

Economics 101
Spring 2001
Section 4 - Hallam
Quiz 3

Use the table below for all the questions. The table contains data on demand for 2 goods, screwdrivers (S) and curling irons(C). The notation is as follows: PS = price of screwdrivers, PC = price of curling irons, I = income, DS = demand (quantity) for screwdrivers, DC = demand (quantity) for curling irons. There are four situations shown.

			DS		DC					DS		DC	
PS	PC	I	I = 84	PC = 4	I = 84	PC = 4	PS	PC	I	I = 104	PC = 4	I = 104	PC = 4
2.00	4.00	84.00	37.80		2.10		2.00	4.00	104.00	45.80		3.10	
4.00	4.00	84.00	18.60		2.40		4.00	4.00	104.00	22.60		3.40	
6.00	4.00	84.00	12.20		2.70		6.00	4.00	104.00	14.87		3.70	
8.00	4.00	84.00	9.00		3.00		8.00	4.00	104.00	11.00		4.00	
10.00	4.00	84.00	7.08		3.30		10.00	4.00	104.00	8.68		4.30	
12.00	4.00	84.00	5.80		3.60		12.00	4.00	104.00	7.14		4.60	
14.00	4.00	84.00	4.89		3.90		14.00	4.00	104.00	6.03		4.90	
16.00	4.00	84.00	4.20		4.20		16.00	4.00	104.00	5.20		5.20	

			DS		DC					DS		DC	
PS	PC	I	I = 84	PC = 2	I = 84	PC = 2	PS	PC	I	I = 104	PC = 2	I = 104	PC = 2
2.00	2.00	84.00	35.40		6.60		2.00	2.00	104.00	43.40		8.60	
4.00	2.00	84.00	17.40		7.20		4.00	2.00	104.00	21.40		9.20	
6.00	2.00	84.00	11.40		7.80		6.00	2.00	104.00	14.07		9.80	
8.00	2.00	84.00	8.40		8.40		8.00	2.00	104.00	10.40		10.40	

1. What is the price elasticity of demand for screwdrivers when income is \$84, the price of curling irons is \$4.00, and the price of screwdrivers goes from \$6 to \$8?

2. What is the income elasticity of demand for screwdrivers when the price of curling irons is \$4.00, the price of screwdrivers is \$8.00, and income goes from \$84 to \$104?

3. Now consider the demand for curling irons when the price of curling irons is \$2.00 and income is \$104. Consider a change in the price of screwdrivers from \$4 to \$6. For this price change what is the cross price elasticity of curling irons with respect to the price of screwdrivers?