

ECON 101

TA Worksheet, Module 3 (Supply)

Name: _____

TA: _____

1. Why does the supply curve slope up? (hint: marginal product and marginal cost)
2. You run a sandwich shop. Suppose your rent (which is a fixed cost) rises. How does that affect how many sandwiches you want to sell? Why?
3. Show (on a graph) how a rise in the price of steel affects the supply of cars. Label everything.
4. A firm sells ravioli and tortellini (both pastas stuffed with cheese). What would happen to each supply curve if the price of ravioli went up? (hint: making more of one necessitates making less of the other due to capacity constraints). Draw it!

5. On the graph below #6, graph this supply curve (solve for P first to get inverse demand): $Q = -3 + 0.5P$.
6. Draw what happens if quantity supplied falls by 3 units at each price (S shifts back by 3). What's the equation for the new supply curve?

