Answer Key

Chapter 5

Section 3

Reading Study Guide

1. Labor Productivity: Better trained or more skilled workers are usually more productive. Increased productivity decreases costs and increases supply.
2. Technology: By applying scientific advances to the production process, producers have learned to generate their goods and services more efficiently.
3. Government Action: Government actions, such as taxes or subsidies, can have a positive or negative effect on production costs.
4. Producer Expectations: The amount of product producers are willing and able to supply may be influenced by whether they expect prices to go up or down.
5. Number of Producers: A successful new product or service always brings out competitors who initially raise overall supply.
6. Input Costs: The collective price of the resources that go into producing a good or service affect supply directly.

Mark It Up!

7. On the cartoon, students should underline the word productivity, which is in the caption.
8. Based on the caption, the business owner eliminated coffee breaks, to increase the amount of time people spent working; however, without the caffeine supplied by the coffee at break time, workers became less efficient because they fell asleep.
9. The supply curve would shift to the left because of the decreased productivity.
10. The cartoonist uses exaggeration to show the effects of lack of coffee, having all the office workers fall asleep.

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