

Subject: Economics

Topic: Price elasticity of demand

Level: S.4

Background information:

This is the first lesson in this topic. Students are already familiar with the law of demand and supply, factors affecting a change in demand and supply and equilibrium price determination in the last topic.

Learning objectives:

1. Content:

Students need to:

- i. state the result of change in total revenue under different changes in price
- ii. state the result of the change in total revenue under different types of price elasticity
- iii. change information from a graphic to text, text to spoken language and spoken language to text.

2. Language:

Students will use content specific language (oral and written) to briefly predict and or explain the change in total revenue under different types of elasticity

S.4 Economics
Price elasticity of demand
Worksheet 1 for student A

Name : _____ No.: _____ Class: _____ Date: _____

Activity 1

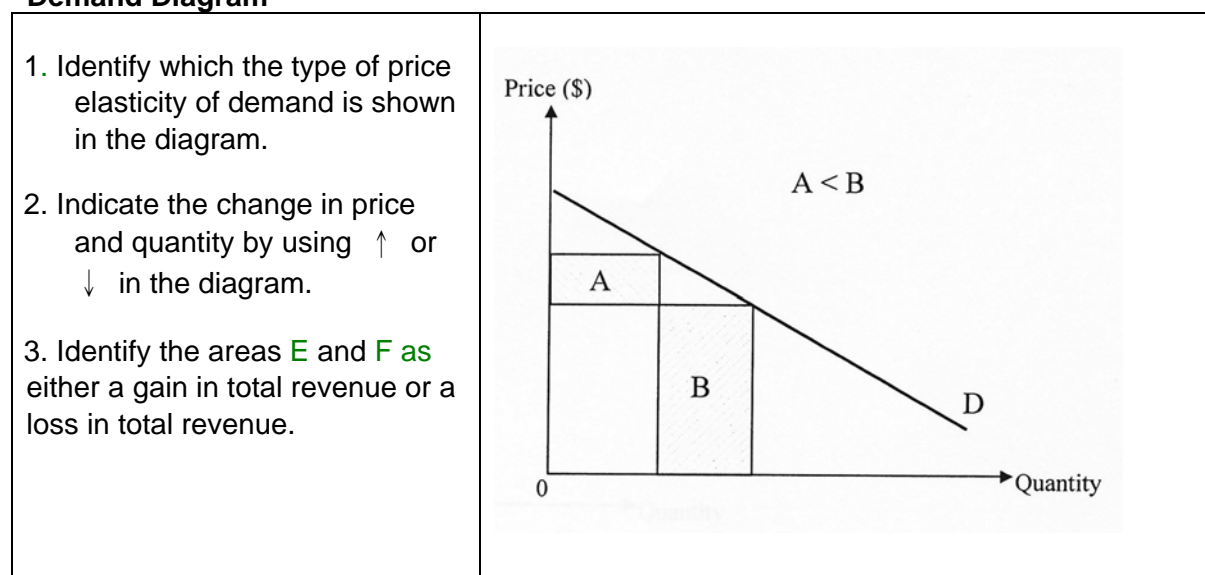


Instruction:

Imagine that there are a number of a good X. You want to increase the total revenue by changing the price of X. Refer to the Demand Diagram below, to complete a short paragraph.

1. Work in pairs.
2. Student A completes part I of worksheet A. At the same time, student B completes part I of worksheet B.
3. Exchange your work with your partner. Tell your partner about the information shown in the demand diagram and your findings so that he/she can complete part II of the worksheet .

Demand Diagram



4. Refer to the diagram above, complete the following:

Demand is _____.

The price should _____,

then area A is _____ in total revenue,

area B is _____ in total revenue

As shown is the diagram, area A is _____ than area B.

5. Tell your partner about the information shown in the Demand Diagram and your findings so that he/she can complete part II.

S.4 Economics
Price elasticity of demand
Worksheet 1 for student B

Name : _____ No.: _____ Class: _____ Date: _____

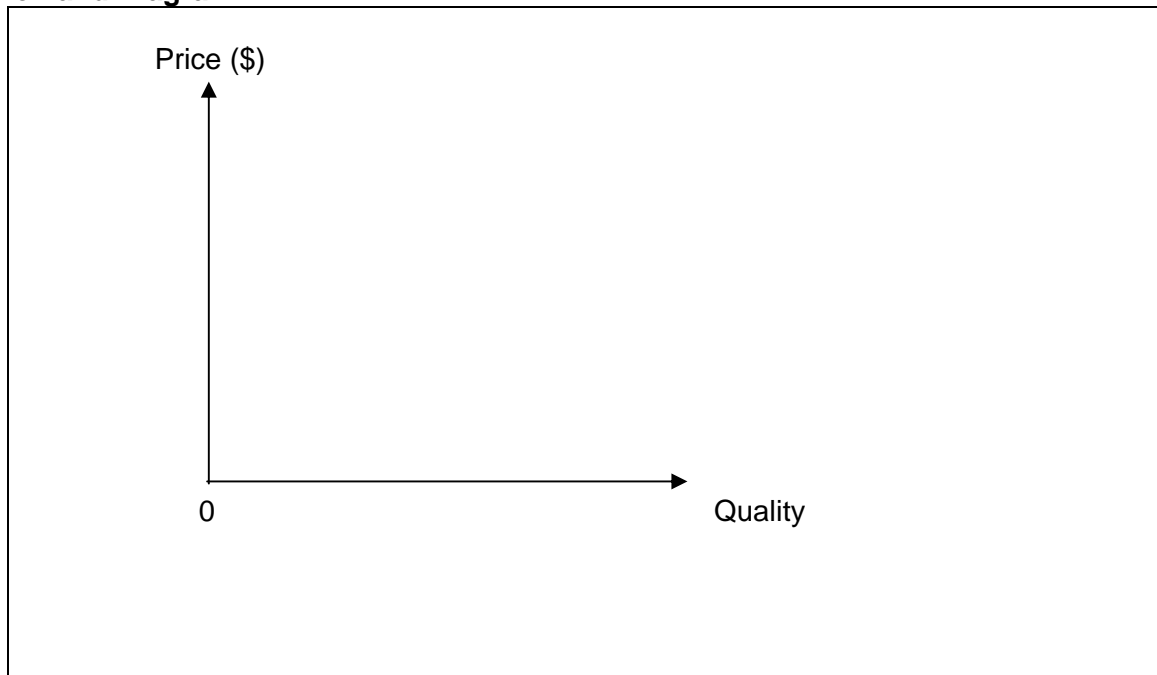
Activity 1



Instruction:

1. Listen to the information your partner gives you.
2. Do not look at your partner's diagram.
3. Complete the diagram below using the information your partner gives you.
4. Write a short paragraph to describe and explain the change in total revenue by using the terms elastic, inelastic, an increase, a decrease, larger than, smaller than ... etc.

Demand Diagram



When demand is _____, _____ in price will result an increase in total revenue. Thus, total revenue increases because the _____ in revenue is _____ the _____ in revenue.

As shown in Figure, the gain from _____ in _____, labelled as area _____, is larger than the loss from _____ in _____, labelled as area _____.

Answer for Worksheet 1

Demand is elastic; if price decreases, then A is loss in revenue, B is gain in revenue. When demand is elastic, a decrease in price will result in an increase in total revenue. Thus, total revenue increases because the gain in revenue is larger than the loss in revenue. As shown in Figure, the gain from an increase in quantity demanded, labelled as area B, is larger than the loss from a decrease in price, labelled as area A.

