







**Price**

Consumers buy 20% less at all prices

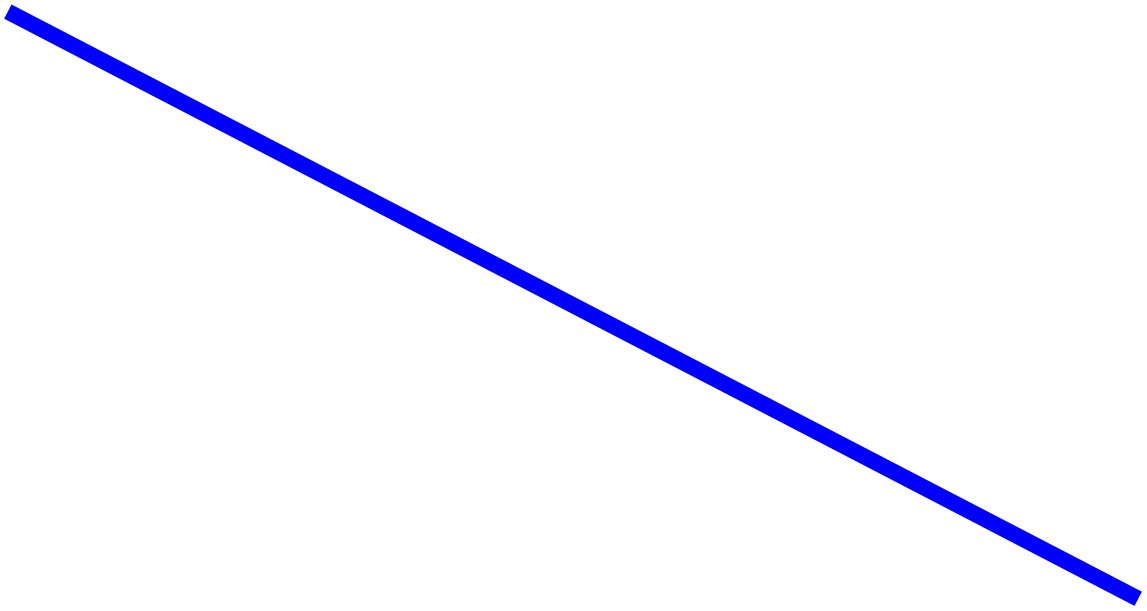
**P**

**=**

**1**

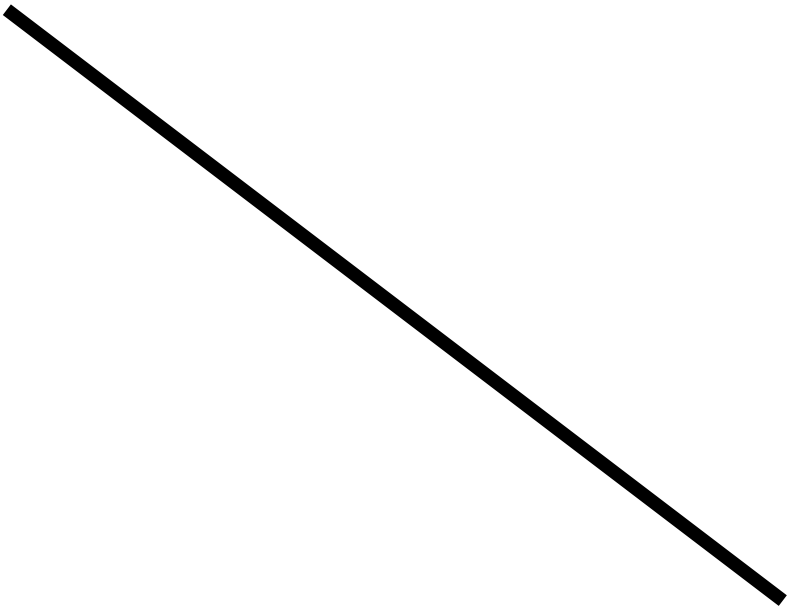
**0**







**Demand**



**P**

**=**

**1**

**0**



**New Demand**



$$q_d = 20(0.8)$$

$$Q^d = 20 - 2P$$



$$q_d = 20$$





