

Read pp275-277 in your textbook (yes, you're actually being asked to read your math textbook!) and answer the following questions:

1. In words, explain what elasticity of demand is.
2. Explain why percentages are used to calculate elasticity of demand.
3. Suppose you are taking a keyboarding class. The first timed test, you type 40 words per minute. The second timed test, you type 46 words per minute. What is your percent increase? Explain how your calculation relates to the derivation of the formula for elasticity of demand.
4. What kinds of products would tend to have an elastic demand? Inelastic demand?