

Name _____
Mr. Wilson

P.I.G./Economics
____/____/____

Supply Lecture Activity

Part A

Read the following scenario and answer the questions below.

Pete's Pastry has been selling a lot of turnip pies lately. As the price people are willing to pay for Pete's pies has risen, Pete has kept busy increasing the number of pies he makes each day.

1. What has happened to the **price** of Pete's fresh turnip pies recently?

2. How has Pete's actions illustrated the **Law of Supply**?

Part B

On the attached graph paper, draw the **Supply Curve** for the **Supply Schedule** below.

Anton's Barber Shop Supply Schedule

Price per Haircut	Quantity of Haircuts Supplied per day
\$6	20
\$8	30
\$10	40
\$12	50
\$14	60
\$16	70

3. When the price of a haircut goes down, in what direction does the quantity supplied move on the **Supply Curve**? Why?

4. The price of a haircut recently rose significantly, but Anton **decided he could get along with the same number of workers** (i.e. he did not raise his supply) What might happen as a result?

Part B

On the same graph paper, draw the **Supply Curve** for the **Supply Schedule below**, after Anton discovered a faster way to shampoo hair.

Anton's Barber Shop New Supply Schedule

Price per Haircut	Quantity of Haircuts Supplied per day
\$6	30
\$8	40
\$10	50
\$12	60
\$14	70
\$16	80

5. What happened to the graph? Which direction did it move (right or left)?

6. **Make a prediction:** What would happen to the graph if the price of shampoo doubled?

7. Draw a new **Supply Curve** on the same paper to illustrate this change.

Part C

Elasticity of Supply

Elasticity of supply depends on the ease of changing the amount of an item supplied.

8. Anton has 4 barber chairs in his shop, but only 3 stylists working at a time. Is the supply of haircuts **Elastic** or **Inelastic**? Explain your answer.

9. Anton has increased his number of stylists to working 4 at a time. If the price continues to rise, is the supply of haircuts **Elastic** or **Inelastic**? Explain your answer.



Supply Curve for Haircuts at Anton's Barber Shop

Number of Haircuts Supplied per day.