



7. Categorize the following costs incurred by a bookstore owner as fixed or variable account, electricity

a. For extra holiday hours, wages, clerks, insurance, manager's salary, purchase of books, rent, telephone

8. Explain the differences between the terms in each of these pairs.

a. Change in quantity supplied/ change in supply

9. Why might an increase in oil prices lead to a decrease in the supply of fruits and vegetables in your local supermarket?

10. Why do excise taxes and subsidies affect supply differently?

11. Why do you think the government wants to influence the supply of alcohol and tobacco products by imposing excise taxes?

12. What is the main factor that affects elasticity of supply and how does it affect elasticity?

13. Analyze the factors that determine elasticity of supply to explain why it is difficult for orange growers to respond quickly to changes in the price of orange juice.