

مباحث المناقشة:

1. معنى المرونة
2. معنى مرونة الطلب السعرية
3. حساب مرونة الطلب السعرية
4. أنواع مرونة الطلب السعرية
5. أنواع مرونة العرض السعرية

Definition of Elasticity:

- Elasticity measures **the responsiveness of a variable to a change in another variable.**

- **Questions on this part:**

Elasticity measures the

- A) percentage change in a variable.
- B) slope of a curve.
- C) change in a variable.

D) responsiveness of a variable to a change in another variable.

Definition of Elasticity of demand:

- The price elasticity of demand measures **the responsiveness of the quantity demanded to change in price.**
- The price elasticity of demand is estimated at 1.4. This value means a one percent increase in the **price will decrease the quantity demanded by 1.4 percent**

- **Questions on this part:**

The price elasticity of demand measures

- A) how often the price of a good changes.
- B) the slope of a budget curve.
- C) how sensitive the quantity demanded is to changes in demand.

D) the responsiveness of the quantity demanded to changes in price.

The price elasticity of demand for furniture is estimated at 1.3. This value means a one percent increase in the

A) price of furniture will increase the quantity of furniture demanded by 1.3 percent.

B) price of furniture will decrease the quantity of furniture demanded by 1.3 percent.

C) quantity of furniture demanded will decrease the price of furniture by 1.3 percent.

D) quantity of furniture demanded will increase the price of furniture by 1.3 percent.

The price elasticity of demand for oil is estimated at 0.05. This value means a 10 percent increase in the

A) quantity of oil demanded will result from a 0.5 percent increase in the price of oil.

B) quantity of oil demanded will result from a 0.5 percent decrease in the price of oil.

C) price of oil will increase the quantity of oil demanded by 0.5 percent.

D) price of oil will decrease the quantity of oil demanded by 0.5 percent.

Measure of Elasticity of demand:

- The price elasticity of demand is defined as the magnitude of **the percentage change in quantity demanded divided by the percentage change in price.**

$$Ed = \frac{\% \Delta Qd}{\% \Delta P}$$

The price elasticity of demand is defined as the magnitude of the

A) change in quantity demanded divided by the change in price.

B) change in price divided by the change in quantity demanded.

C) percentage change in quantity demanded divided by the percentage change in price.

D) percentage change in price divided by the percentage change in quantity demanded.

Using average price and average quantity, calculate the price elasticity of demand if a price rise from \$8 to \$10 and decreases the quantity demanded from 20 units to 15 units. The price elasticity of demand equals

A) 2.5.

B) 1.29.

C) 0.78.

D) 0.06

$\% \Delta Qd = \frac{\Delta Qd}{Qd.average}$ $\Delta Qd = 20 - 15 = 5$ $Qd.average = \frac{20 + 15}{2} = 17.5$ $\% \Delta Qd = \frac{5}{17.5} = 0.285$	$\% \Delta P = \frac{\Delta P}{P.average}$ $\Delta P = 10 - 8 = 2$ $P.average = \frac{10 + 8}{2} = 9$ $\% \Delta P = \frac{2}{9} = 0.22$
---	--

$$Ed = \frac{0.285}{0.22} = 1.29 \text{ (Elastic)}$$

A 10 percent increase in the quantity of spinach demanded results from a 20 percent decline in its price. The price elasticity of demand for spinach is (10/20 = 0.5)

A) 0.5.

B) 2.0.

C) 10.0.

D) 20.0.

If the price of a burger decreases by 5 percent and as a result the quantity of burgers demanded increases by 8 percent, the price elasticity of demand equals (8/5 = 1.6)

- A) 0.60.
- B) 0.40.
- C) 1.60.**
- D) 0.625.

A 20 percent increase in the quantity of pizza demanded results from a 10 percent decline in its price. The price elasticity of demand for pizza is 2. True (20/10 = 2)

• Questions on this part:

Types of Price Elasticity of demand:

Unit Elastic	Elastic	Inelastic	Perfectly Elastic	Perfectly Inelastic
$\% \Delta Q_d = \% \Delta P$	$\% \Delta Q_d > \% \Delta P$	$\% \Delta Q_d < \% \Delta P$	$\% \Delta Q_d = \infty$	$\% \Delta Q_d = 0$
<u>$E_d = 1$</u>	<u>$E_d > 1$</u>	<u>$0 < E_d < 1$</u>	<u>$E_d = \infty$</u>	<u>$E_d = 0$</u>
			Demand curve is horizontal	Demand curve is Vertical

• Questions on this part:

Dan sells newspapers. Dan says that a 4 percent increase in the price of a newspaper will decrease the quantity of newspapers demanded by 8 percent. According to Dan, the demand for newspapers is _____. (8/4 = 2)

- A) inelastic
- B) unit elastic
- C) perfectly elastic
- D) elastic**

If the quantity demanded changes by a relatively small amount for a given change in price, then demand is

- A) perfectly inelastic.
- B) perfectly elastic.
- C) elastic.
- D) inelastic.**

If the price elasticity is between 0 and 1, demand is

- A) elastic.
- B) inelastic.**
- C) unit elastic.
- D) perfectly elastic.

Demand is inelastic if

A) a large change in quantity demanded results in a small change in price.

B) the quantity demanded is very responsive to changes in price.

C) the price elasticity of demand is less than 1.

D) the price elasticity of demand is greater than 1

- If a 20 percent increase in the price of a used car results in a 10 percent decrease in the quantity of used cars demanded, then the demand for used cars is **inelastic**. True
(10/20 = 0.5)
- Demand is price **inelastic** if a relatively large price increase leads to a relatively small decrease in the quantity demanded. True
- If a consumer is relatively **insensitive** to changes in the price of a good, then the consumer's demand for the good is **perfectly elastic**. False
- If the price of a good increases from \$3 to \$4, and the quantity demand remains **unchanged**, then the demand is **perfectly elastic**. False
- If the demand for a good is **elastic**, when the price increases, the quantity demanded will decrease by a **greater** percentage than the price increased. True
- If the demand for a good is **elastic**, the price elasticity of demand is **greater than 1**. True
- When the price **elasticity of demand for a good 0**, the demand curve is **vertical**. True
- When the percentage change in quantity demanded is **less than** the percentage change in price, the demand for the good is **unit elastic**. False

Types of Price Elasticity of supply:

Unit Elastic	Perfectly Elastic	Perfectly Inelastic
$\% \Delta Q_s = \% \Delta P$	$\% \Delta Q_s = \infty$	$\% \Delta Q_s = 0$
<u>$E_s = 1$</u>	<u>$E_s = \infty$</u>	<u>$E_s = 0$</u>
	Supply curve is horizontal	Supply curve is Vertical As paintings by Picasso

• Questions on this part:

- If the supply curve is **vertical**, then supply is **relatively elastic**. False
- The elasticity of supply for paintings by **Picasso** is **perfectly inelastic**. True
- The elasticity of supply equals **infinity** if the supply curve is **horizontal**. True