

The Price Elasticity of Demand compares

Q^d of prescription drugs decrease if the price increases

Q^d of strawberries decrease if the price increases

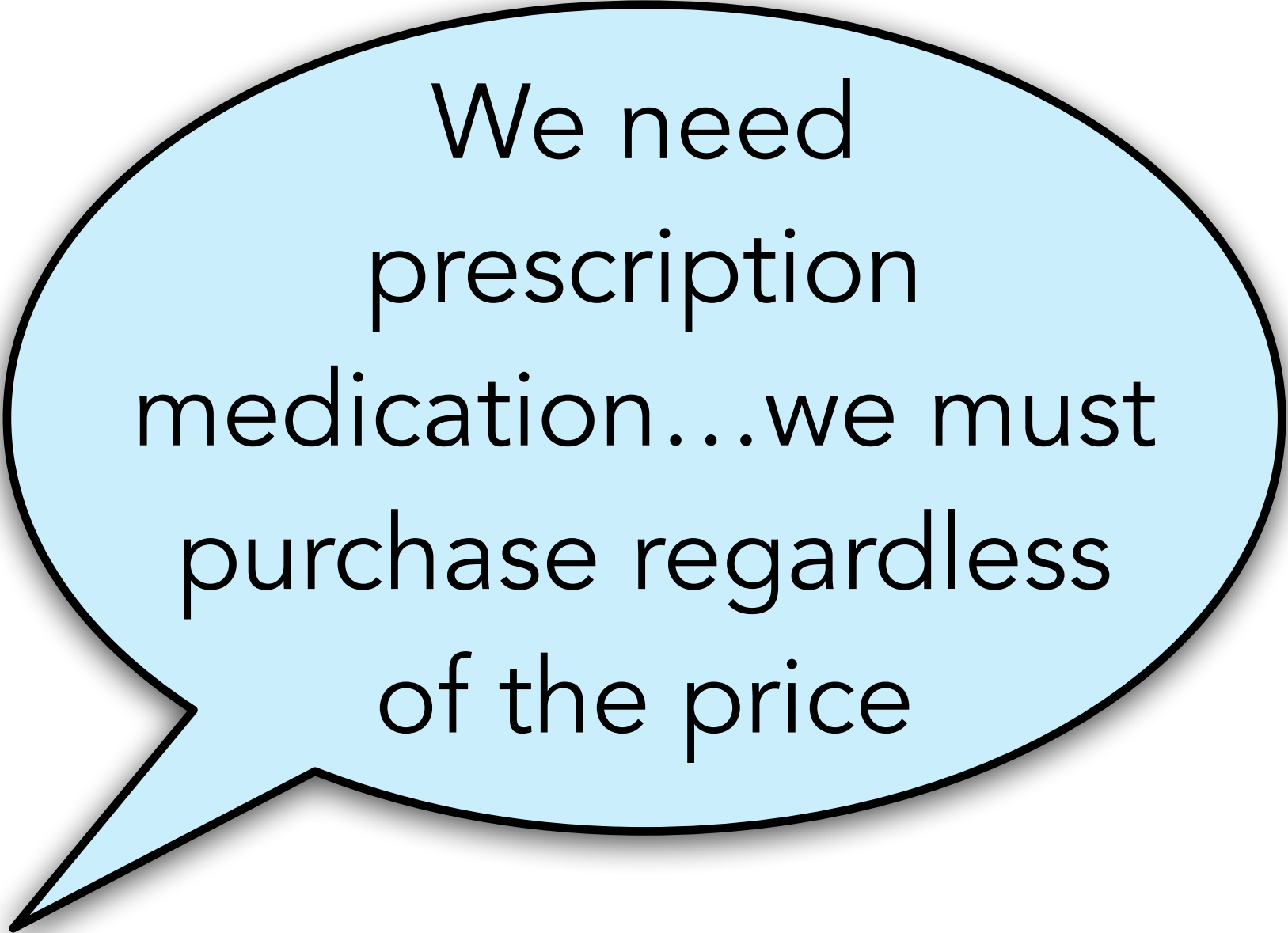
Size of the change in Q^d

Size of the change in Price


Small drop in Q_d

Large drop in Q_d

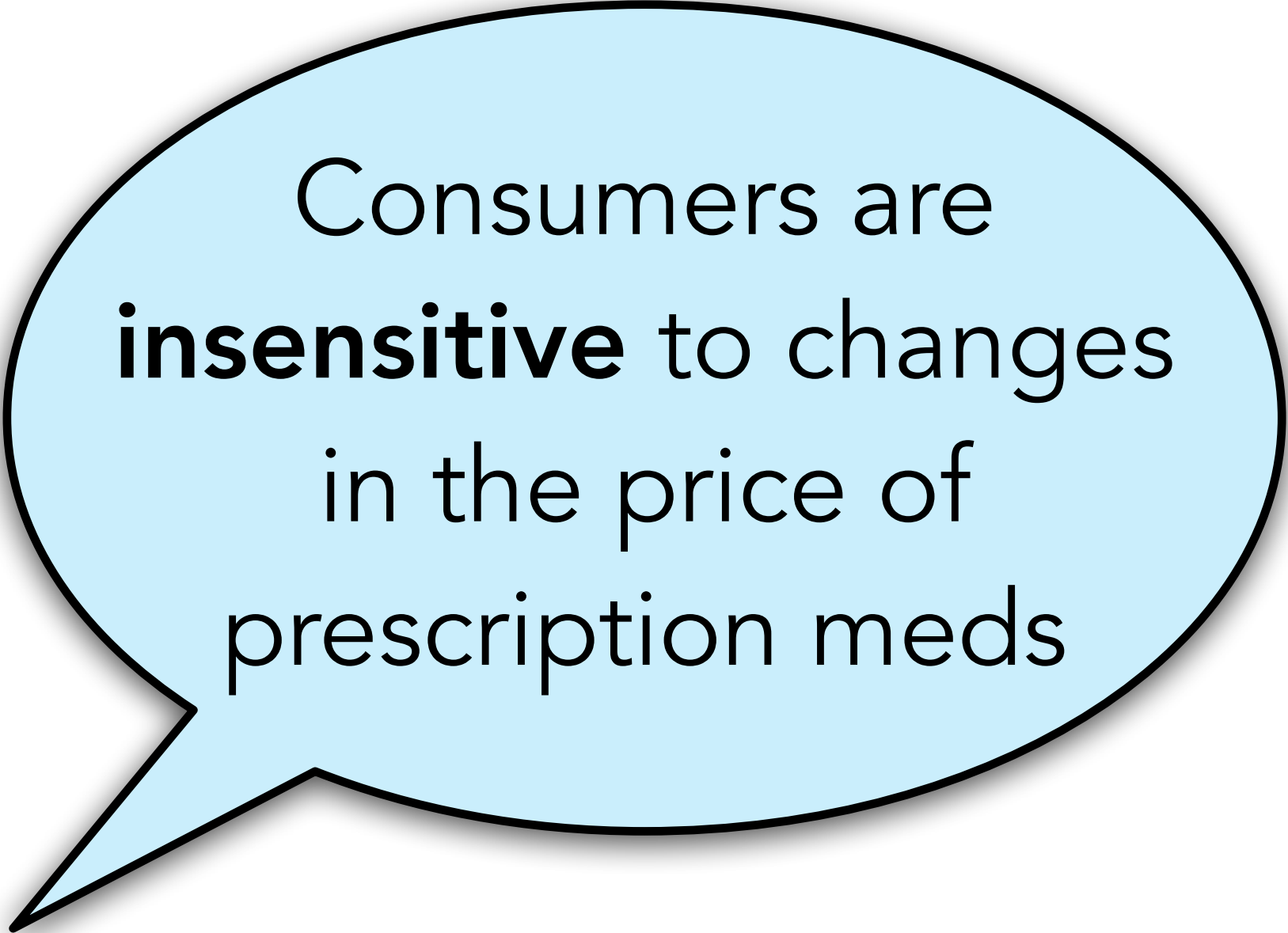
with




We need
prescription
medication...we must
purchase regardless
of the price

A pink speech bubble with a black outline and a drop shadow, pointing towards the top-left. It contains the text "We don't need strawberries...we can buy a different fruit".

We don't need
strawberries...we can
buy a different fruit



Consumers are
insensitive to changes
in the price of
prescription meds



Consumers are
sensitive to changes
in the price of
strawberries

Demand is Elastic ←

Demand is Inelastic



The Price Elasticity of **Demand** compares

Size of the change in Q^d

With **Size** of the change in **Price**

Q^d of prescription drugs **decrease** if the price increases

Demand is Inelastic ← **Small drop in Q^d**

Q^d of strawberries **decrease** if the price increases

Demand is Elastic ← **Large drop in Q^d**

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Formula to calculate the elasticity