Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Economics 12**

**Elasticity Unit**

**Review Assignment**

1. Define marginal utility:
2. A student’s total and marginal utility from drinking Cappuccinos is listed below. According to the optimal purchase rule, if the price of a Cappuccino were $3.00, how many Cappuccinos would the student purchase?\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |  |
| --- | --- | --- |
| **Quantity Consumed (Cups)** | **Total Utility** | **Marginal Utility** |
| 0 | $0 | $12 |
| 1 | 12 | 8 |
| 2 | 20 | 4 |
| 3 | 24 | 2 |
| 4 | 26 | 0 |

1. Define price elasticity:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. A steep demand curve is a characteristic of an \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ demand curve.
2. With an elastic demand curve, as the price rises, total revenue\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. With an elastic demand curve, the price elasticity of demand is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ than 1.
4. If the price rises 5 to 6 and QD falls 17 to 12, find the price elasticity.
5. Price rises 6 to 8 and QD falls 22 to 20, find the price elasticity.
6. Price falls 9 to 5 and QD rises 15 to 21, find the price elasticity.
7. Price elasticity = 1.4 , price rises from 17 to 19, find the %change in QD
8. If price rises from 8 to 12, the QD falls from 60 to 55, find the % change in QD if the price rises from 8 to 13.
9. If price falls from 15 to 14 then QD rises from 30 to 35, find the % change in QD if the price falls from 15 to 13.
10. Price rises from 15 to 18, QD falls from 34 to 30, find % change TR
11. Price falls from 35 to 25, QD rises 10 to 15, find % change TR
12. Price rises from 5 to 12, QD falls 30 to 25, find % change TR
13. Price Y rises 10 to 13, QD X falls 20 to 18, find Edx:PY. Sub or Comp?
14. Price of Pepsi rises 1.00 to 1.10, causing Qd for Coke to rise 5000 to 5800, find EdX:PY

Sub or Comp?

1. Price of trousers falls 50 to 45 causing Qd for belts to rise 18 to 20, find EdX:PY Sub or Comp?