

## How to Isolate Effects of Price Only on Demand

- i)  $Q_d'' = a'' + b_1''P + b_2''X_2 + b_3''X_3 + u$
- ii)  $(1 - b_3'')Q_d'' = Q' = a' + b_1'P + b_2'X_2 + v$
- iii)  $(1 - b_2')Q_d' = Q = a + b_1P + \varepsilon$

assuming  $t_{b_1}'' > t_{b_2}'' > t_{b_3}''$  and  $t_{b_1}' > t_{b_2}'$

