TABLE 13-1 An Elasticity Menagerie

	Price elasticity of demand $= \dfrac{\textbf{\% change in quantity demanded}}{\textbf{\% change in price}}$ **(dropping the minus sign)**
0	**Perfectly inelastic:** price has no effect on quantity demanded (vertical demand curve).
Between 0 and 1	**Inelastic:** a rise in price increases total revenue.
Exactly 1	**Unit-elastic:** changes in price have no effect on total revenue.
Greater than 1, less than ∞	**Elastic:** a rise in price reduces total revenue.
∞	**Perfectly elastic:** any rise in price causes quantity demanded to fall to 0. Any fall in price leads to an infinite quantity demanded (horizontal demand curve).
	Cross-price elasticity of demand $= \dfrac{\textbf{\% change in quantity demanded of } \textbf{\textit{one good}}}{\textbf{\% change in price of } \textbf{\textit{another good}}}$
Negative	**Complements:** quantity demanded of one good falls when the price of another rises.
Positive	**Substitutes:** quantity demanded of one good rises when the price of another rises.
	Income elasticity of demand $= \dfrac{\textbf{\% change in quantity demanded}}{\textbf{\% change in income}}$
Negative	**Inferior good:** quantity demanded falls when income rises.
Positive, less than 1	**Normal good, income-inelastic:** quantity demanded rises when income rises, but not as rapidly as income.
Greater than 1	**Normal good, income-elastic:** quantity demanded rises when income rises, and more rapidly than income.
	Price elasticity of supply $= \dfrac{\textbf{\% change in quantity supplied}}{\textbf{\% change in price}}$
0	**Perfectly inelastic:** price has no effect on quantity supplied (vertical supply curve).
Greater than 0, less than ∞	Ordinary upward-sloping supply curve.
∞	**Perfectly elastic:** any fall in price causes quantity supplied to fall to 0. Any rise in price elicits an infinite quantity supplied (horizontal supply curve).