

Supply

Rush

September 2014

Your supply of labor

- At what wage would you be willing to spend one hour after school this Friday cleaning school bathrooms?



Supply schedule

Wage to clean bathrooms for one hour	How many students are willing?
\$1	
\$2	
\$3	
\$4	
\$5	
\$10	
\$15	
\$20	
\$25	
\$50	

What can we do with
a supply schedule?

What can we do with a supply schedule?

- We can draw a supply curve.
Go ahead and do so.
- Think:
 - How is it similar to a demand curve?
 - How is it different?
 - Is its slope positive or negative – meaning what?
 - What would cause movement ON the curve?
 - What would cause movement of ENTIRE curve?

Supply (open packet)

- Definition: The willingness and ability to produce and sell a product.
- Example:
 - Hours you are willing to spend cleaning bathrooms.
 - Big Macs from McDonalds.
 - Pizzas from Pizza Hut.
 - Cars from Ford.
 - Etc.



Law of supply

- Definition: The tendency of suppliers to offer more of a good at a higher price.
- Example:
 - More of you are willing to clean the bathrooms as the amount paid rises.
 - McDonalds would be willing to offer more Big Macs if owners thought they could get a higher price.
 - Pizza Hut would be willing to offer more pizzas if owners thought they could get a higher price.

Supply schedule

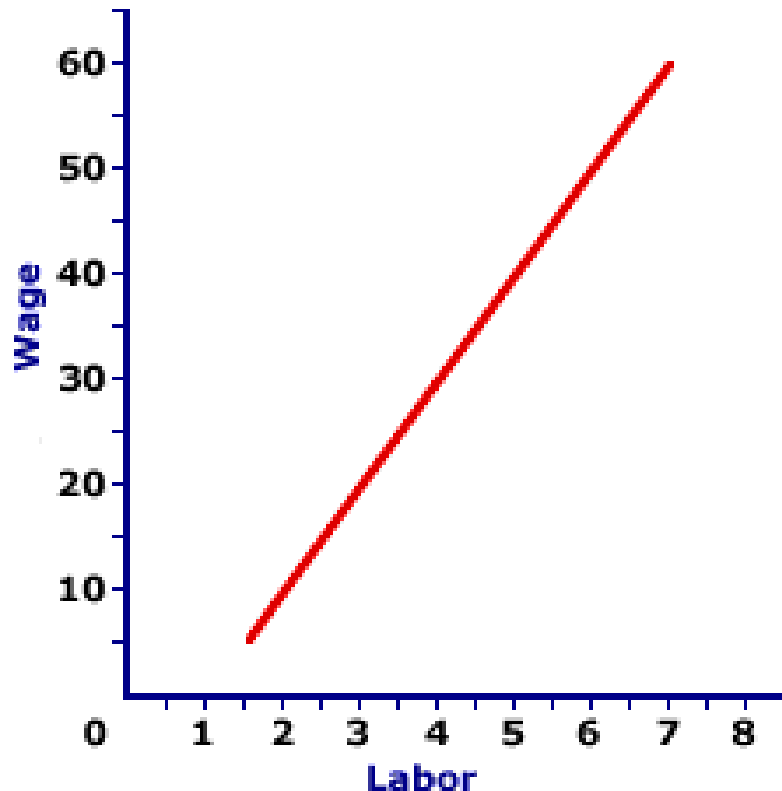
- Definition: A chart that lists how much of a good a supplier will offer at different prices.

Supply Schedule

P	Q_s
\$1.00	0
\$1.50	5
\$2.00	10
\$2.50	15
\$3.00	20
\$3.50	25
\$4.00	30

Supply curve

- Definition: A graph of the quantity of a good supplied by all suppliers at different prices.



Quantity supplied

- Definition: The amount a supplier is willing and able to supply *at a certain price*.
 - What is the difference between quantity supplied and supply?
 - A change in quantity supplied looks like?
 - A change in supply looks like?

Determinants of supply

- Definition: Factors that cause the supply of a product to change
- Examples:
 - changes in the cost of production
 - changes in the prices of other products that could be made
 - government taxes and subsidies and regulations
 - profit expectations for the future