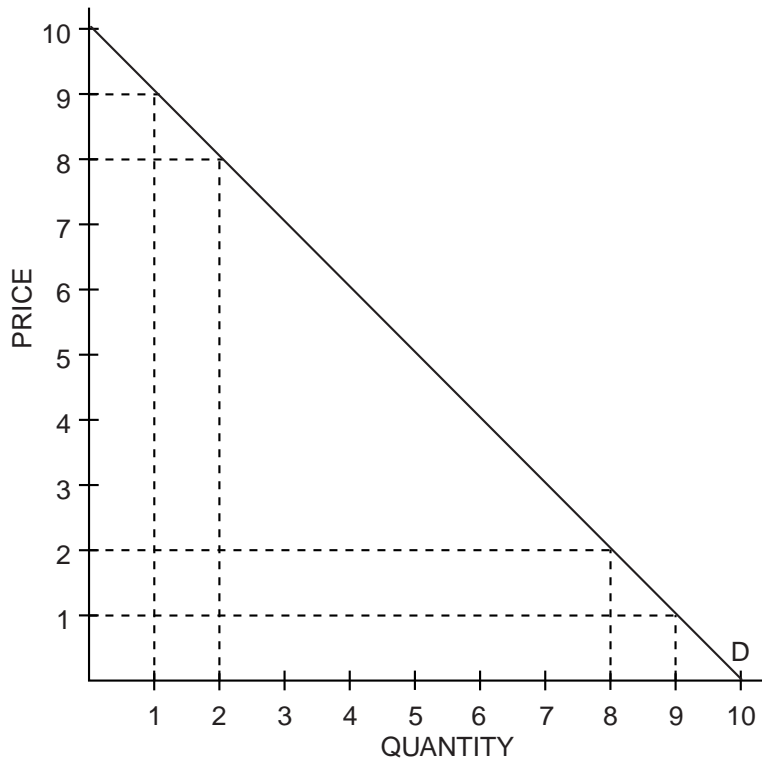


Price Elasticity along a Demand Curve



Arc elasticity from $P = 9$ to $P = 8$ is

$$\epsilon_d = \frac{\frac{1}{1.5}}{\frac{1}{8.5}} = \frac{.67}{.12} = 5.58$$

Arc elasticity from $P = 2$ to $P = 1$ is

$$\epsilon_d = \frac{\frac{1}{8.5}}{\frac{1}{1.5}} = \frac{.12}{.67} = 0.18$$