







Price

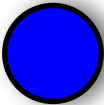
Consumers buy 20% less at all prices

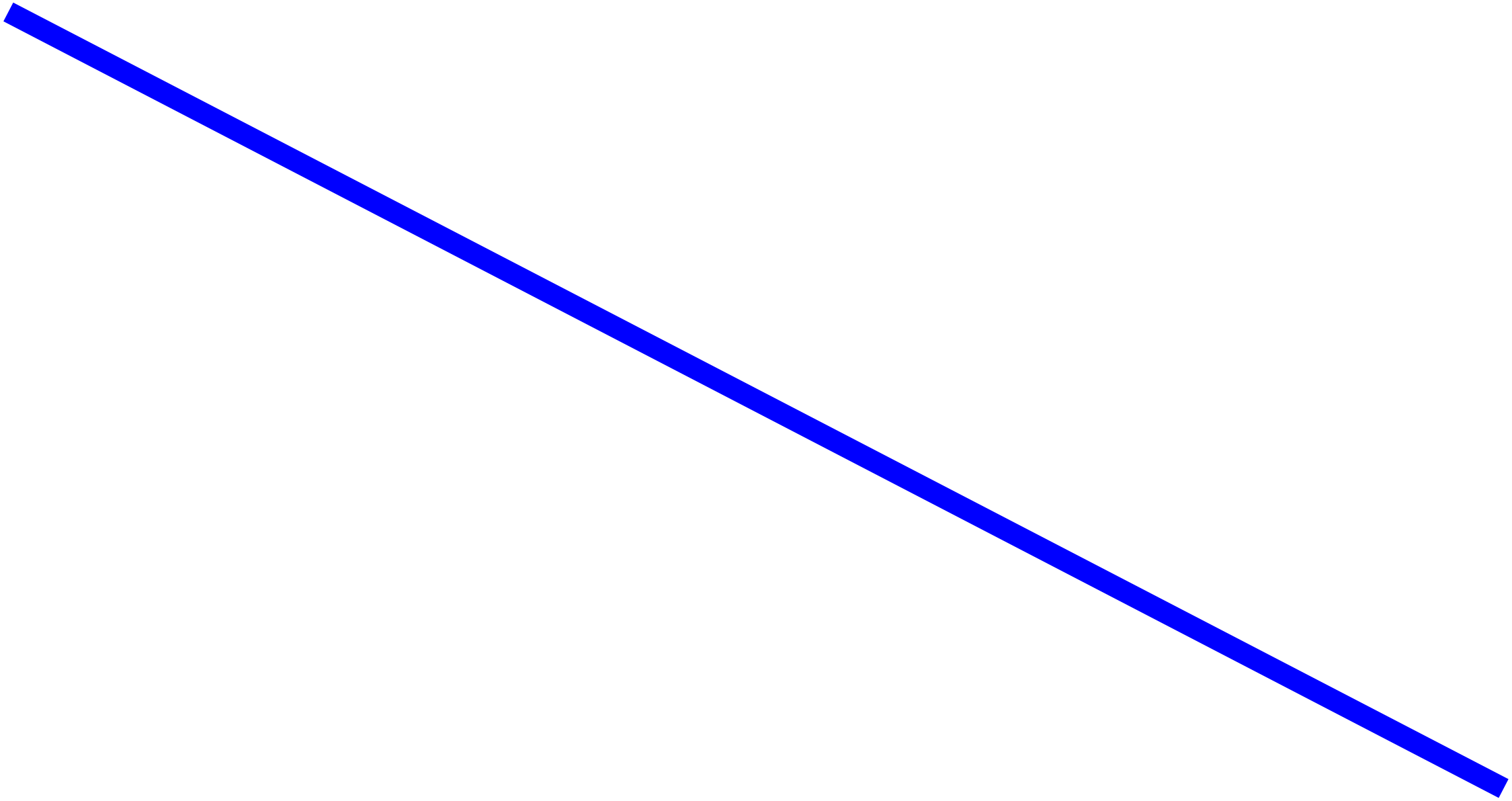
P

=

