

# Elasticity of Supply Questions

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## Check Your

### Understanding

- a) Prices for a particular product are rising because of strong consumer demand. An economist estimates that the coefficient of supply for the product is 0.8. Is this good or bad news for the sellers who want to supply and sell more? Explain.  
b) If the coefficient were 1.5 instead, how would the news compare to that in (a)?
- Figure 5.9 provides data on the supply of ice cream cones. Using the formula for supply elasticity, calculate the coefficients for each price range (from \$1 to \$2, then from \$2 to \$3) for both the short-term and longer-term periods.

Price per Cone	Short-Term Supply	Coefficient	Longer-Term Supply	Coefficient
\$1	300		1000	
\$2	500		5000	
\$3	700		10 000	

Figure 5.9 Supply of ice cream cones.