

Handout 2-3C

GRAPHING DEMAND

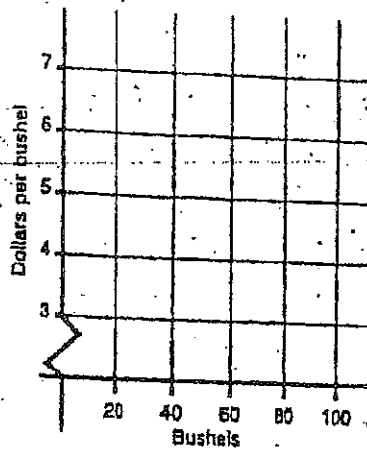
Name _____

Class _____

Directions: Study each of the demand schedules below and plot them on the graphs. Then answer the questions that accompany the graphs.

APPLES

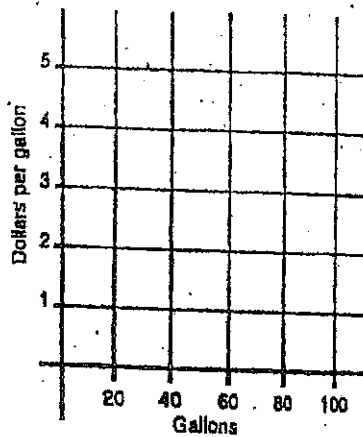
Price per Bushel	Quantity Demanded (bushels)
\$7	20
6	40
5	60
4	80
3	100



a Which of the three items has the most elastic demand? Why does it have the most elasticity?

GASOLINE

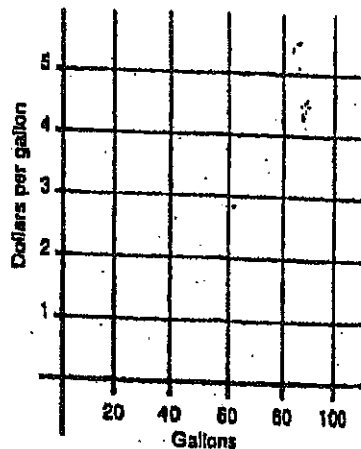
Price per Gallon	Quantity Demanded (gallons)
\$5	27
4	30
3	40
2	55
1	70



b Which of the three items has the most inelastic demand? Why does it have the most inelasticity?

MILK

Price per Gallon	Quantity Demanded (gallons)
\$5	40
4	42
3	43
2	45
1	48



c How does the slope of a demand curve differ when it is elastic from when it is inelastic?

Elasticity

- 1) What is Elasticity?
- 2) What is the relationship between price elasticity of demand and the number of substitutes for a good?
- 3) If a good has many substitutes, does it follow that demand for the good is elastic?
- 4) What is the relationship between time and elasticity?
- 5) What is the relationship between the percentage of one's budget spent on a good and elasticity?
- 6) Price elasticity of demand is a measure of the responsiveness of quantity demanded to changes in
 - a. Interest rates
 - b. Supply
 - c. Price
 - d. Demand
- 7) If the percentage change in quantity demanded is greater than the percentage change in price, demand is
 - a. Inelastic
 - b. Unit elastic
 - c. Elastic
 - d. Perfectly elastic
 - e. Perfectly inelastic
- 8) If quantity demanded is completely unresponsive to changes in price, demand is
 - a. Inelastic
 - b. Unit elastic
 - c. Elastic
 - d. Perfectly inelastic
 - e. Perfectly elastic
- 9) The more substitutes a good has,
 - a. The higher its price elasticity of demand
 - b. The lower its price elasticity of demand
 - c. The less elastic the demand for the good
 - d. The more inelastic the demand for the good
- 10) The price elasticity of demand is lowest for which of the following goods
 - a. McDonald's hamburgers
 - b. Hamburgers
 - c. Wendy's Hamburgers
 - d. Burger King's Hamburger

