



Supply and Demand Curves

Antitrust
Eric E. Johnson
ericejohnson.com



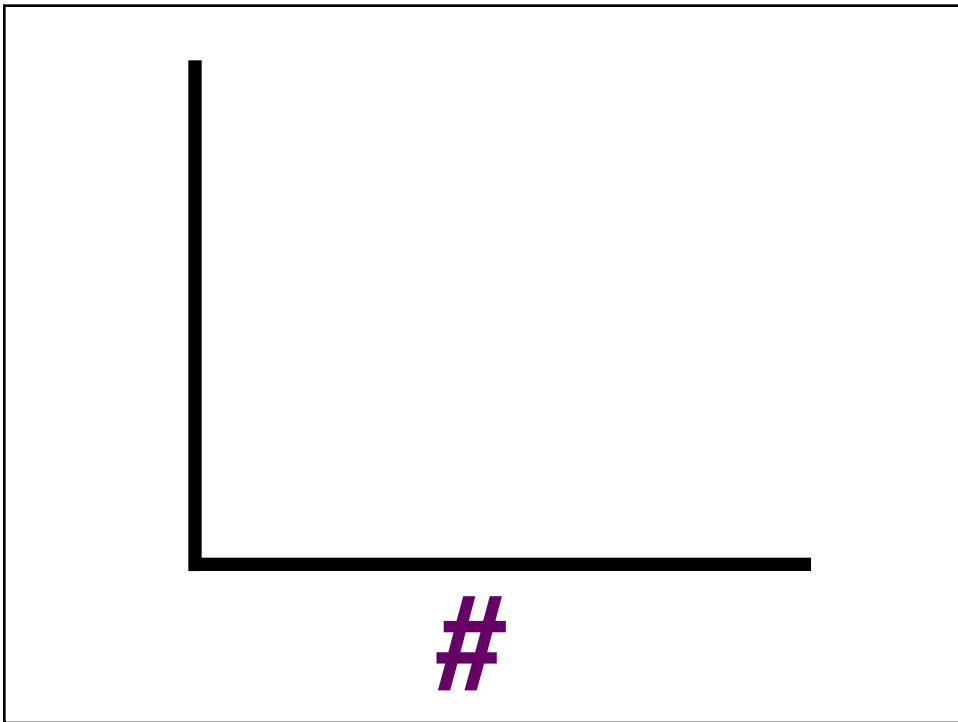
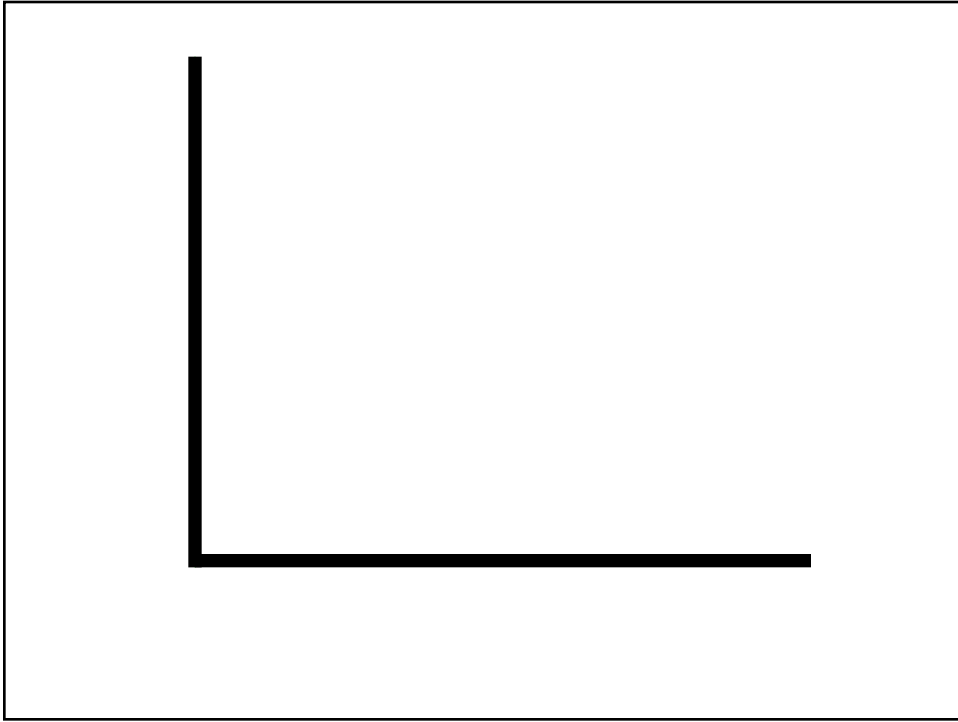
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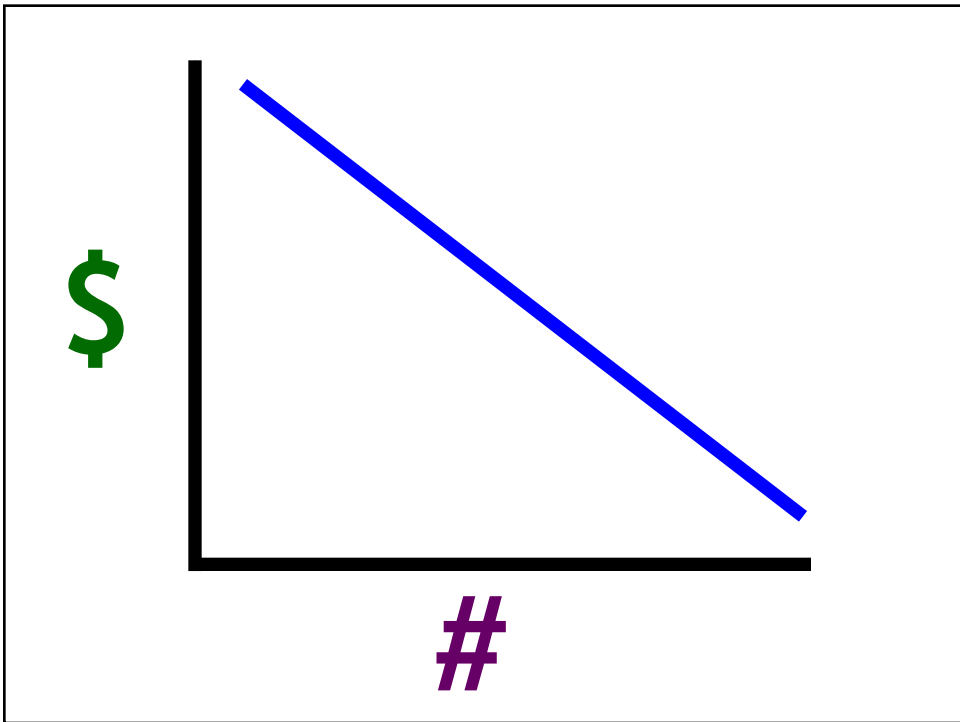
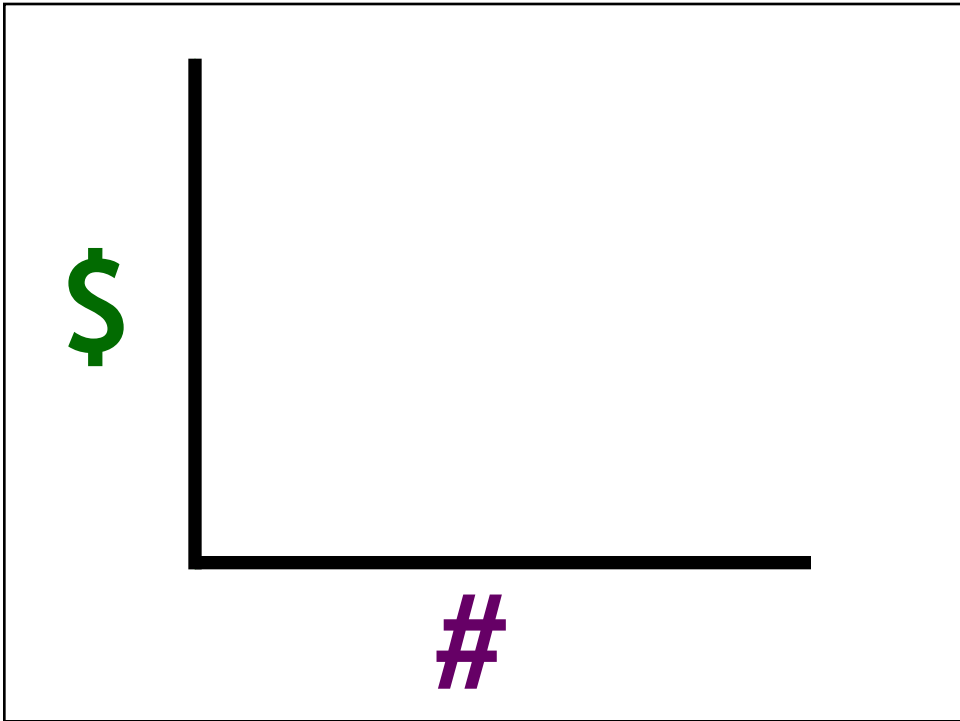
Thoughts on POE Ch. 3

