

Chapter 5 Mastery Test A, continued

Part C Write the answers to these questions. Use complete sentences.

16. How does a company know when it is in the third stage of production?

17. Flower farmers have an elastic supply, so how will an increase in price affect supply?

18. What will happen to the supply of beef when the price paid for beef cattle drops?

19. A company's production schedule shows that its marginal product is decreasing. Its worker productivity is growing. What stage of production is the company in?

20. What is the result for the producer when scarce resources are being used efficiently?

Part D Read each phrase, and decide how it influences supply. Write **increases supply** or **decreases supply** on the line.

21. drop in taxes

22. new technology

23. lack of competition

24. decrease in cost of natural resources

25. price supports

26. low productivity

27. government subsidies

28. happy workers

29. rise in cost of labor

30. much lower price for related goods
