



Price

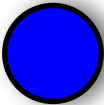
Consumers buy 20% less at all prices

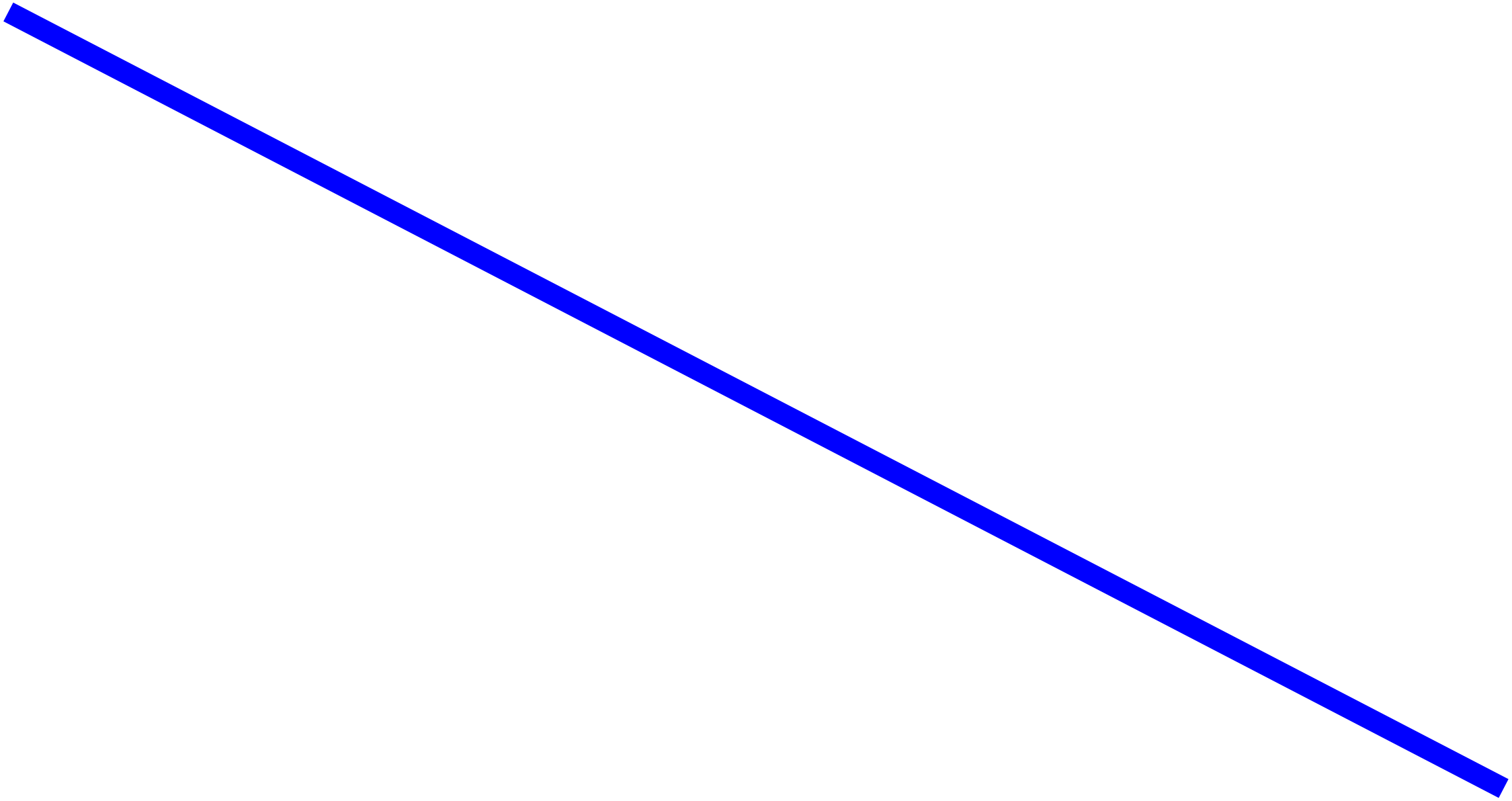
P

=

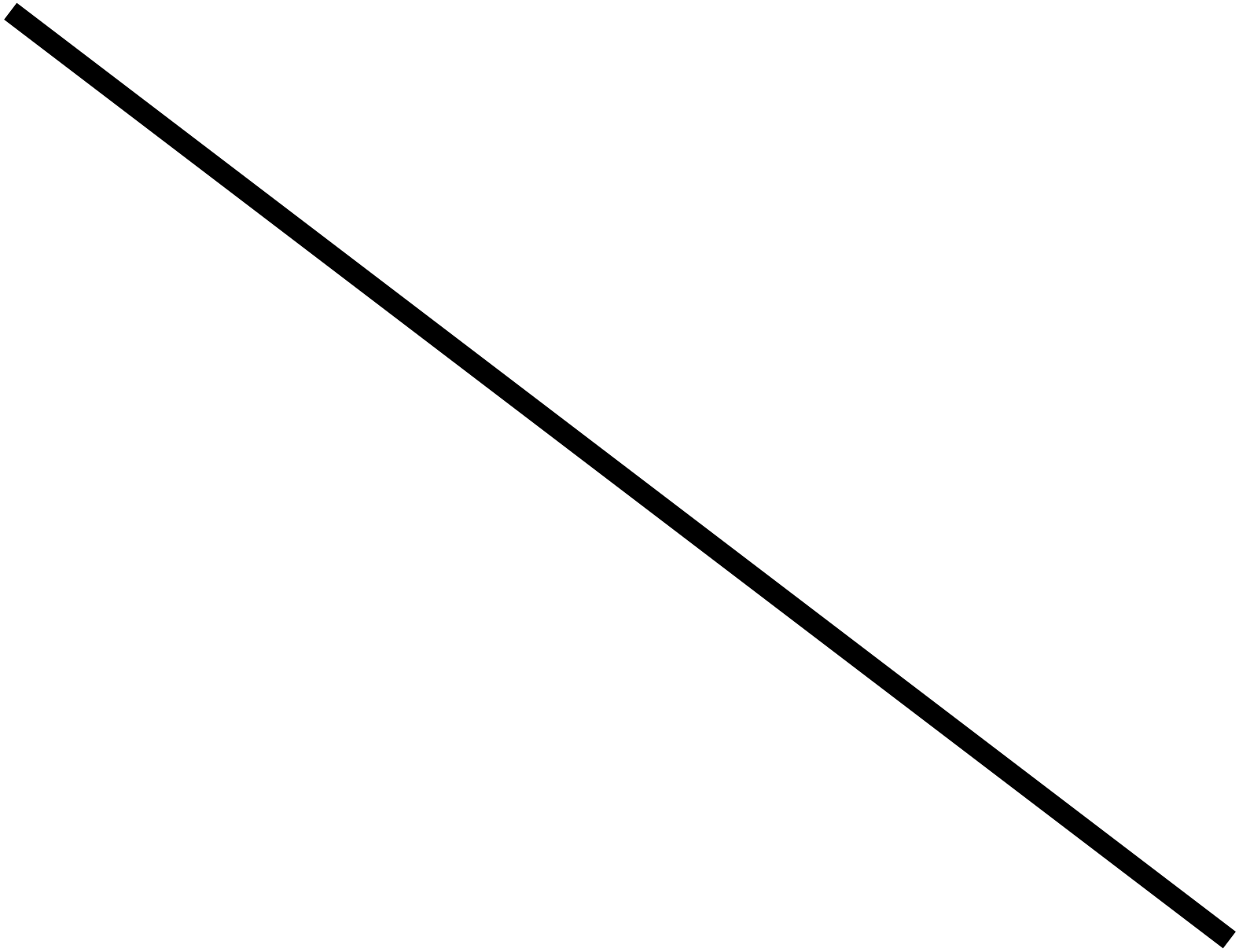
1

0

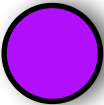




