

Re: Turbo questions

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I.P. Nichols wrote:

I've not seen elasticity distinguished as two different terms in a manner that leads to opposite conclusions. When I studied the theory of price, the term elasticity referred to the "price elasticity of demand" which is measured as the percentage change in quantity demanded that occurs in response to a percentage change in price. In my mind I always picture it as the slope (dQ/dP) of the demand curve measured at the point in question.

I don't have a reference handy, but I've seen written that elasticity of price means, essentially, inelasticity of demand, IOW, within a more than typical range, the price can vary without significantly effecting demand – in both directions, lower price won't increase demand, higher won't decrease it. There's still limits though (at the high end), typically at a point where some substitute becomes feasible.

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"Nurture your mind with great thoughts. To believe in the heroic makes heroes." ? Benjamin Disraeli