

**22. Incorrect. The answer is true not false.** We can write the price elasticity as  $(dQd/Qd)/(dP/P) = -0.6$ . If  $dP/P = -0.10$ , then  $(dQd/Qd)/(-0.10) = -0.6$ . Solving for  $dQd/Q$   $= (-0.6)*(-0.10) = 0.06$  or it increases by 6%.