A. As You Read
As you read Section 3, supply information to complete each statement in the spaces provided.

1. Unable to control price, a profitable producer faced with rising labor and/or materials costs will _____________________________________________________________________________________.

2. New technology affects supply by _____________________________________________________________________________________.

3. European governments’ reasons for subsidizing food producers include _____________________________________________________________________________________.

4. In the past, Western European governments subsidized banks and airlines by _____________________________________________________________________________________.

5. The United States government subsidizes such industries as _____________________________________________________________________________________.

6. An excise tax increases production costs by _____________________________________________________________________________________.

7. Consumers may be unaware of excise taxes because _____________________________________________________________________________________.

8. Government regulations often reduce supply because _____________________________________________________________________________________.

9. During periods of inflation, suppliers may temporarily withhold goods that can be stored for long periods because _____________________________________________________________________________________.

B. Reviewing Key Terms
Complete each sentence by writing the correct key term in the blank provided.

10. Government can increase supply by granting producers a(n) _________________.

11. To reduce supply, a government might levy a(n) _________________.

12. Requiring pollution control on automobiles exemplifies government _________________.

NAME ____________________________ CLASS ____________________________ DATE ____________________________