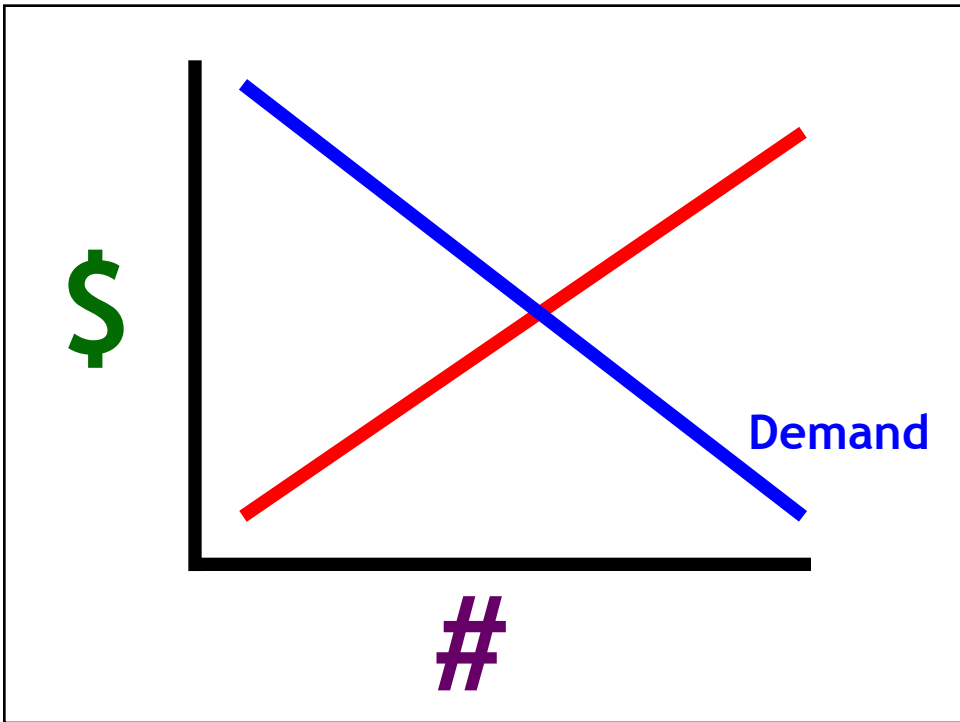
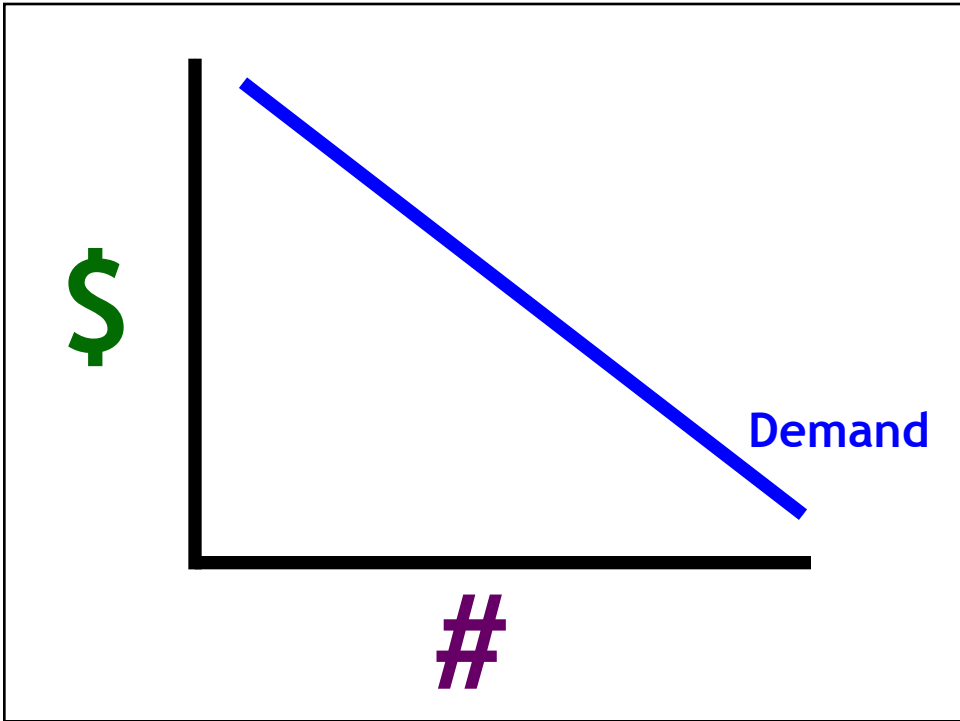
- This chapter is more than we need.
- And it's sometimes confusing.
- And it has a way of making simple stuff complicated.
- So let's break it down ...

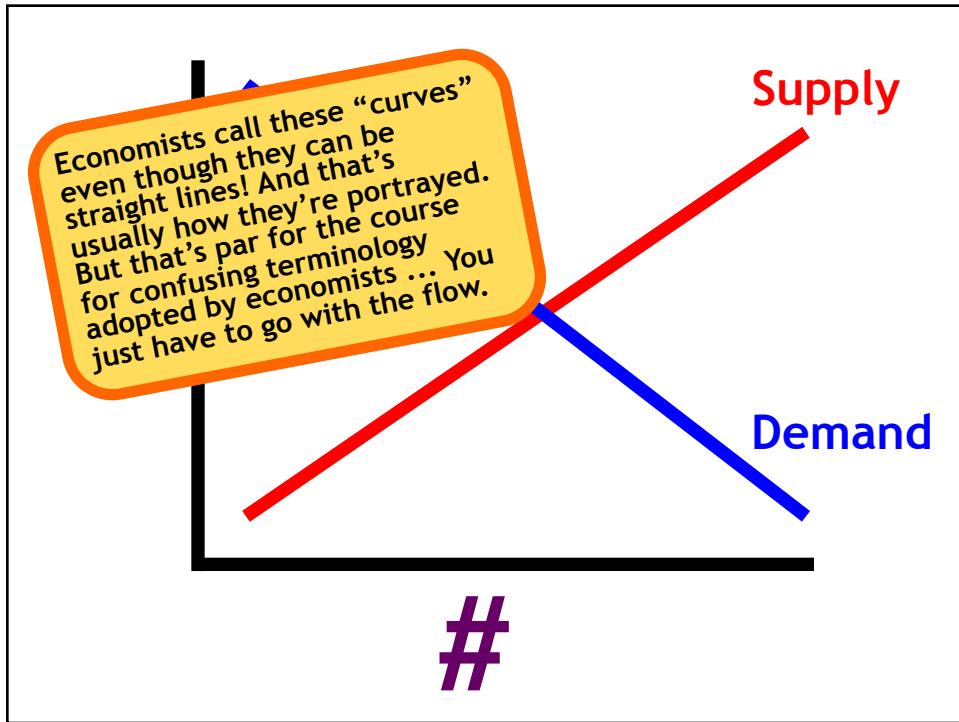
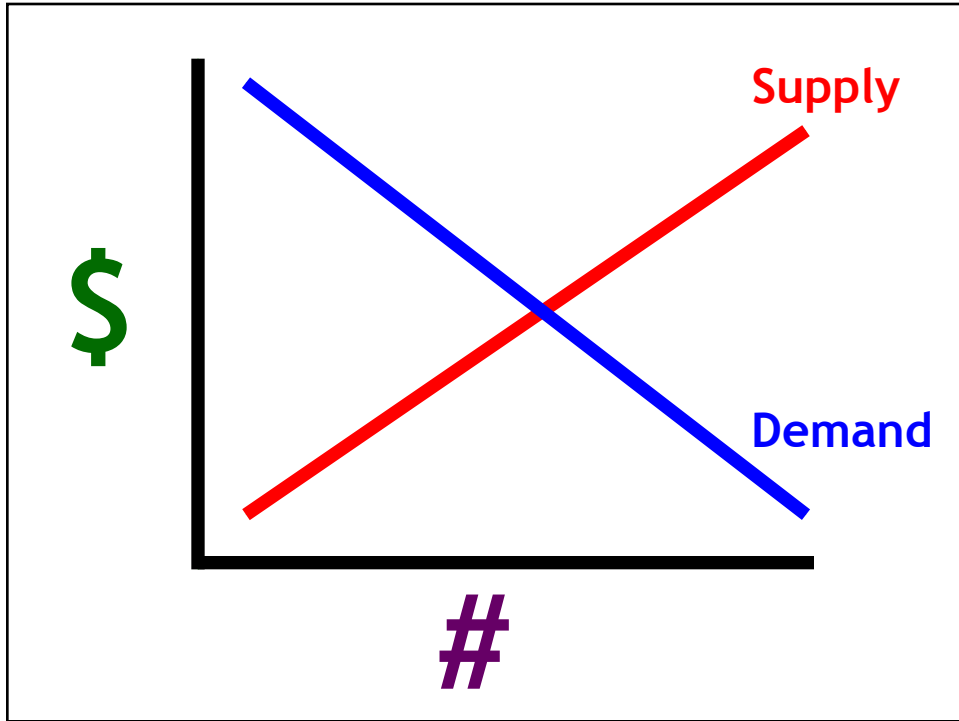
**Economics is
about logic and
incentives in
decision-making.**

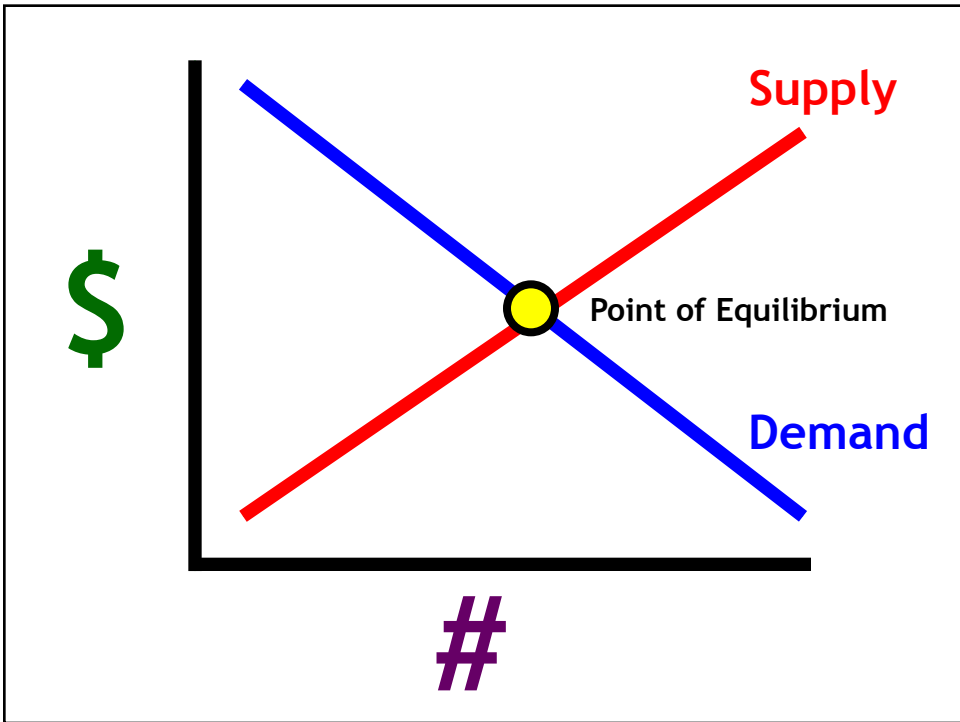
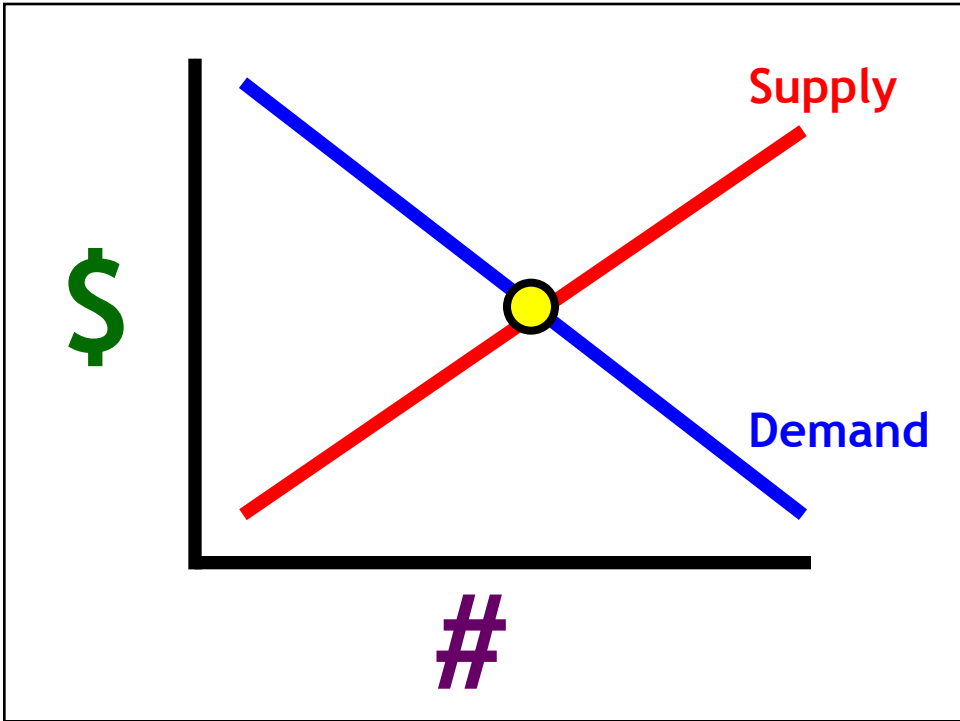
**It's not about memorizing
stuff. But here's one thing
it's helpful to memorize ...
the basic supply and demand
diagram.**