1

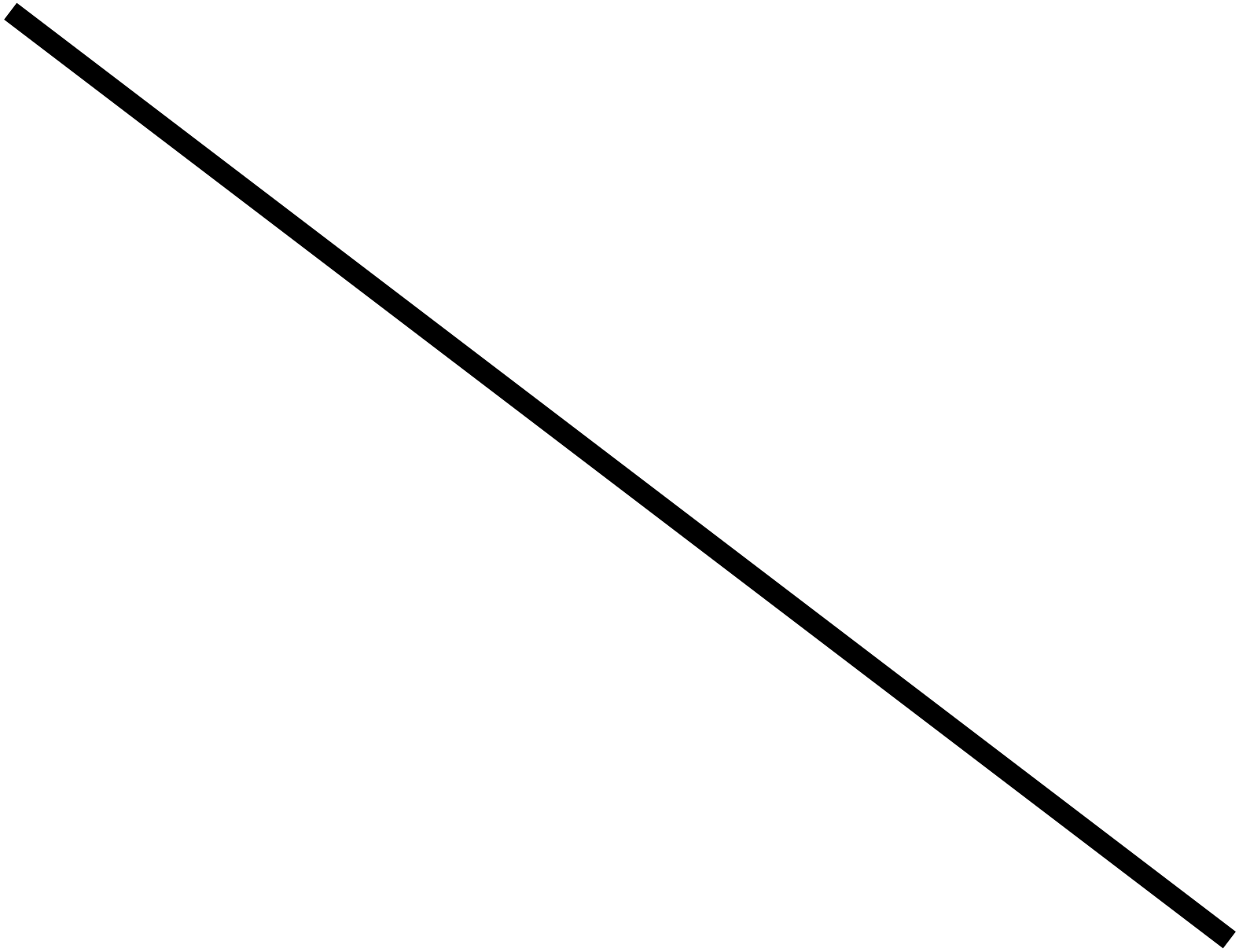
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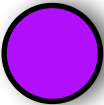




