

Name: _____ Date: _____ Block: _____

PRICE ELASTICITY OF DEMAND

Elasticity of Demand: Measure of how responsive quantity is to a price change. The **higher** the measure then the **more responsive** consumers will be to a change in price according to the Law of Demand. The **lower** the measure then the **less responsive** consumers will be to a change in price according to the Law of Demand

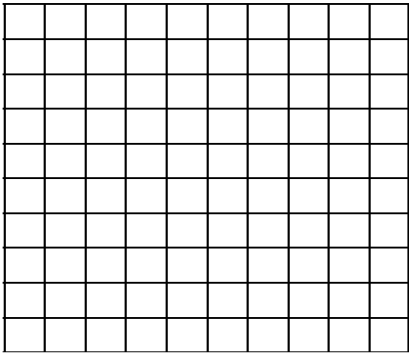
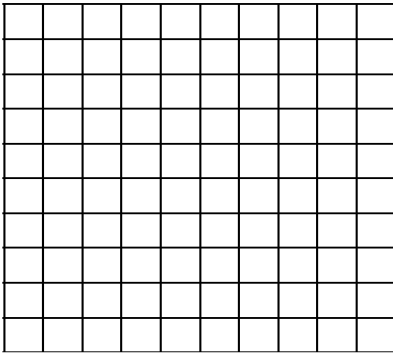
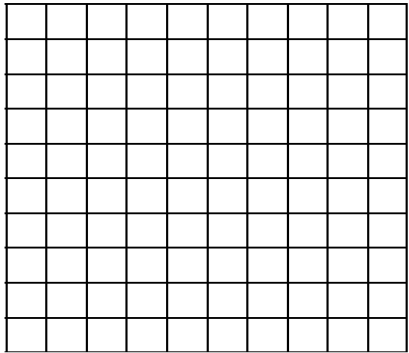
Part I: Elastic or Inelastic

Directions: For the following goods below identify if the good is likely to be price elastic or inelastic, then provide an explanation why.

Good/Service	Elastic/Inelastic	Explanation
Hamburgers		
Cocaine		
Sandwich at Beach Hut Deli		
Fresh Carrots		
Luxury Automobile		
Toothpicks		

Part II: Elasticity Graphs

Directions: Below create a graph for each of the Demand Schedules then label the graphs as **Elastic, Inelastic, or Unitary Elastic**

CEMENT		ICE CREAM		SHELLFISH/oz.	
Price (\$ per ton)	Quantity (thousands of tons)	Price of Ice Cream (\$)	Quantity Demanded (millions)	Price of Shellfish/oz.	Quantity Demanded (millions)
50	20	3.00	5	4.00	20
40	22	2.50	15	2.00	30
30	24	2.00	25	1.00	45
20	26	1.50	35	.50	68
10	28	1.00	45		
		.50	55		
GRAPH		GRAPH		GRAPH	
					
Elastic, Inelastic or Unitary Elastic		Elastic, Inelastic or Unitary Elastic		Elastic, Inelastic, or Unitary Elastic	

Part III. What is Elastic and Why?

Product	Elastic or Inelastic	Reasons?
Box of matches		
Luxury vacation		
'Heinz' ketchup		
Computers— home users		
Computers— business users		
Cigarettes		
Rubber bands		