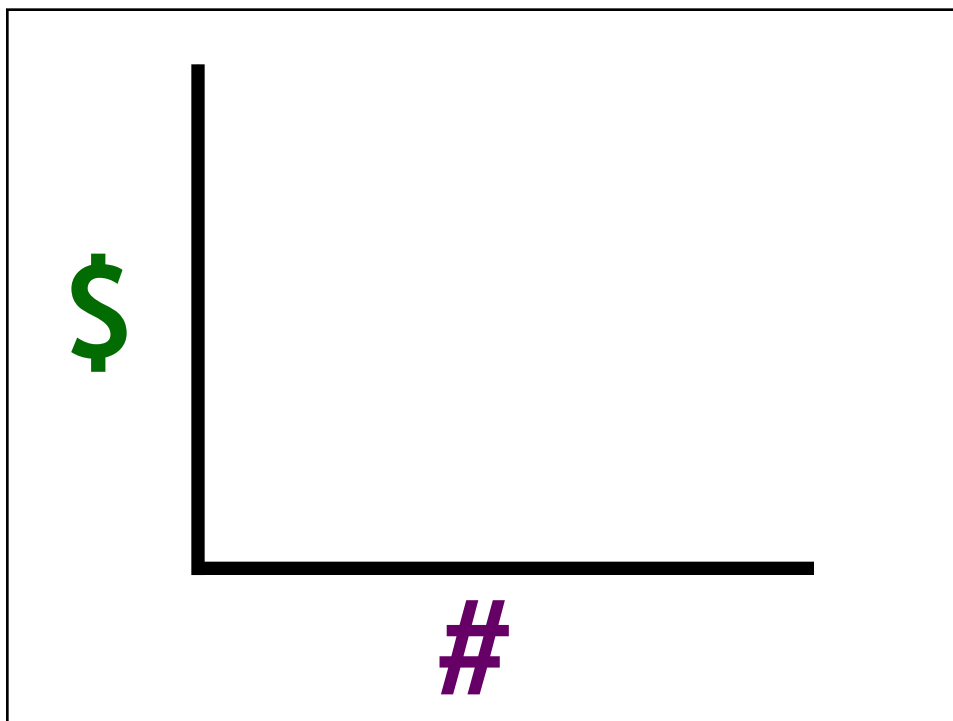


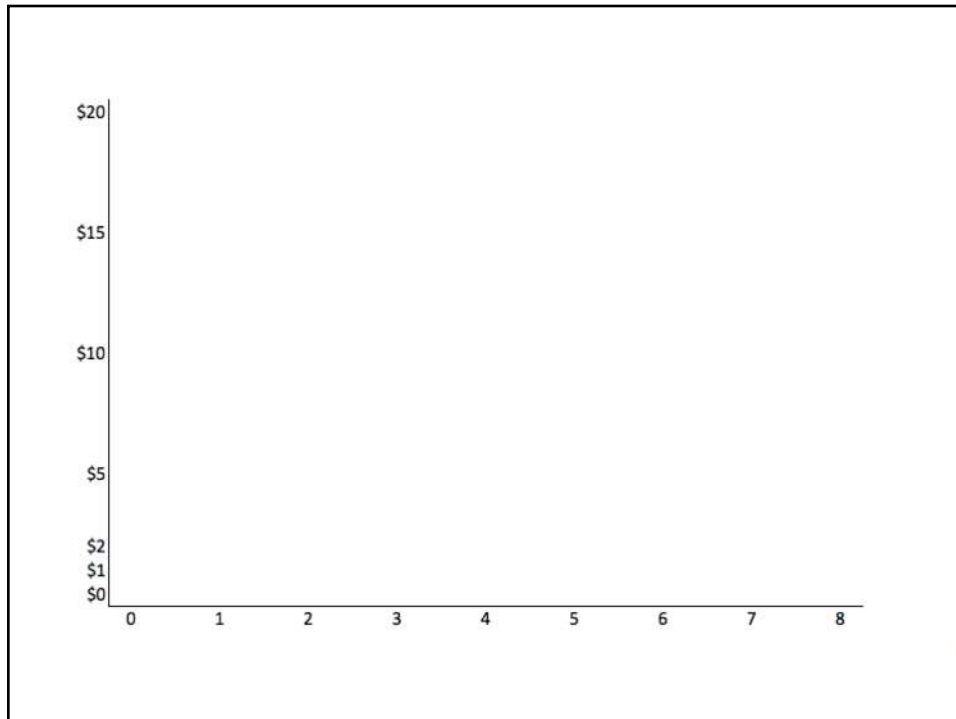
Example: Windchimes in Wendover on Wednesday

An economy with just eight people and one day:

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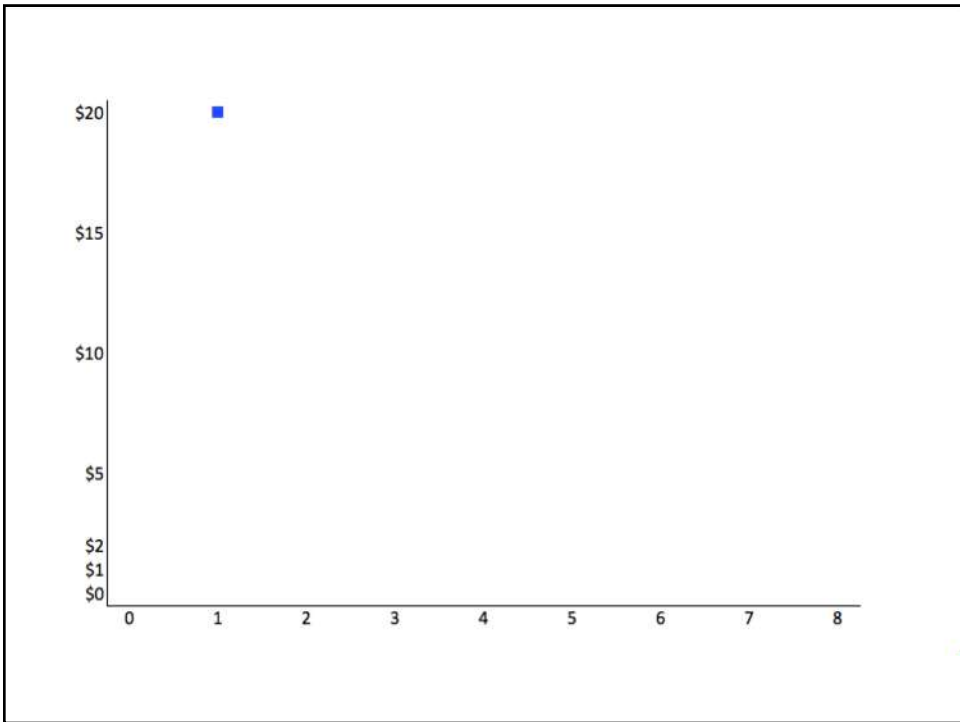
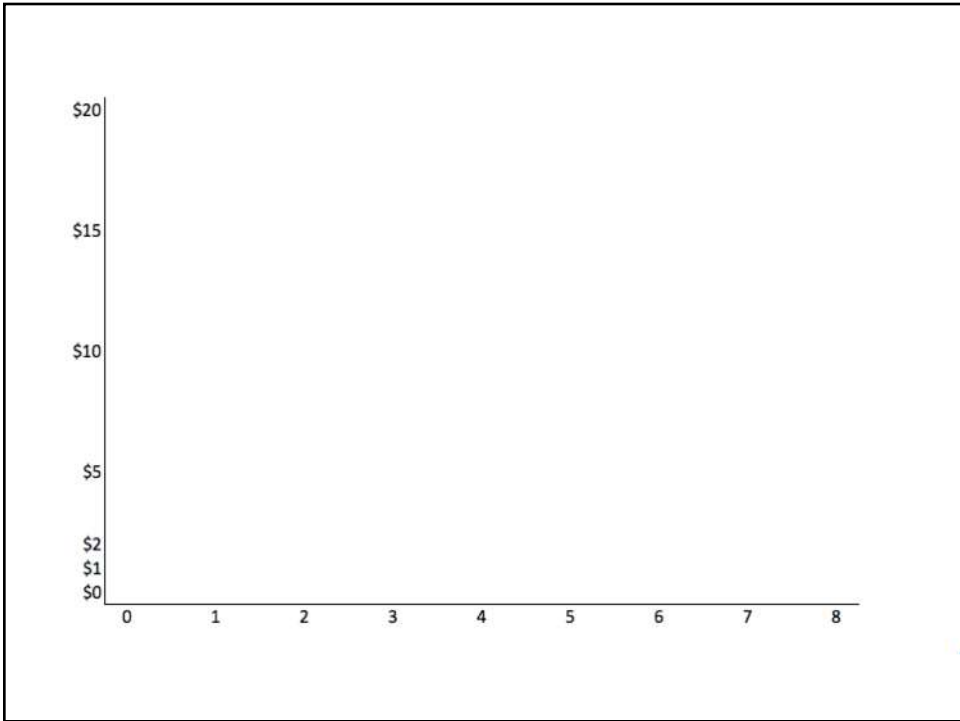


