Affirmations & Reflections: Supply and Demand

Bonus material for uniquestoremarket.com's "Understanding Supply and Demand: An Introduction to Microeconomics" guide. A handout to keep nearby while you work through the six chapters, or to read one per day.

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1 **I start from the price–quantity table, not from the curves.**
Reflection: Have I written the two columns out, or am I still picturing a memorised shape?

2 **A market is all the buyers and sellers of one good, not a place.**
Reflection: Which good am I analysing, and have I defined its buyers and sellers?

3 **Price sits on the vertical axis by convention, not because of logic.**
Reflection: Where has that convention confused me before?

4 **Substitution and income are two different reasons demand slopes down.**
Reflection: Can I state each in one sentence without merging them into "people buy less"?

5 **Substitution needs an alternative to exist; the income effect needs the good to be a meaningful share of spending.**
Reflection: For a good I buy, which of the two requirements is actually met?

6 **Table salt shows me what weak demand response looks like.**
Reflection: Which good I buy would I keep buying at almost any price, and why?

7 **Supply slopes up because the next unit usually costs more to make.**
Reflection: What would be the marginal cost of one more unit of something I could sell?

8 **A seller makes a unit only when the price covers its marginal cost.**
Reflection: At what price would I stop making an extra unit, and what limits me?

9 **Equilibrium is a resting point, not a fair price.**
Reflection: Where have I called a price fair when I only meant that it was stable?

10 **A surplus pushes price down and a shortage pushes it up, without anyone planning it.**
Reflection: Can I explain in two sentences why a market with a shortage does not simply stay there?

11 **The test for a shift is whether the good's own price changed or something around it did.**
Reflection: Which of my last three explanations used the wrong answer to that question?

12 **When both curves move, I name what is indeterminate instead of guessing.**
Reflection: On my chosen headline, which variable can I not predict, and why?