

6.3 Ceteris paribus

- Ceteris paribus means '**other things being equal**' (constant).
- By this assumption, **causal relationships** are possible: If A occurs, then B follows.
- Example: If the price rises, quantity demanded falls. Other things being equal, such as income, prices of other goods, tastes, number of buyers. If other things change, the demand curve **shifts**. If 'only' price changes, we **move along the demand curve**.