demand share; on the other hand, Proposition 2 tells us that a necessary and sufficient condition for the θ-elasticity of any density to be monotonically increasing in y, is that the corresponding income share elasticity be raised by θ. Hence if $\widehat{\pi}_\theta$ is positive, φ_θ is indeed increasing in y.

4   Concluding remarks

The effects of income distribution on market demand are generally studied under the assumption that prices be given – the main focus being on Engel curves, consumption patterns and the size of the market (e.g., Lambert and Pfähler, 1997). However, the link with price elasticity should in principle also matter, as elasticity is crucial to the firms' choices and market structure (Benassi *et al.*, 2002b). Clearly, the crucial obstacle to this kind of analysis is that the relationship between market demand elasticity and income distribution depends heavily on preferences.

The premise of this paper is that it is anyway useful to know to what extent the link between income distribution and the price elasticity of demand is affected by specific assumptions about preferences. In this respect, our main result is that there exist restrictions on the shape of the income distribution (holding for a wide class of functional forms), such that the 'Robinson effect' operates – that is, the sign of the income-elasticity link at the aggregate level is the same as that dictated by preferences at the individual level, whenever the increase in aggregate income is due to a first-order, stochastic dominance shock to the distribution of income. For example, one practical consequence of this is that, when individual price elasticity is decreasing in income, one such shock is bound to raise the firms' market power in a traditional Cournot setting, whenever it also raises the income share elasticity at all income classes.

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