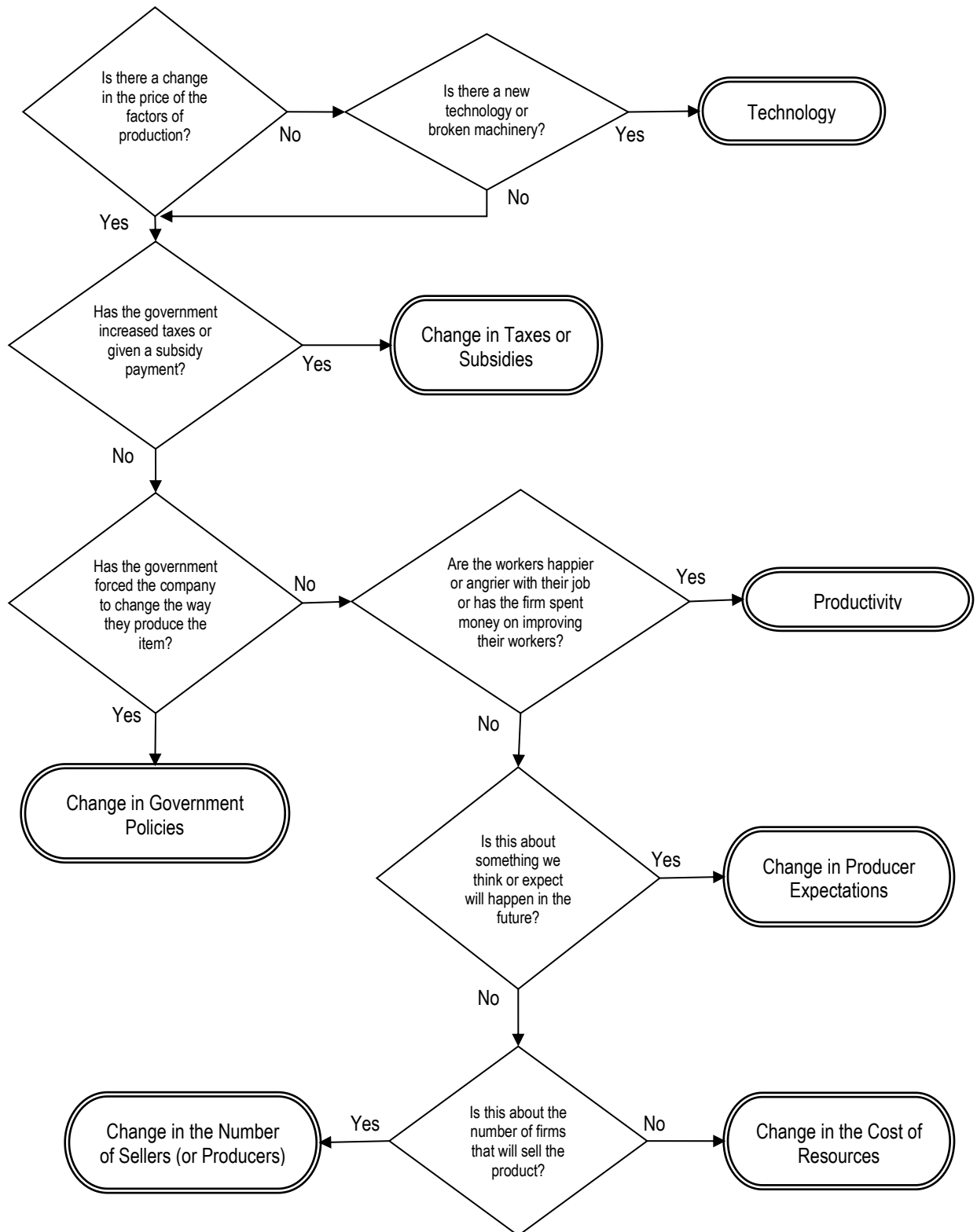


Follow the flowchart below. Ask yourself the questions as you encounter them and follow the arrow to your conclusion. In most cases, once you rule out "Input Prices," "Technology," "Number of Sellers," then "Expectations" is the correct *determinant of supply*.



Determinants of Supply

Factor	Event	Supply Curve	Equilibrium Price (P_E)	Equilibrium Quantity (Q_E)
Rules for Supply	Supply Increases	Right		
	Supply Decreases	Left		
Cost of Resources	Input Prices Increase			
	Input Prices Decrease			
Changes in Government Policies	New Policy Makes Production Difficult			
	New Policy Makes Production Easier			
Taxes & Subsidies	Higher Taxes			
	Lower Taxes			
	More Subsidies			
	Fewer Subsidies			
Productivity	Resources are Used More Efficiently			
	Resources are Used Less Efficiently			
Technology	Expansive Technology			
	Restrictive Technology			
Number of Suppliers	Number of Sellers Increases			
	Number of Sellers Decreases			
Expectations	Future Outlook Seems Better for Suppliers	? ?	? ?	? ?
	Future Outlook Seems Worse for Suppliers	? ?	? ?	? ?