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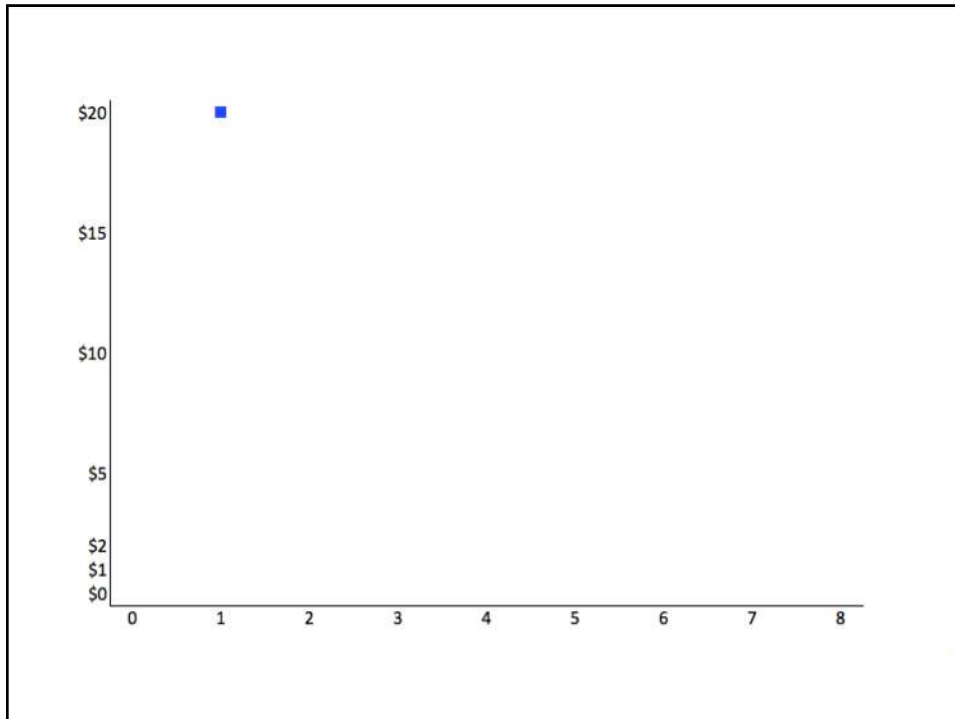


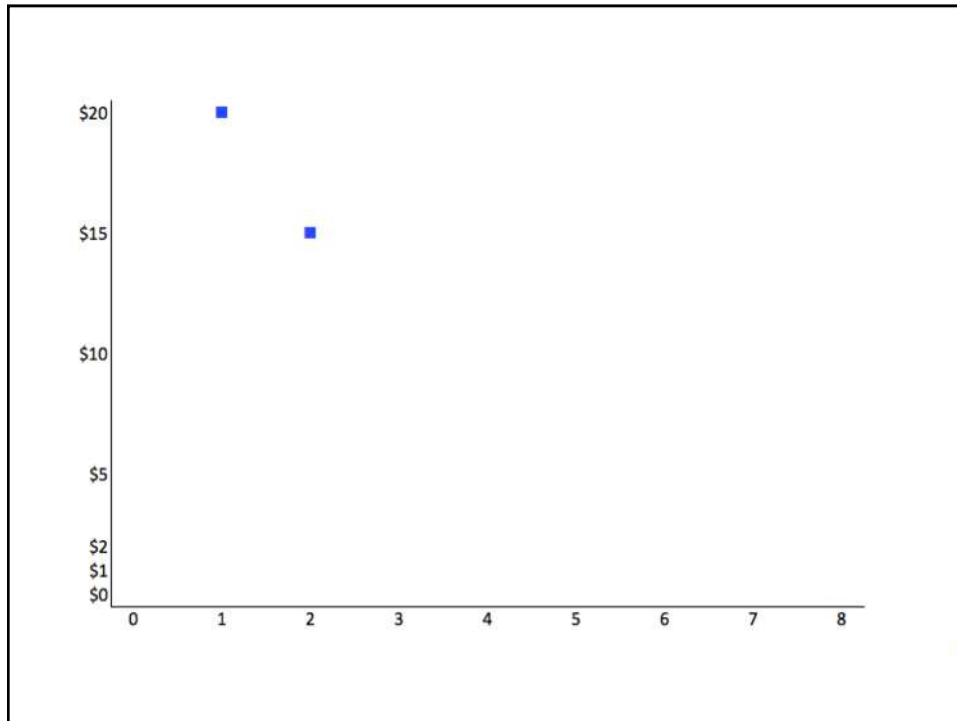
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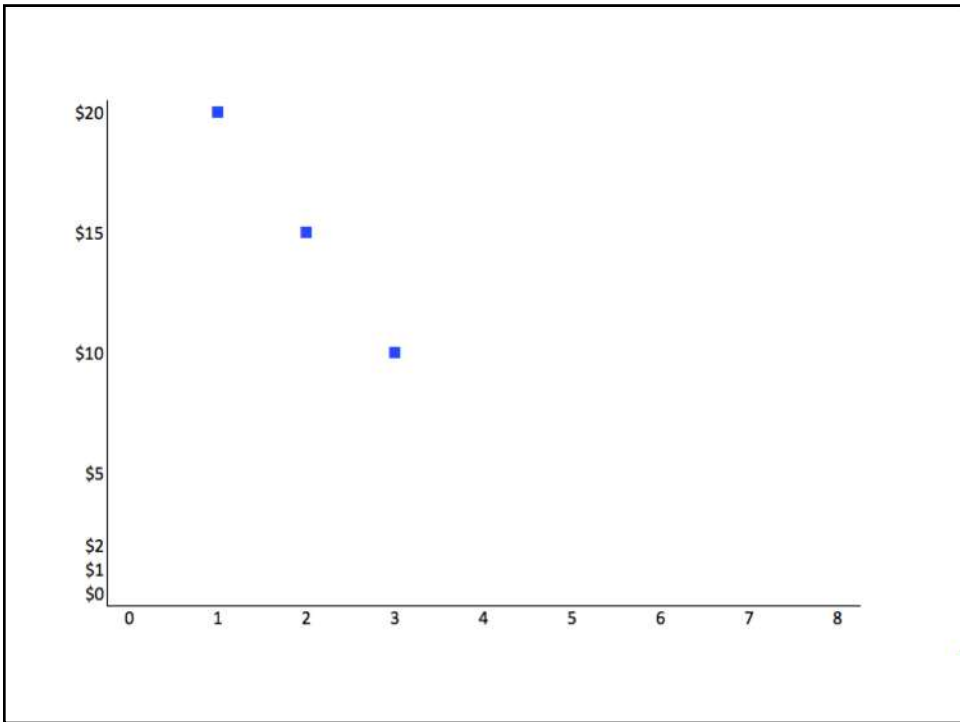
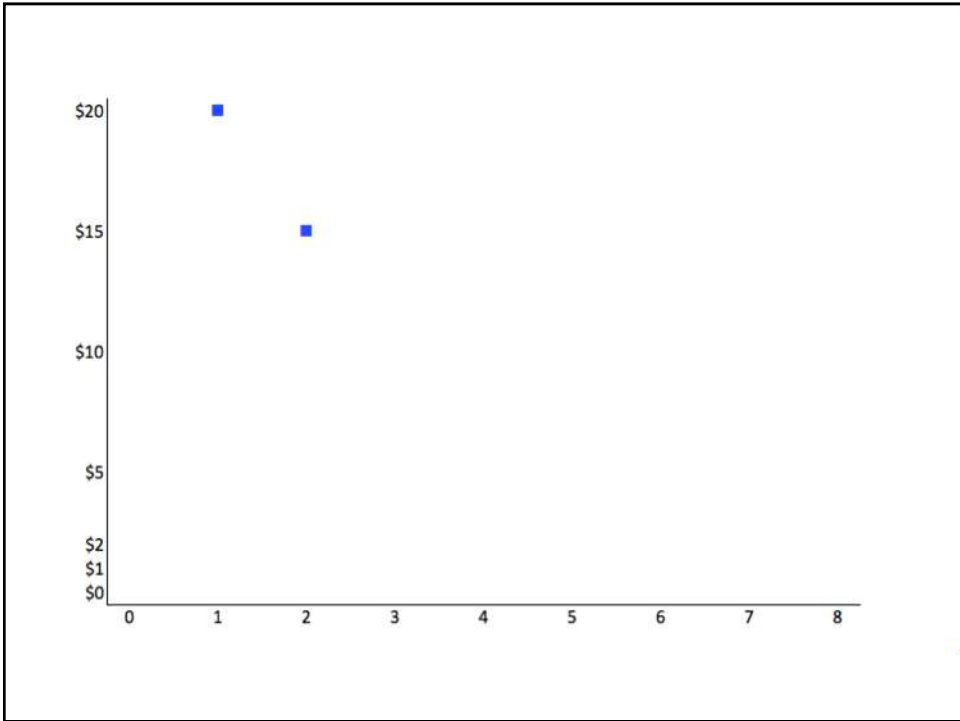


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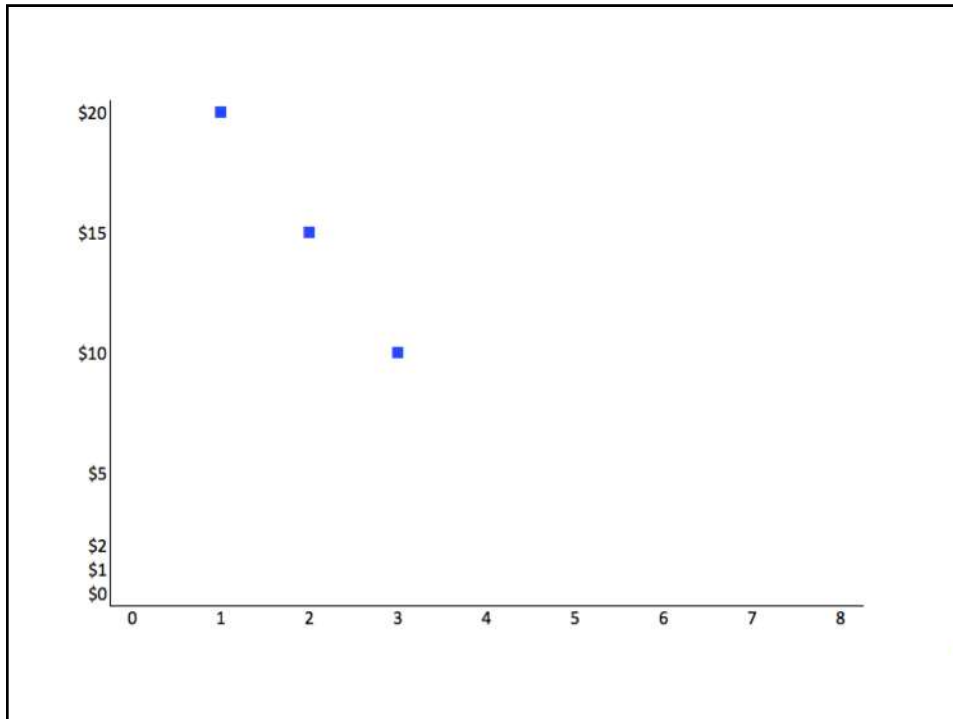


