

the difference between actual circumstances and the assumed conditions which were postulated in the statement of the theory.

For example, in economics we formulate the proposition that, other things being equal, people will buy more of the same product at a lower price than they will buy at a higher price. For instance, I don't think you've ever seen an advertisement which said, "Tires for Sale: \$15.00; previously \$12.00." We don't do that because the assumption is that as the price goes down more of the same product will be sold. As stated, then, this proposition is true; that at a lower price you will buy more.

But let us examine some of the assumptions implicit in the phrase, "other things being equal," that may or may not be fulfilled in practice. Let's assume that (1) people's incomes remain the same. (2) That their tastes remain the same. (3) That the prices of other goods remain the same. (4) That no new substitute for the goods is discovered. (5) That no price decline is anticipated. Take any one of these; for instance (3); that the price of other goods remains the same. Take butter at \$1 per pound; margarine, let's say 50¢ a pound. If the price of margarine goes down to 20¢ a pound there will undoubtedly be a large number of people who will switch from butter to margarine even though the butter price goes from \$1 to 90¢. Or, that no price decline is anticipated - No. 5.

As a youngster you can remember that you could go to the bakery store on Saturday at 9:00 o'clock in the evening and get a dozen cookies for half the price because the baker didn't want to keep them over the weekend. Nowadays you can go to one of the larger super-markets and find that at 9:00 o'clock on Saturday evening the prices are still the same. In other words, they don't sell their strawberries for half-price, or their peaches, because the weekend is coming up. And there are a number of reasons for this. One is that they have better facilities for keeping the perishables. But another reason is that they do not want to destroy their mar-