# Re: Turbo questions

***Source:***
http://coding.derkeiler.com/Archive/Delphi/borland.public.delphi.non−technical/2006−08/msg05176.html

- *From*: "I.P. Nichols" <nospam@xxxxxxxxxx>
- *Date*: Wed, 23 Aug 2006 01:53:06 −0400

"Wayne Niddery [TeamB]" wrote:

> 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.

The example you give is for a classically inelastic market like gasoline where even if the price is significantly increased the demand doesn't precipitously drop over the short run since much of the driving we do is considered essential and we will spend less at Wal−Mart so we have enough money for gasoline. This is just the opposite of what is described in the article I quoted where a relatively small increase in price causes a large decrease in demand which is classically described as an elastic market and that's why he said "...these customers pricing behavior was closer to being perfectly elastic". If you don't want to accept this terminology then I give up. ;−)

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