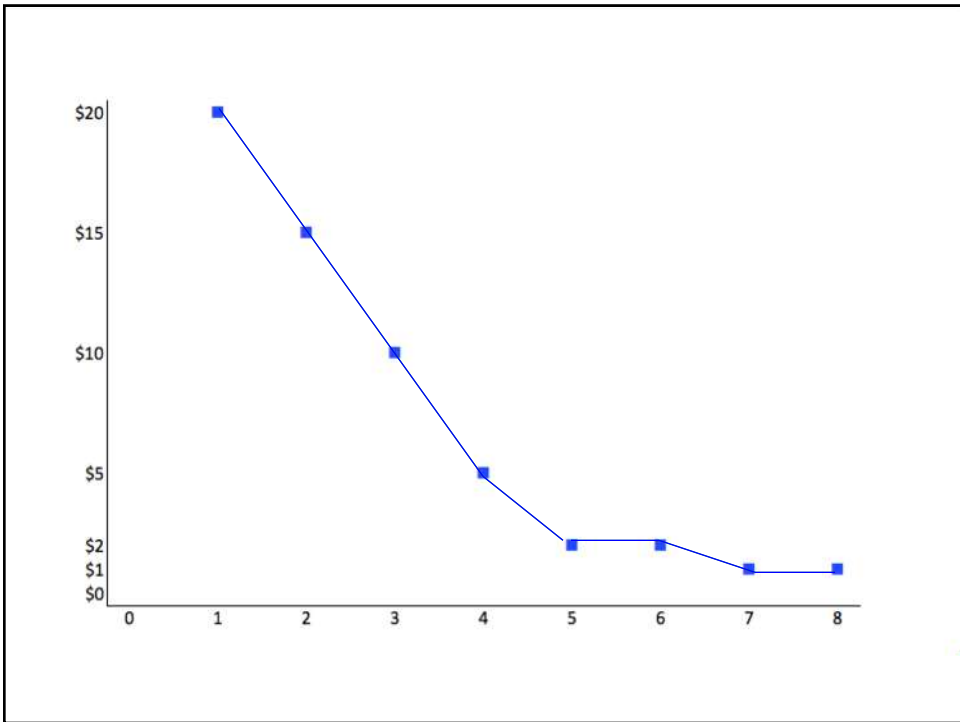
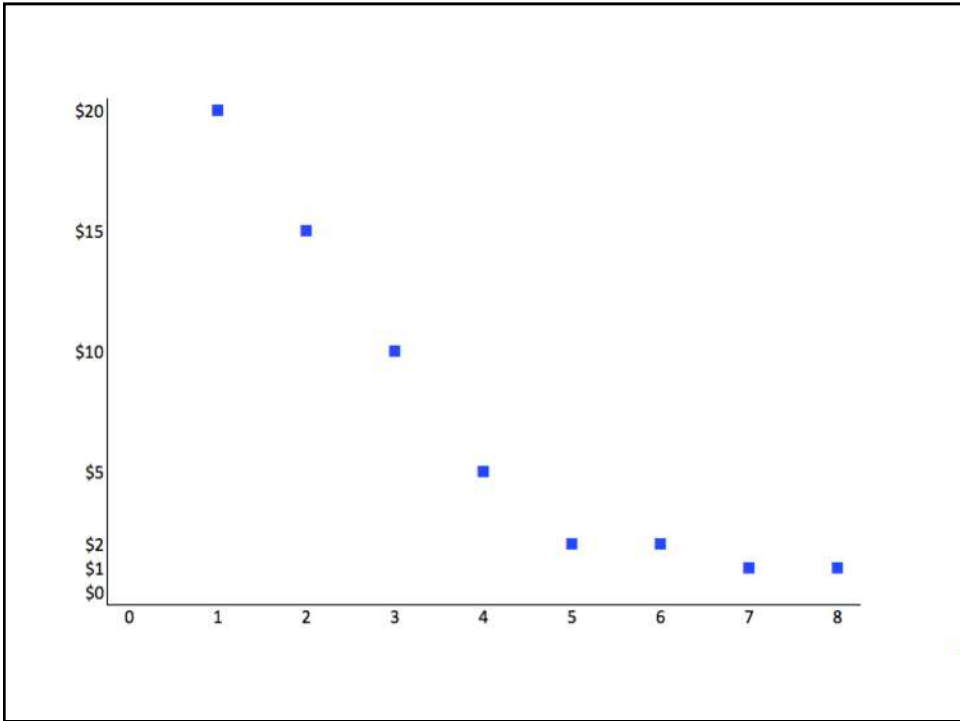
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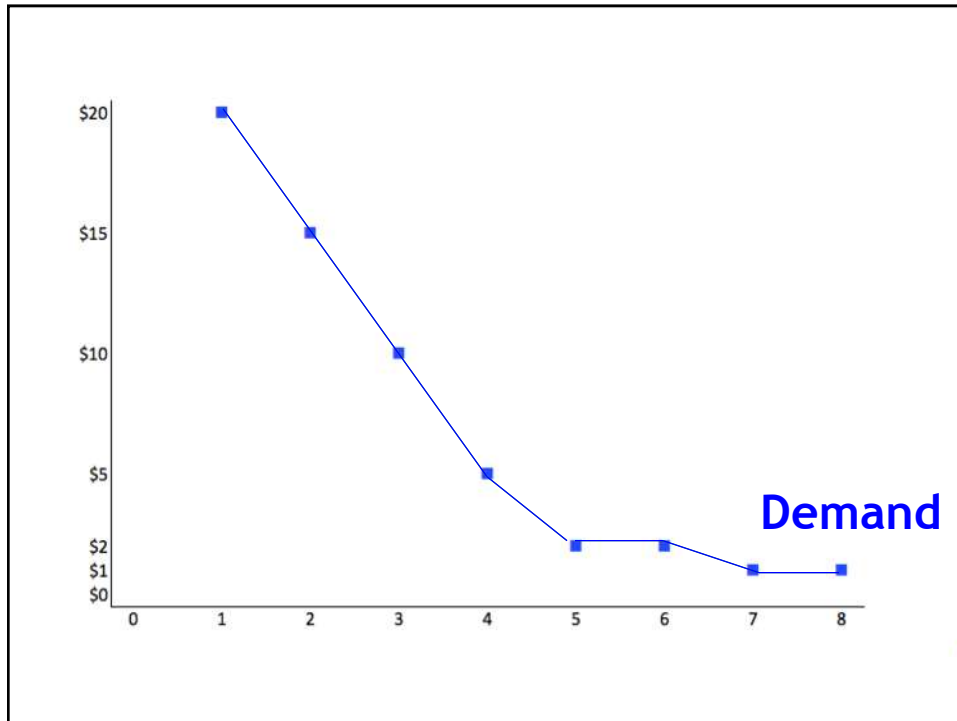
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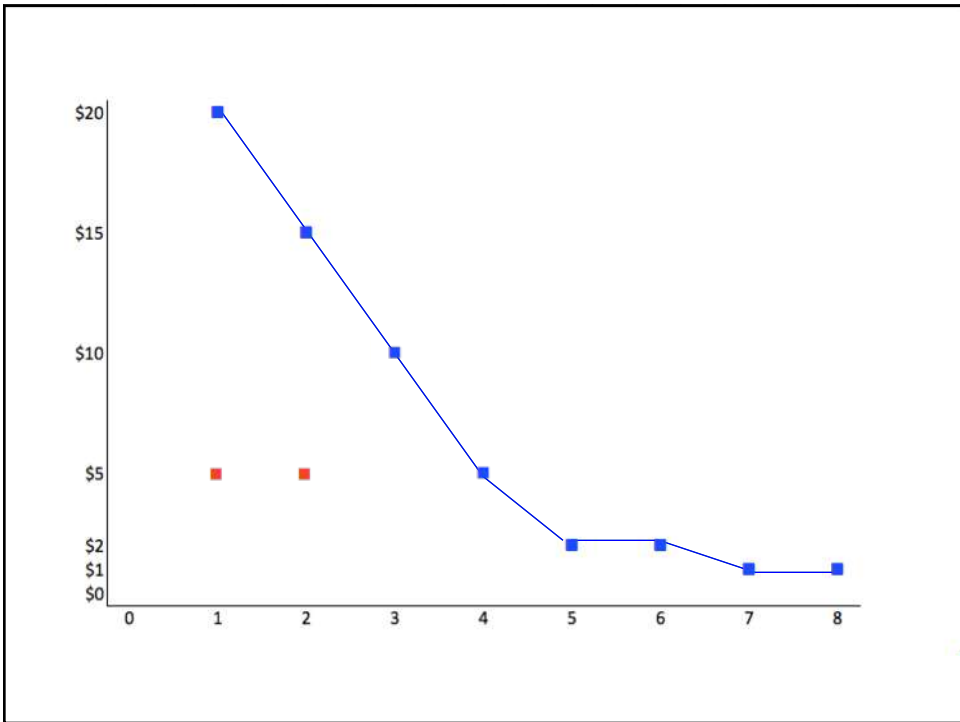
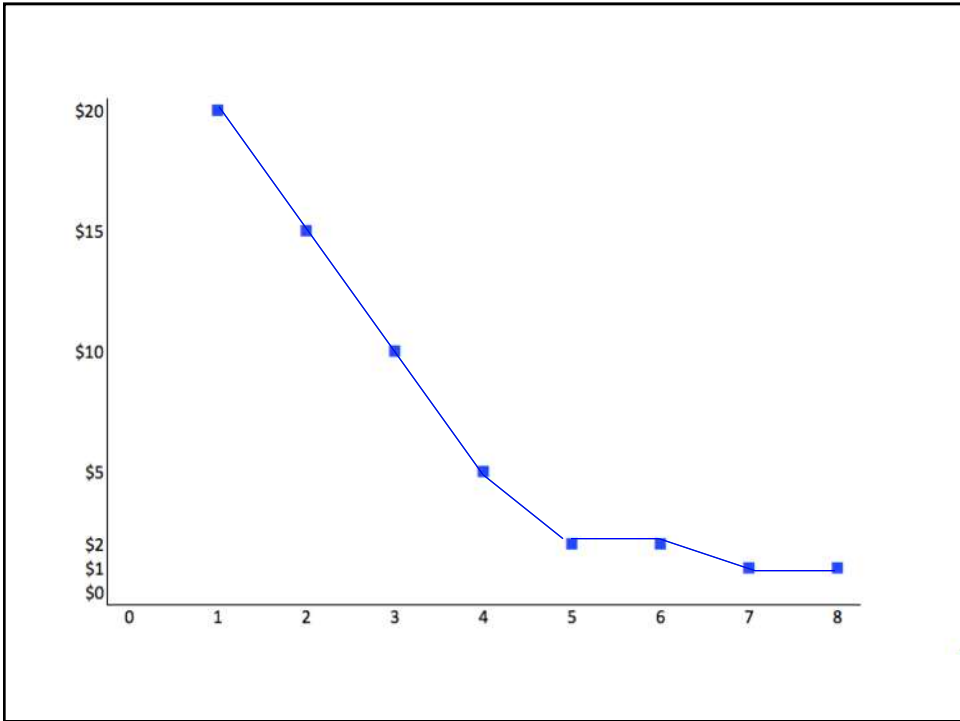


