

Supply Problem Set Solutions

Principles of Microeconomics

July 11, 2025

1. (a) – movements along the supply curve come from changes in the price of the good.
2. (c) – a decrease in the price of an input makes producing pizza more profitable, so supply shifts right.
3. (d) – Tricky tricky, Mr. Spence! The price of a substitute affects demand, not supply. When the price of a substitute increases, demand increases.
4. Shift; movement along.
5. The supply curve shifts left because there is a negative shock to the production "technology" (agriculture), so farms can't produce as much.
6. (a) Supply decreases because the price of an input increases.
(b) Supply increases because the production technology improves.
7. (a) Supply decreases because the number of sellers (or really the quantity that each seller can sell) decreases.
(b) Supply increases because the production technology improves.