Demand



P = 10



New Demand



$$Q^d = 20(0.8)$$

$O^d = 20 - 2P$

$$Q^d = 20$$





NOT Parallel Shift

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

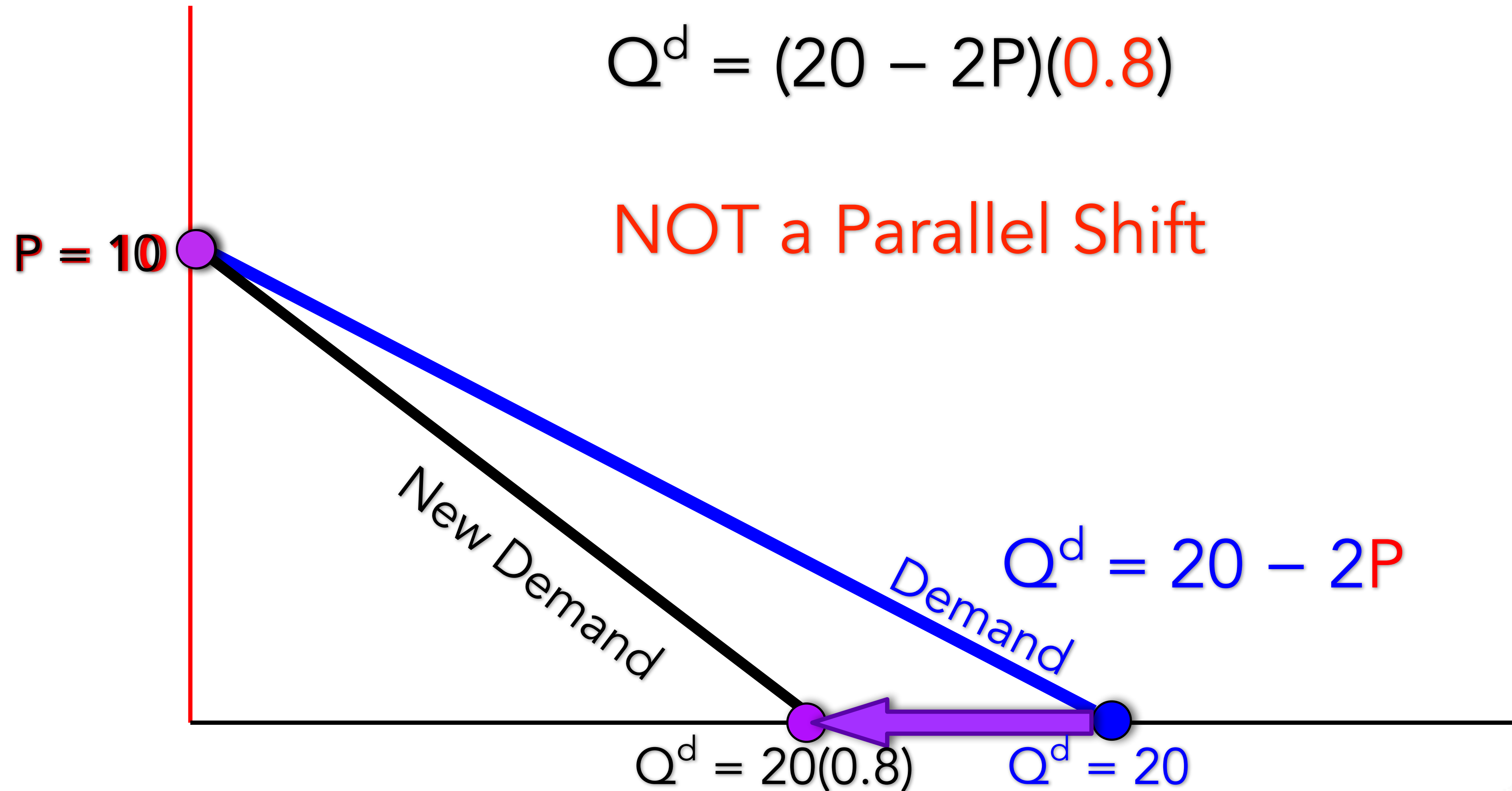
$$Q^d \equiv (20 - 2P)(0.8)$$

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

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

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

NOT a Parallel Shift



The “Ceteris Paribus” Assumption