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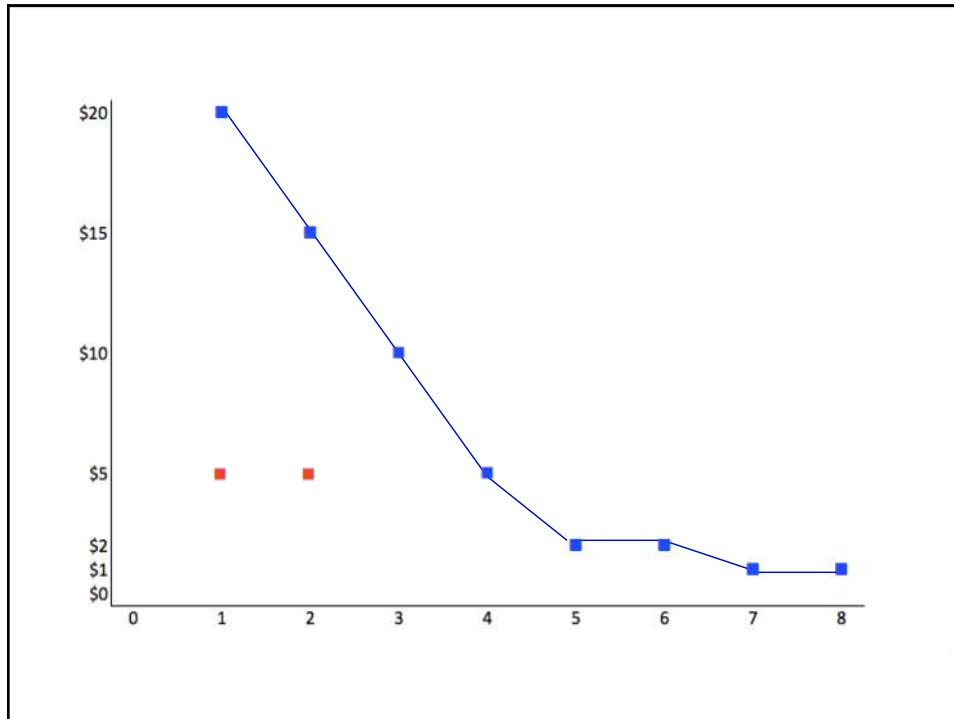


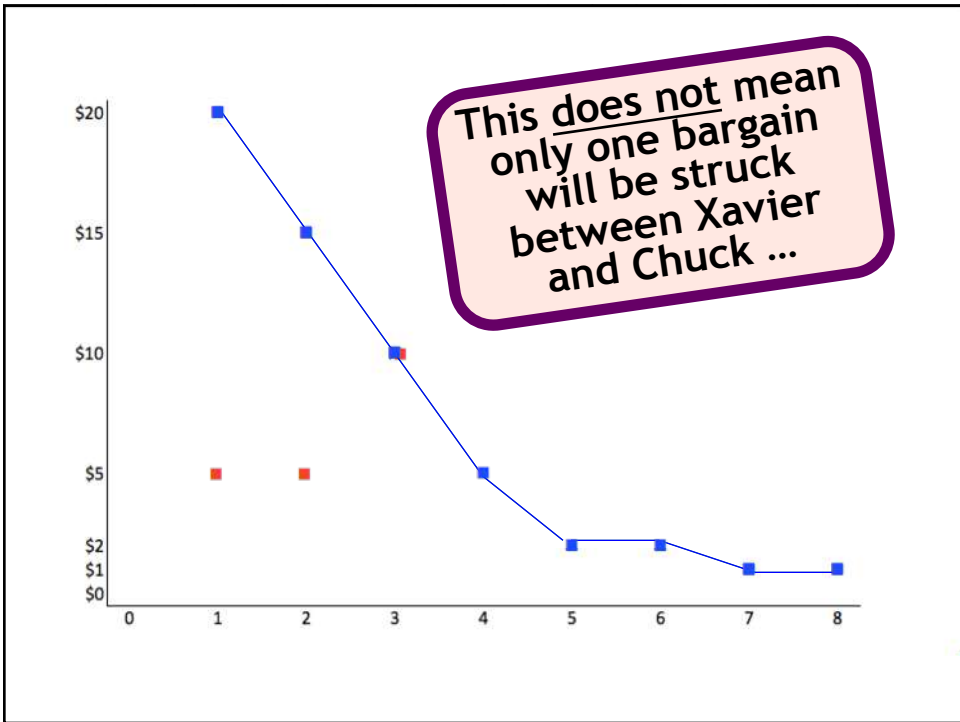
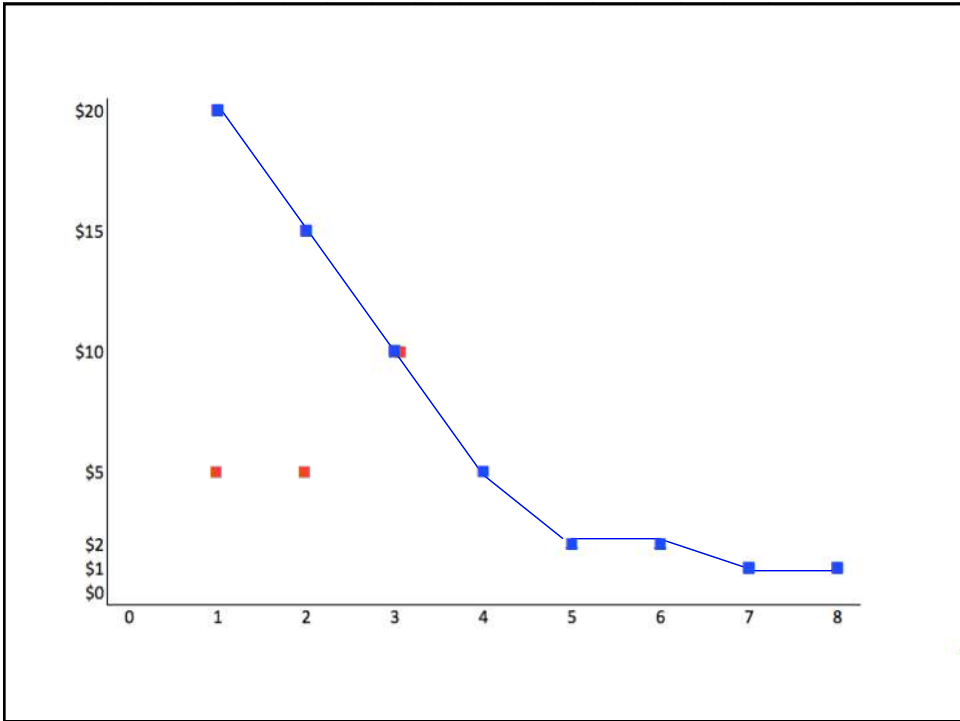
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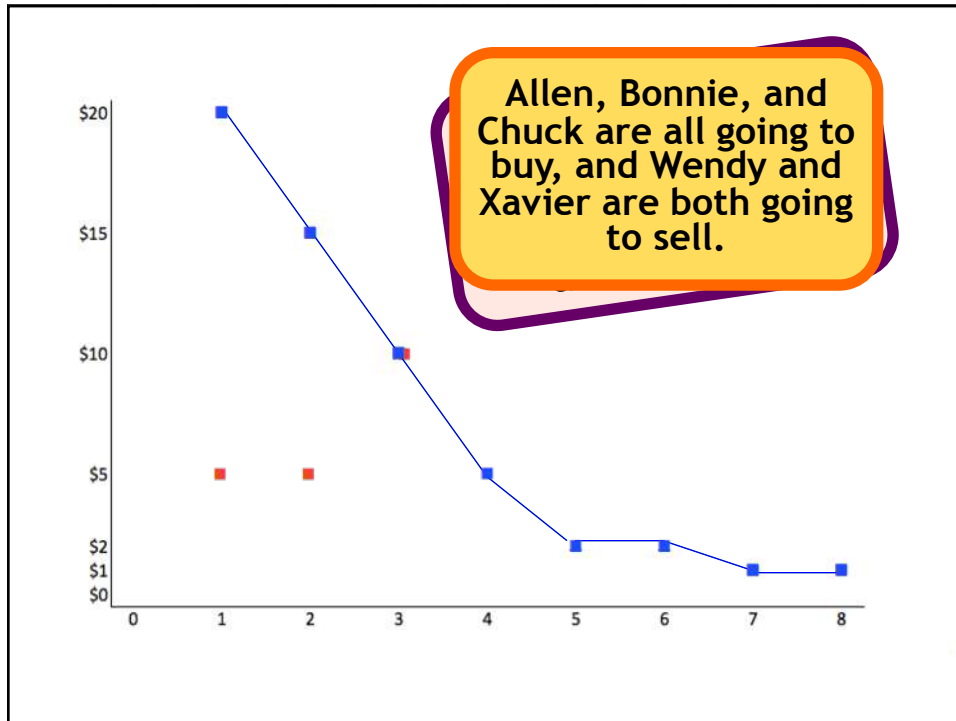
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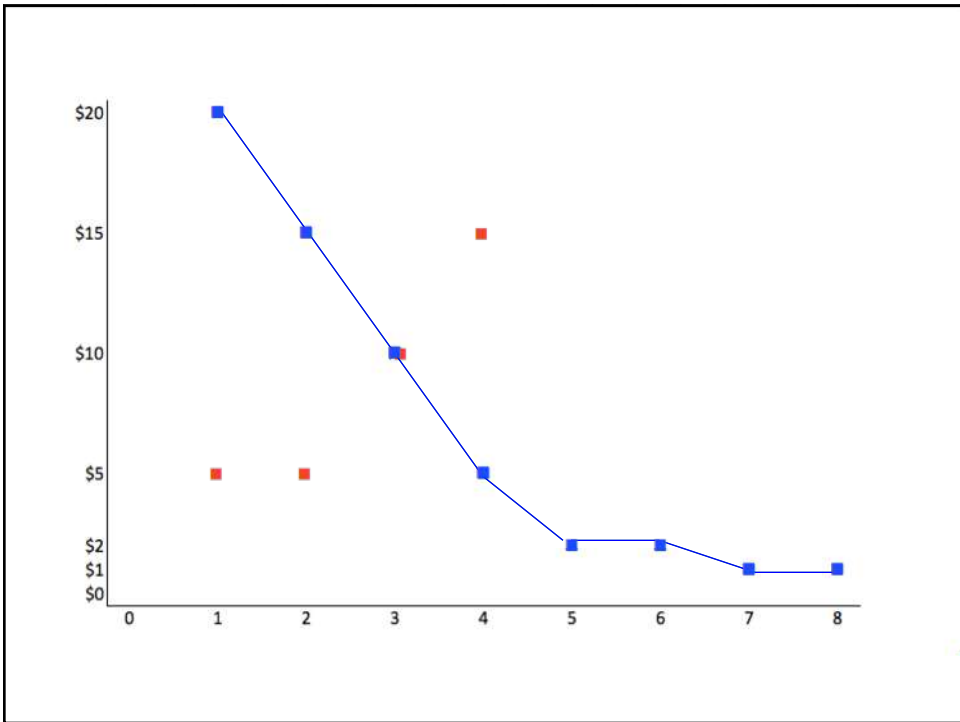
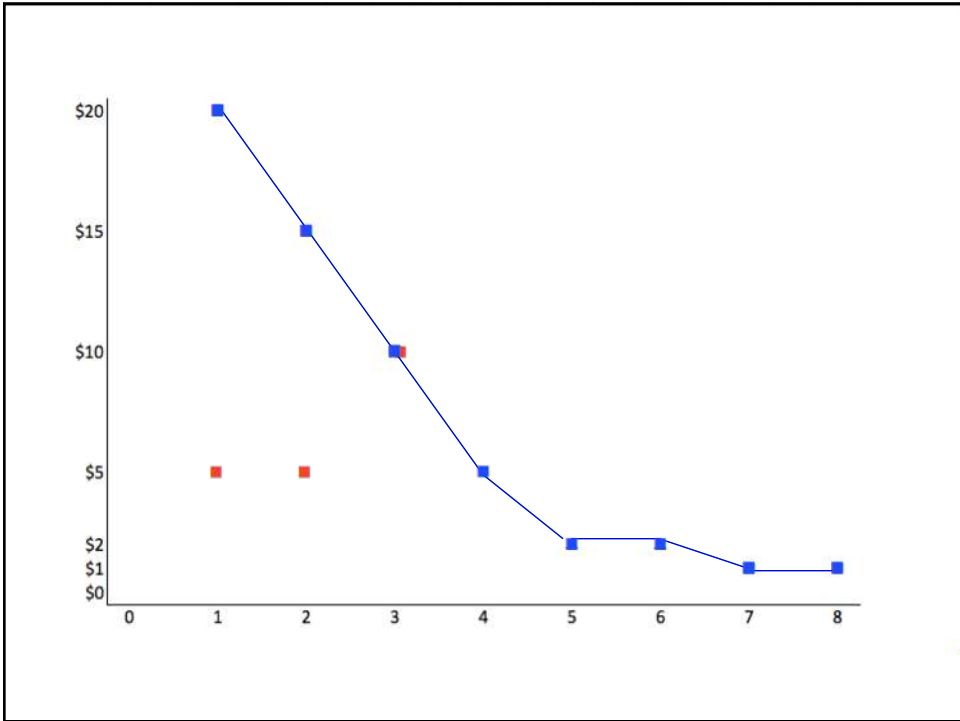


