

Name _____

The Supply Sizzle: Unraveling the Law of Supply and Its Role in Production

Open-Ended Response Answer Key

1. In the summer, the price of ice cream often rises. This is because as the weather gets warmer, more people want ice cream to cool down. To meet this increased demand, ice cream producers supply more, and they can charge higher prices because people are willing to pay more for a cold treat in hot weather.
2. One real-life example of government regulations affecting supply is the introduction of emissions standards for cars. When governments implement stricter emissions standards, car manufacturers must invest in technology to comply. This increases production costs, potentially leading to a decrease in the supply of affordable cars until manufacturers can adapt.
3. As a producer of handmade crafts, I would use the Law of Supply to make decisions about pricing and production levels by considering the demand for my crafts. If demand is high, I would produce more crafts to meet that demand and may charge slightly higher prices. If demand is low, I would produce fewer crafts and might offer discounts or promotions to stimulate demand and clear out excess inventory. The goal would be to balance supply with demand to maximize profits.

