# Price Elasticity of Supply: Variation Theory

**Answer left to right**.

Think carefully about how each question has changed from the ones before, and how that effects the answer. Every **variation** is chosen carefully to teach you something.

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 100 |
| New Output | 110 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 200 |
| New Output | 220 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £400 |
| New Price | £500 |
| Old Output | 100 |
| New Output | 110 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 200 |
| New Output | 220 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 200 |
| New Output | 210 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £400 |
| New Price | £300 |
| Old Output | 200 |
| New Output | 198 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 200 |
| New Output | 250 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £20 |
| Old Output | 200 |
| New Output | 150 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £400 |
| New Price | £500 |
| Old Output | 100 |
| New Output | 200 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 100 |
| New Output | 100 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £40 |
| New Price | £50 |
| Old Output | 200 |
| New Output | 240 |
| PES |  |

|  |  |
| --- | --- |
| Old Price | £400 |
| New Price | £400 |
| Old Output | 100 |
| New Output | 100 |
| PES |  |

In your book:

1. Uber introduced surge pricing of ‘1.5x’ on the road one evening. The number of drivers in Camden went from 500 to 600. What was the PES? Would you say surge pricing was effective in this instance?
2. There were 500 A Level tutors on a website. After a 25% fall in prices, fewer people offered their services as A Level tutors. If the PES was 3, what fraction of the tutors were left?
3. Which of the following PES scores would you most expect for neurosurgery?

-0.2 3 -5 0.15

1. Which of the following PES scores would you most expect for coffee?

-0.2 3 -5 0.15

1. Which of the following PES scores would you most expect for renewable energy?

-0.2 3 -5 0.15