



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

Quantity Demanded increases

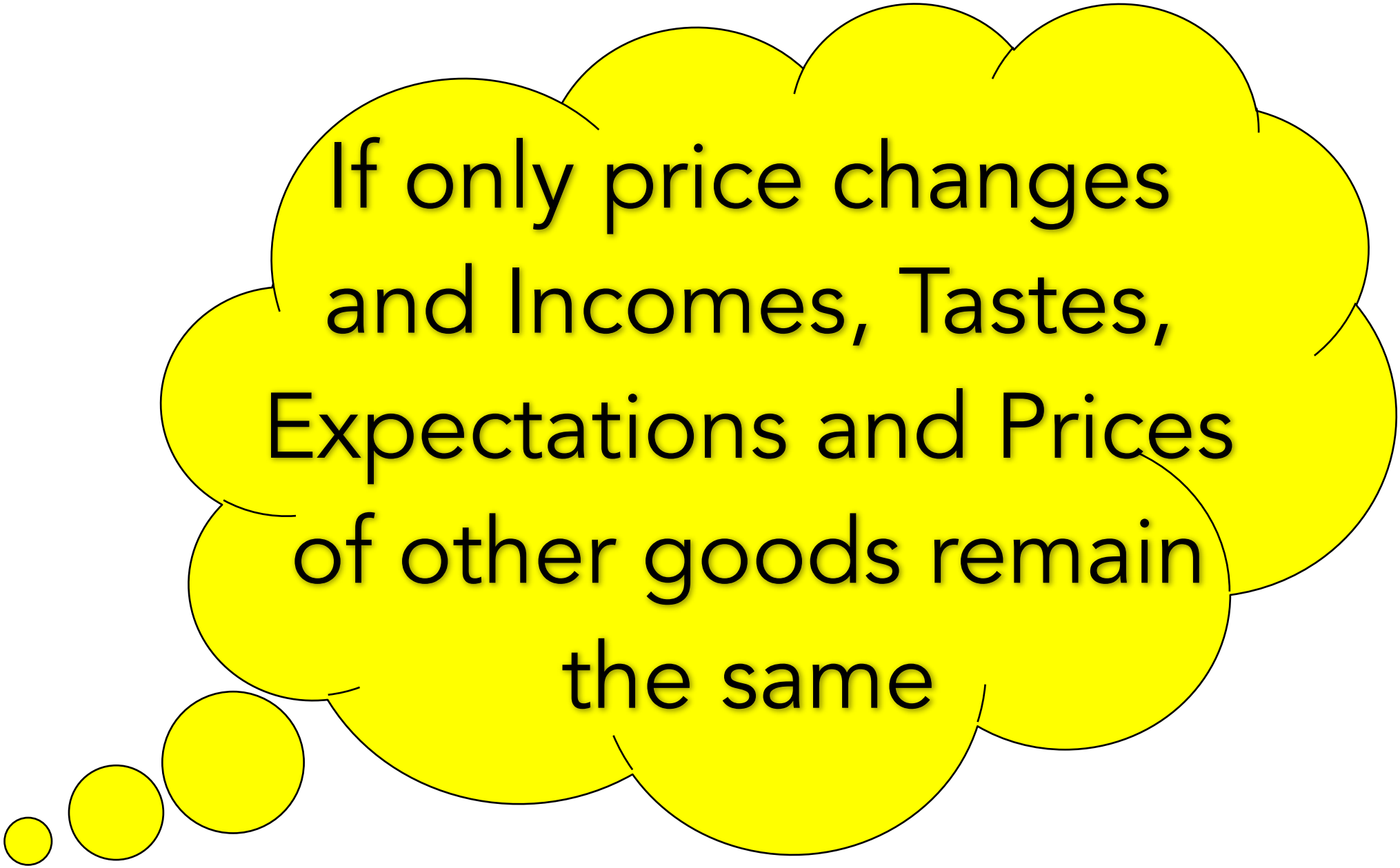
What if **at the same time** that car prices drop, **incomes also drop**?

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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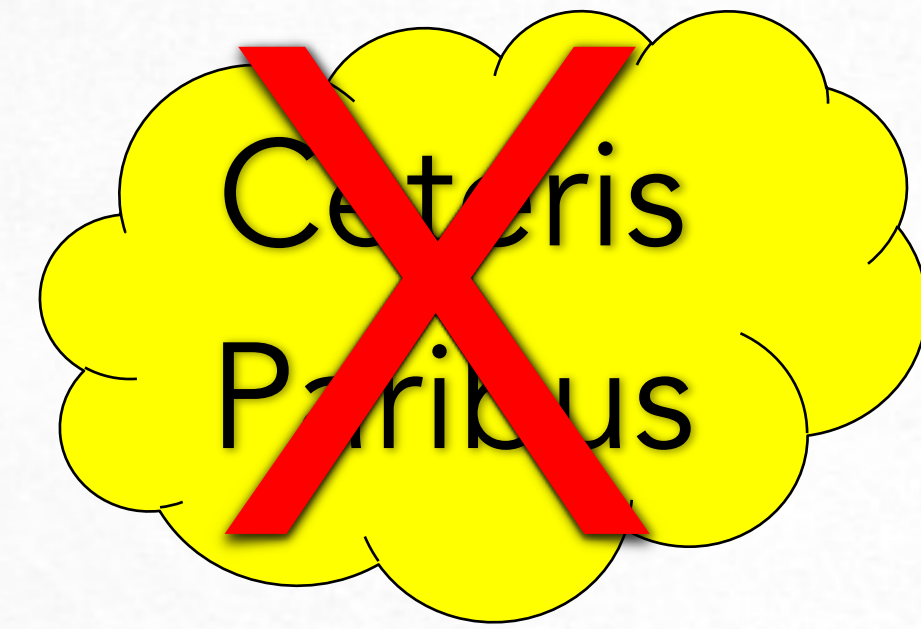




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