



# Extreme Cases







**Po**

If the cost per unit stays  
the same

Production can not increase  
regardless of how much  
consumers are willing to pay...





Fixed Quantity Supplied



$\Omega_1$

Q<sub>0</sub>

$$e_p^s = 0$$

Perfectly Elastic Supply

Consumers don't have to pay a  
higher price...Suppliers can  
produce more at the same price



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**\$Cost**

Perfectly  
Inelastic  
Supply

Paintings by Rembrandt

Seats in a theater or stadium

Beach front properties

$e_p^s$

$=$



P



Q

P

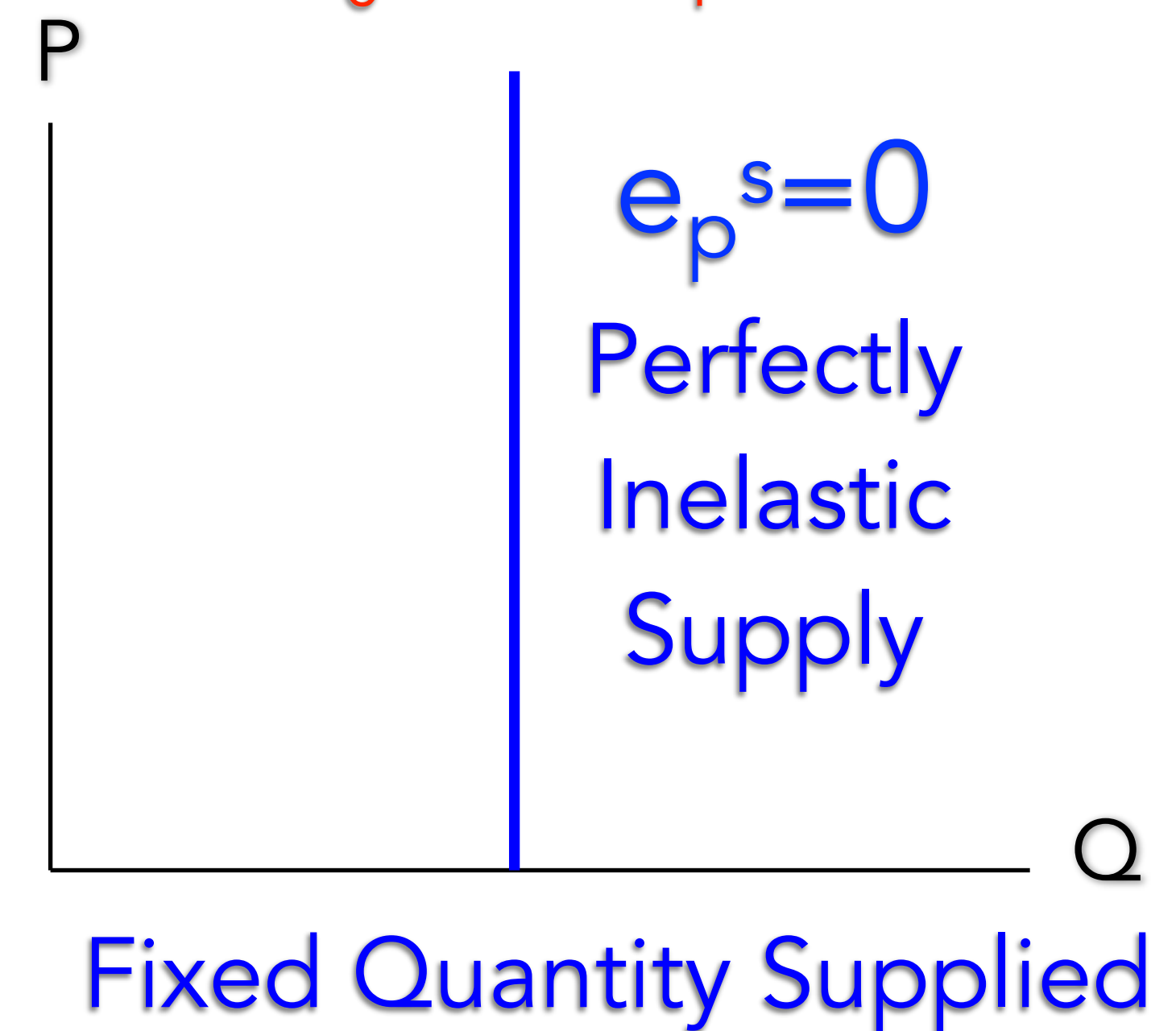
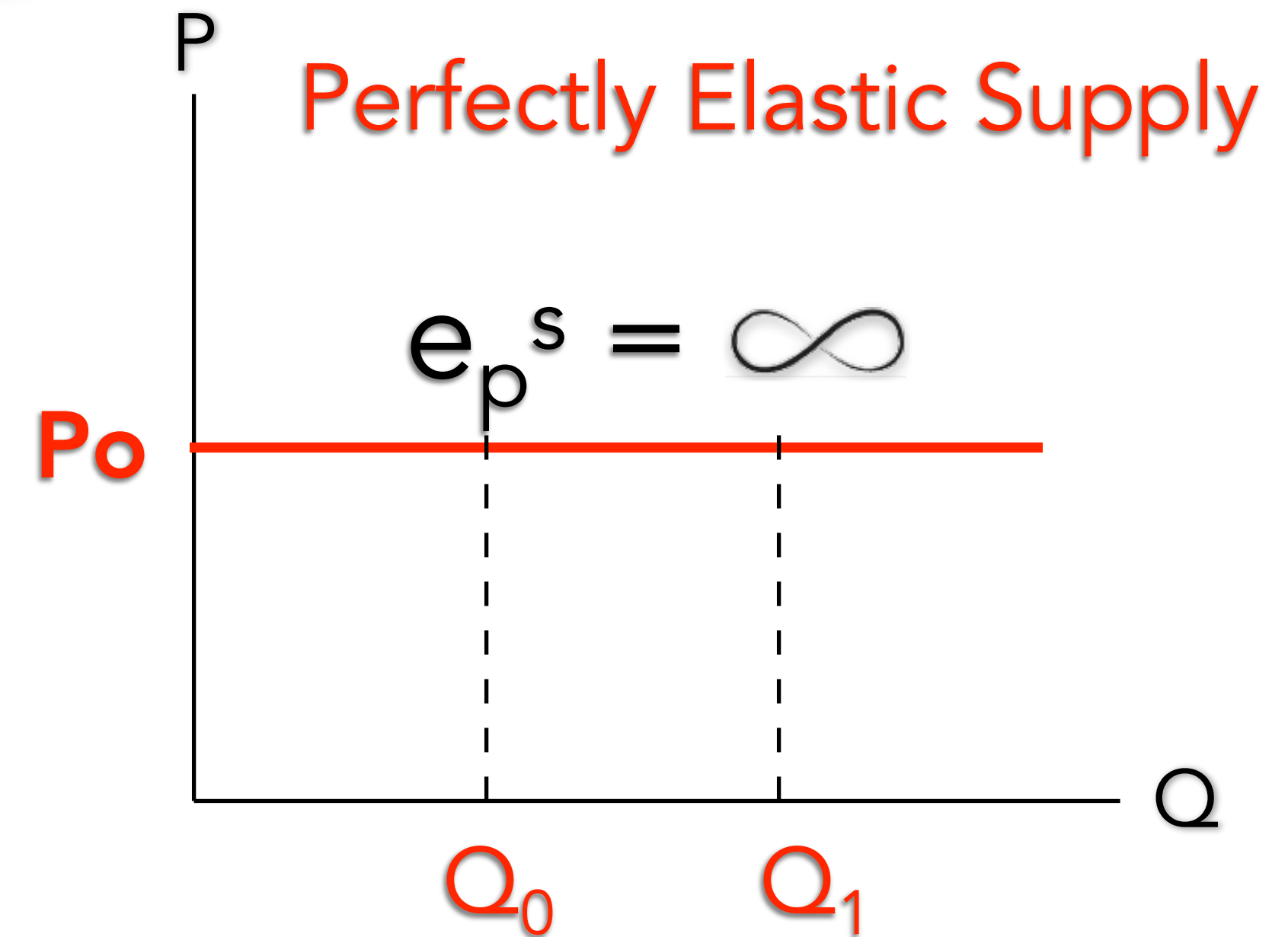
Q

# Extreme Cases

Consumers don't have to pay a higher price...Suppliers can produce more at the same price

Production can not increase regardless of how much consumers are willing to pay...

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Calculate the Elasticity at  
point B

