be packaged at a lower cost
- (5) Fall in the price of sugar
- (6) Fall in the price of production substitute goods
- (7) Change in taste in favour of coffee.
- (8) government raises taxes on coffee
- (9) research shows that coffee is bad for health
- (10) new fertiliser increases output per unit of land
- (11) military conflict breaks out in coffee producing region
- (12) government provides subsidies to coffee procucers

NOTe: assume 'ceteris paribus' applies in all cases. Only change one variable at any given time.

- 1. draw a supply curve for good X.
- 2. what is the inverse of the slope of the line? 'run over rise'
- 3. what can you conclude about the supply by this firm?
- 4. in what type of market situation do you think you might find such a supply line?

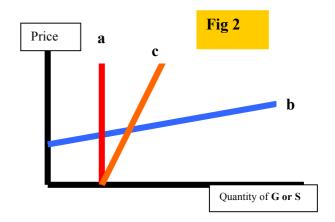
Task 2

Table 2: Supply schedule for one firm for Good X

Price	Qs Good X
10	0
20	100
30	200
40	300

Task 3 Supply Tasks: (match each statement below with a or b or c in Fig 2

- supply curve of seats for spectators in a 50.000 football stadium in Duesseldorf.
- **2.** supply for curve for McDonalds outlets in Duesseldorf in the long-run.
- **3.** market supply curve for potatoes at a large outdoor market with 200 sellers offering the same product.
- **4.** supply curve for oil this month in Germany.
- 5. what is joint supply?
- 6. supply curve for 'flat pack' furniture from Ikea in long term
- 7. supply curve for the 'I' phone at the time of its launch and then another supply curve 6 months later!
- 8. supply curve for wind energy in the long term



Page 1 of 1