Demand



**P = 10**



New Demand



$$Q^d \equiv 20(0.8)$$

$Q^d = 20 - 2P$



$$Q^d = 20$$





NOT Parallel Shift

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

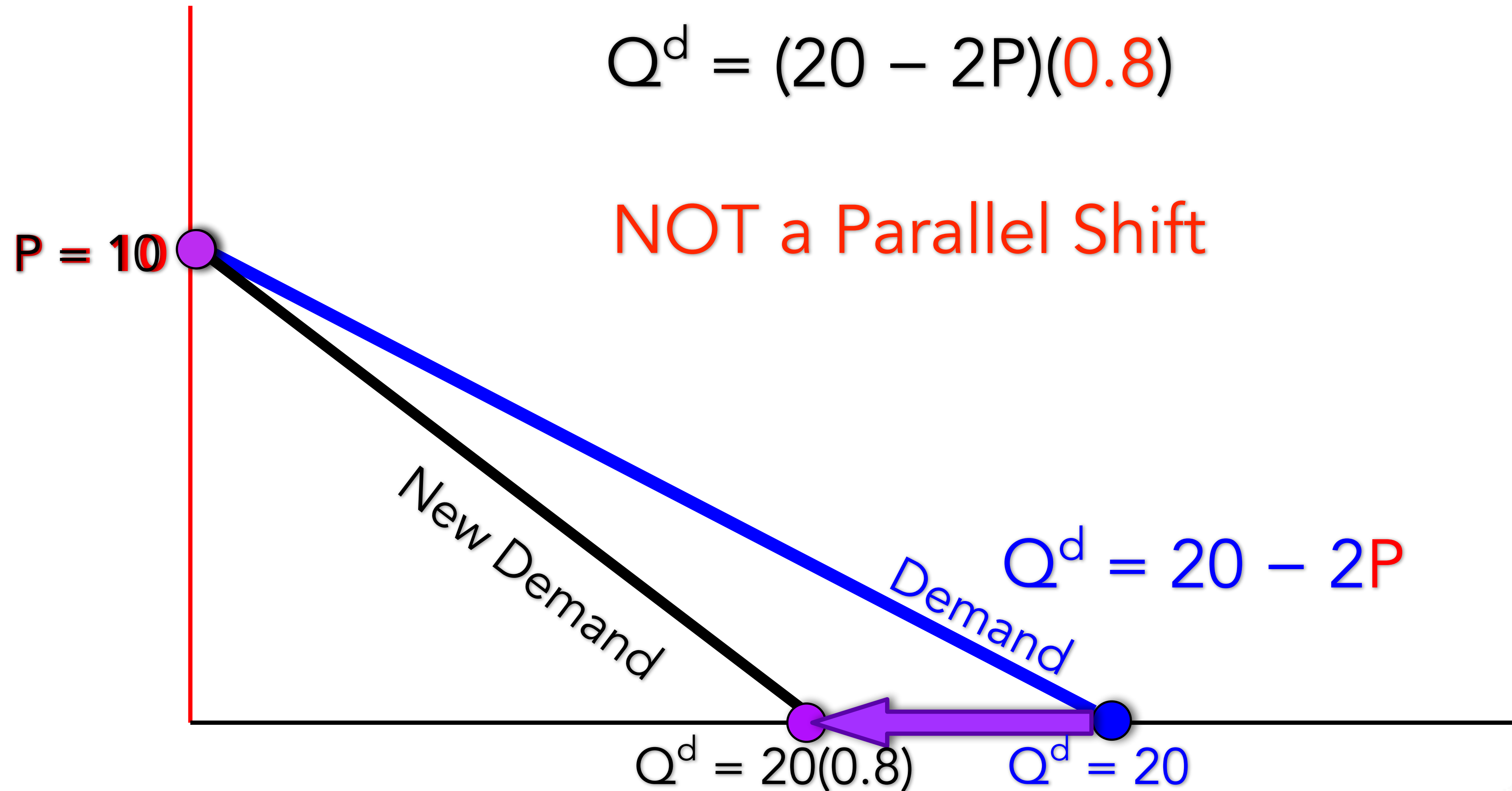
$$Q^d \equiv (20 - 2P)(0.8)$$

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