

The Effect of Price on Demand

A. U. Thor*
School of Economics
University of Edinburgh

Abstract

This paper analyses the effect of a price rise in a demand function.

1 Introduction

My paper is based on Smith (1776), Keynes (1936) and Becker (1968).

2 Model

$$Q = \alpha - \beta P + \epsilon$$

2.1 Solution

$$\frac{dQ}{dP} = \beta < 0$$

3 Conclusion

The effect is negative.

References

- BECKER, G. S. (1968): "Crime and Punishment: An Economic Approach," *Journal of Political Economy*, 76, 169–217.
- KEYNES, J. M. (1936): *The General Theory of Employment, Interest and Money*. Palgrave Macmillan.
- SMITH, A. (1776): *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: W. Strahan and T. Cadell.

*I would like to thank Odin for very helpful comments. Any errors are mine.
a.u.thor@ed.ac.uk