NOT Parallel Shift

$$Q^d \equiv (20 - 2P)(1 - 0.2)$$

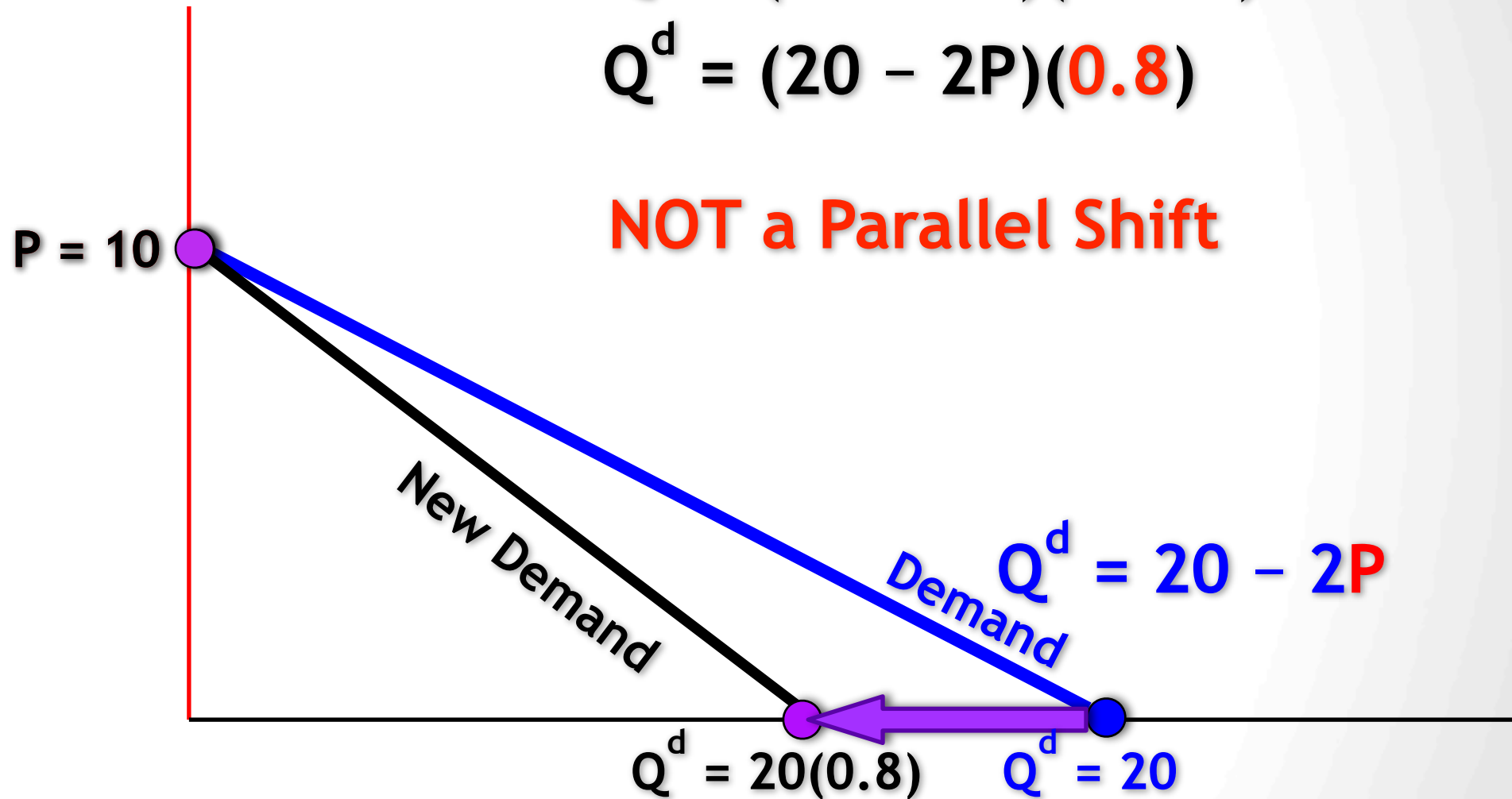
$$Q^d = (20 - 2P)(0.8)$$

Consumers buy **20% less** at all prices

$$Q^d = (20 - 2P)(1 - \mathbf{0.2})$$

$$Q^d = (20 - 2P)(\mathbf{0.8})$$

**NOT a Parallel Shift**



# **The “Ceteris Paribus” Assumption**