Solutions

Each answer shows the steps, then the **result**.

2.1

- the responsiveness of quantity demanded to a change in price

2.2

- $\%\Delta Q = \dfrac{-20}{90} = -22\%$; $\%\Delta P = \dfrac{2}{11} = 18\%$; $|\text{PED}| = \dfrac{22}{18} \approx 1.2$

2.3

- inelastic

3.1 C

3.2 A

3.3

(a)

- inelastic

(b)

- raise the price

(c)

- any one of: availability of substitutes, share of income, time