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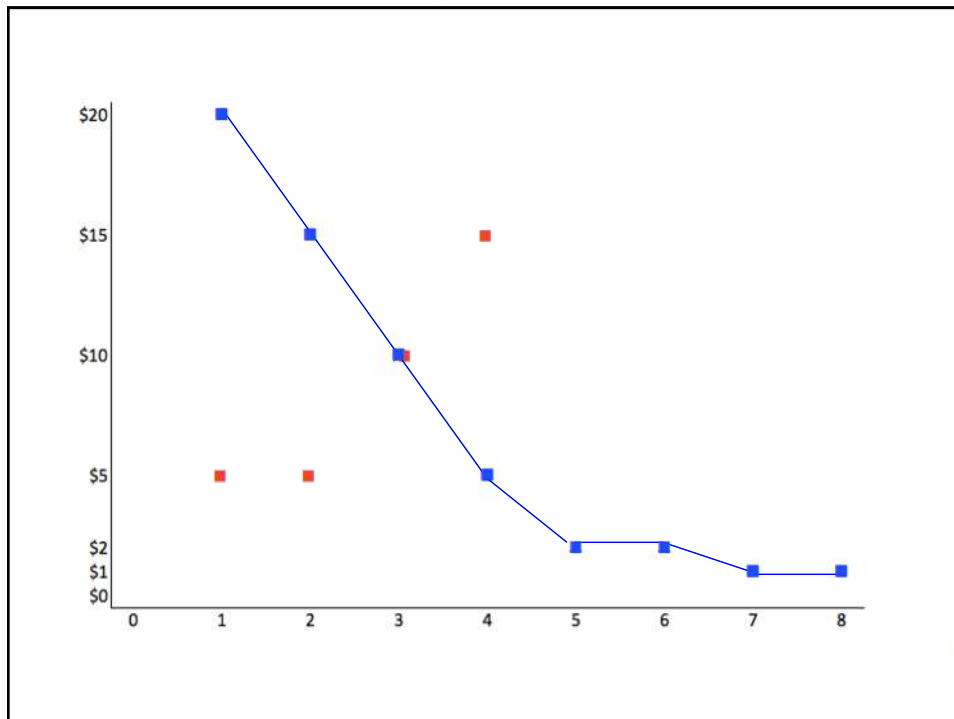


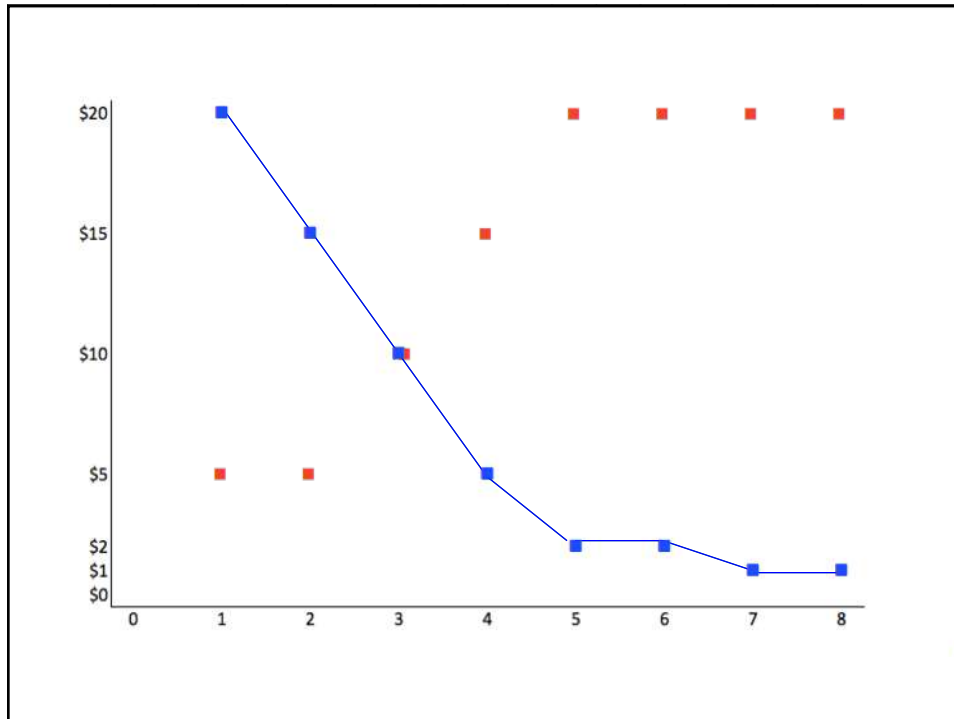
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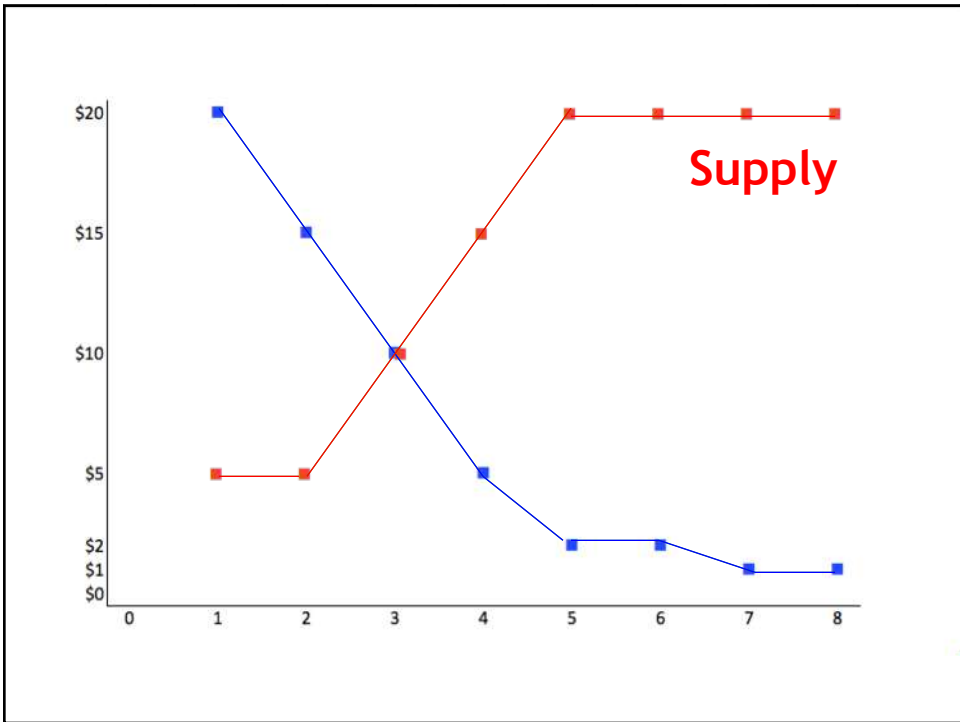
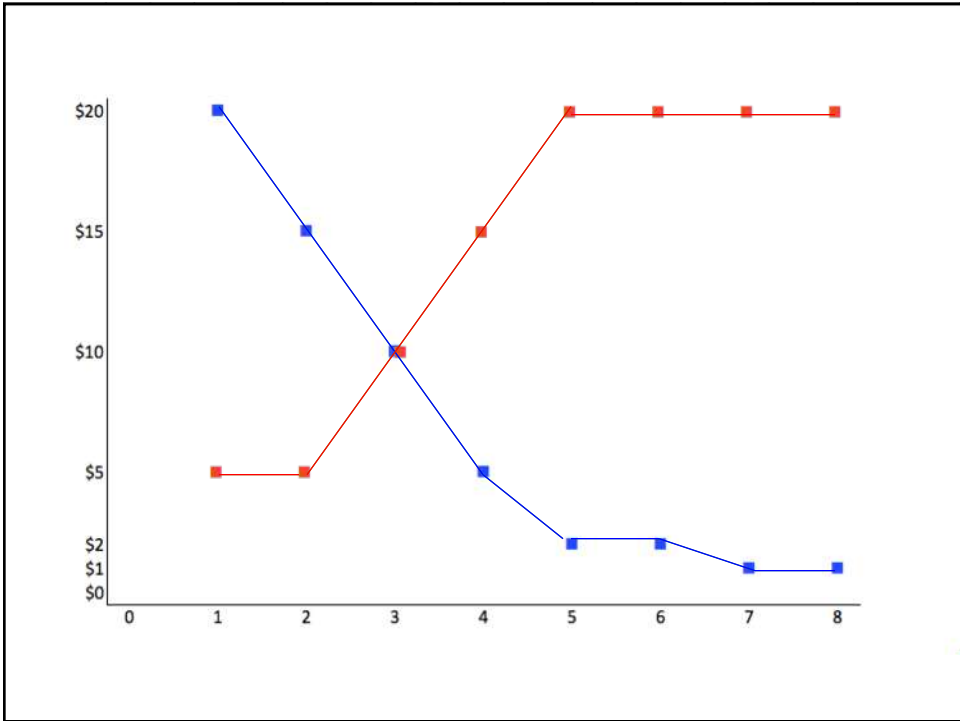


