## Review Questions

10.

What is the formula for calculating elasticity?

11.

What is the price elasticity of demand? Can you explain it in your own words?

12.

What is the price elasticity of supply? Can you explain it in your own words?

13.

Describe the general appearance of a demand or a supply curve with zero elasticity.

14.

Describe the general appearance of a demand or a supply curve with infinite elasticity.

15.

If demand is elastic, will shifts in supply have a larger effect on equilibrium quantity or on price?

16.

If demand is inelastic, will shifts in supply have a larger effect on equilibrium price or on quantity?

17.

If supply is elastic, will shifts in demand have a larger effect on equilibrium quantity or on price?

18.

If supply is inelastic, will shifts in demand have a larger effect on equilibrium price or on quantity?

19.

Would you usually expect elasticity of demand or supply to be higher in the short run or in the long run? Why?

20.

Under which circumstances does the tax burden fall entirely on consumers?

21.

What is the formula for the income elasticity of demand?

22.

What is the formula for the cross-price elasticity of demand?

23.

What is the formula for the wage elasticity of labor supply?

24.

What is the formula for elasticity of savings with respect to interest rates?