

How will buyers react to a decrease in the price of cars?

Quantity Demanded increases

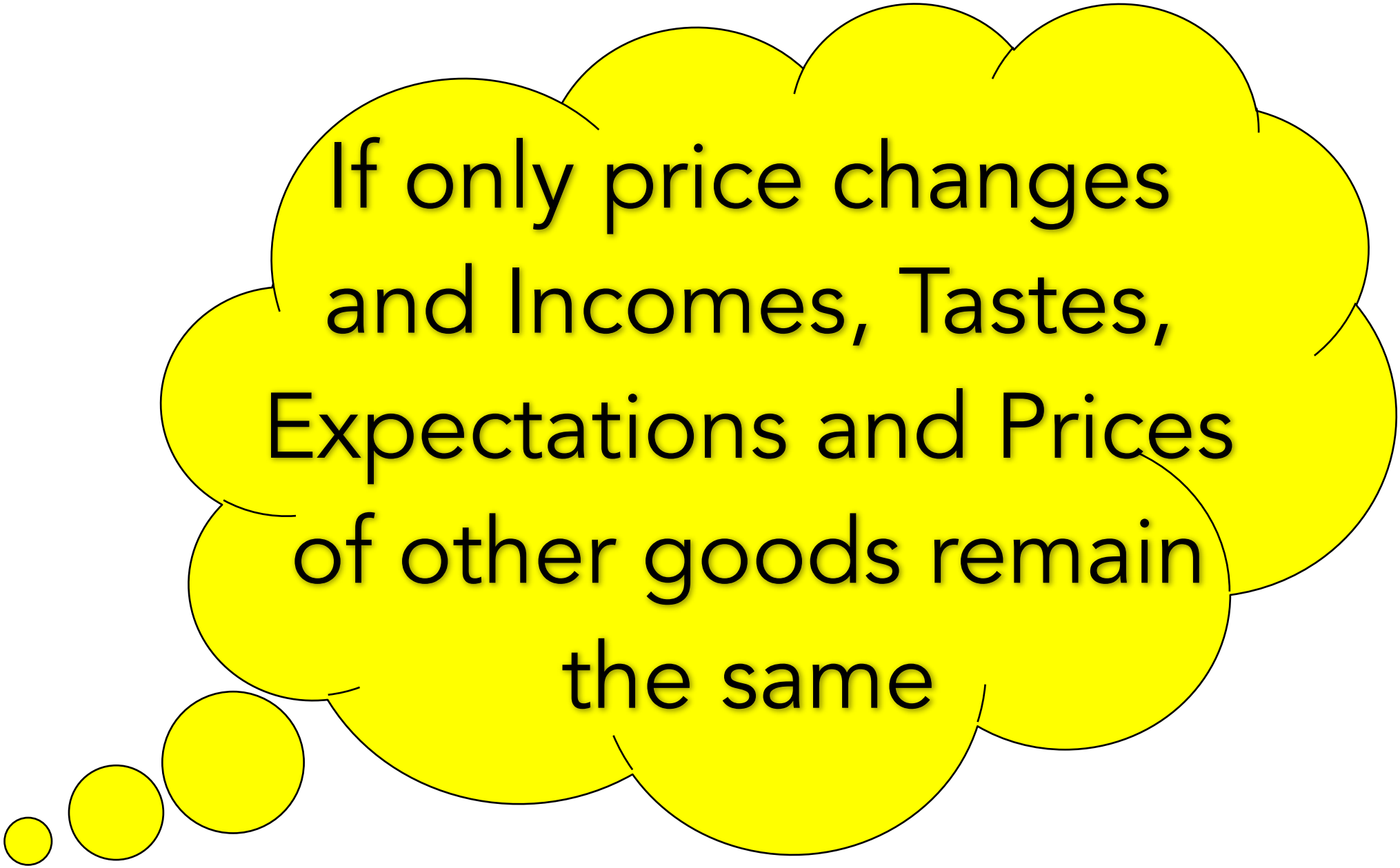
What if **at the same time** that car prices drop, **incomes also drop**?

Two variables changed (income and prices) we can not know if consumers would buy **more** because of the price drop or **fewer** because of the drop in income...



Ceteris
Paribus





If only price changes
and Incomes, Tastes,
Expectations and Prices
of other goods remain
the same

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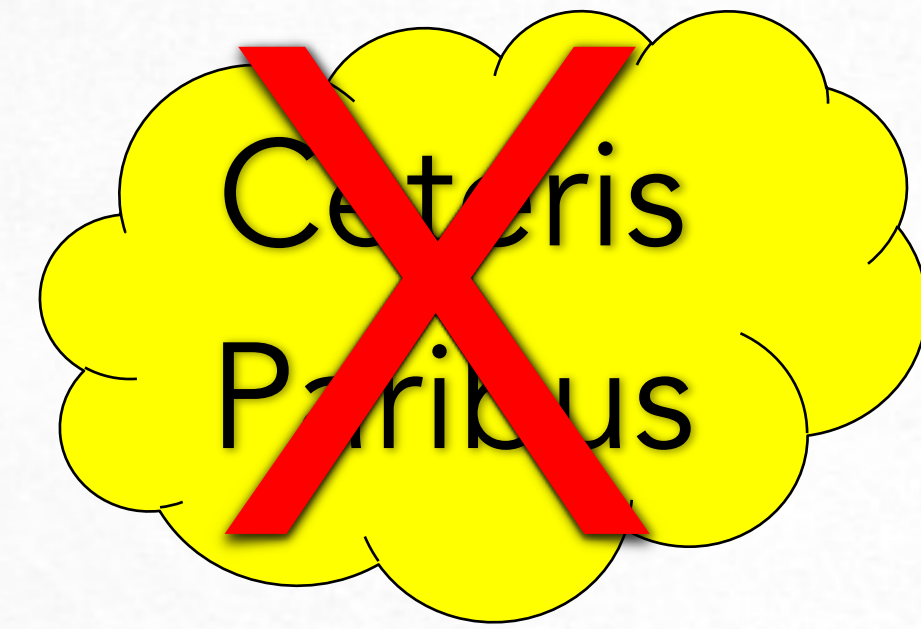




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