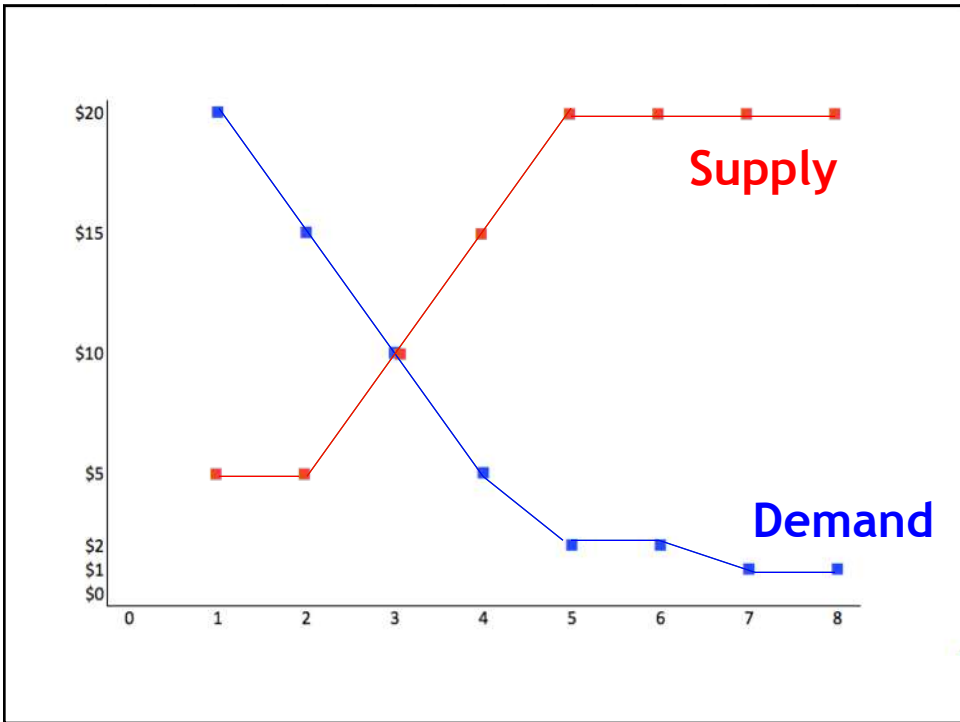
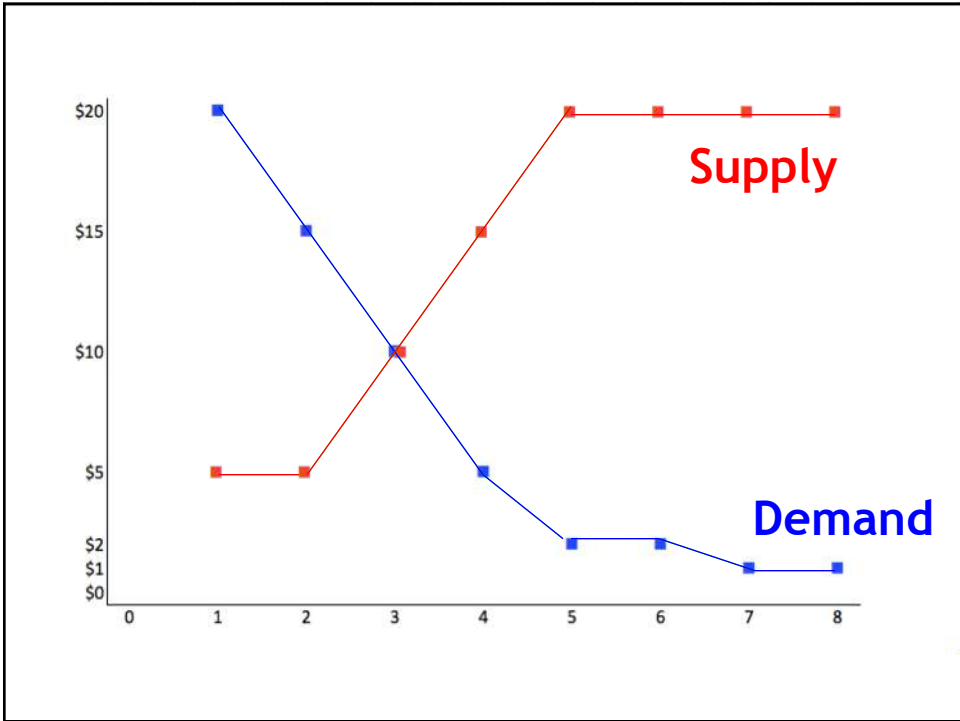
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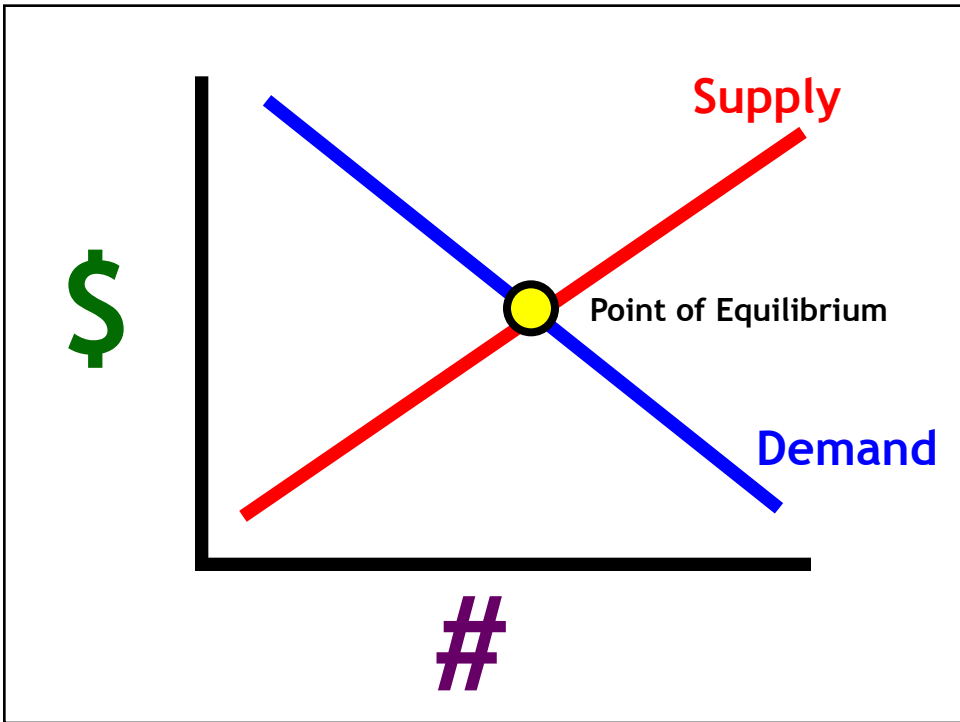
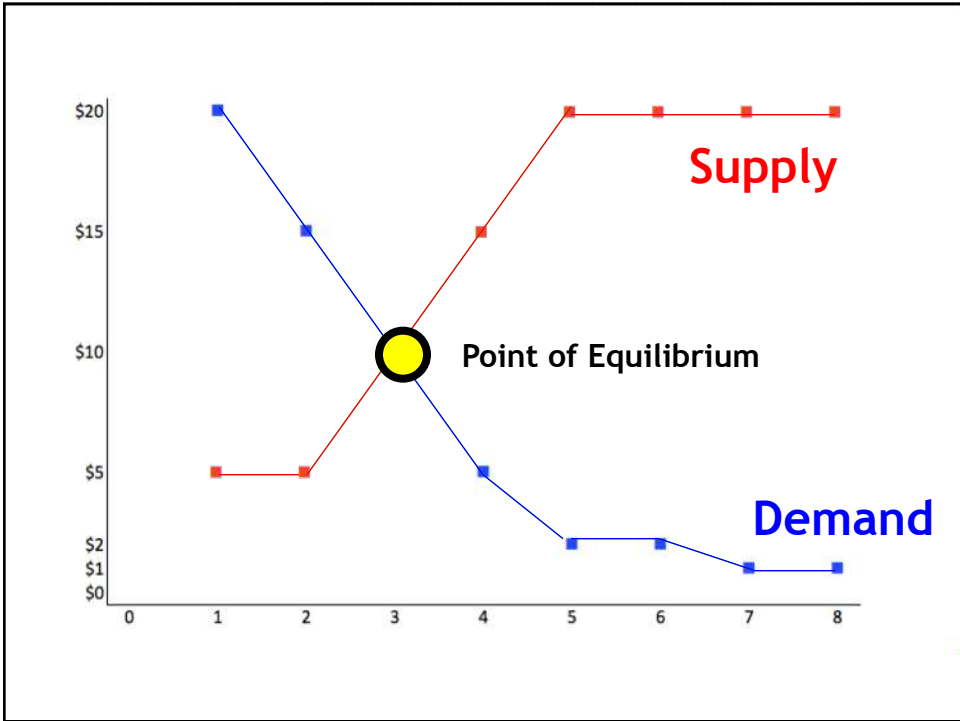
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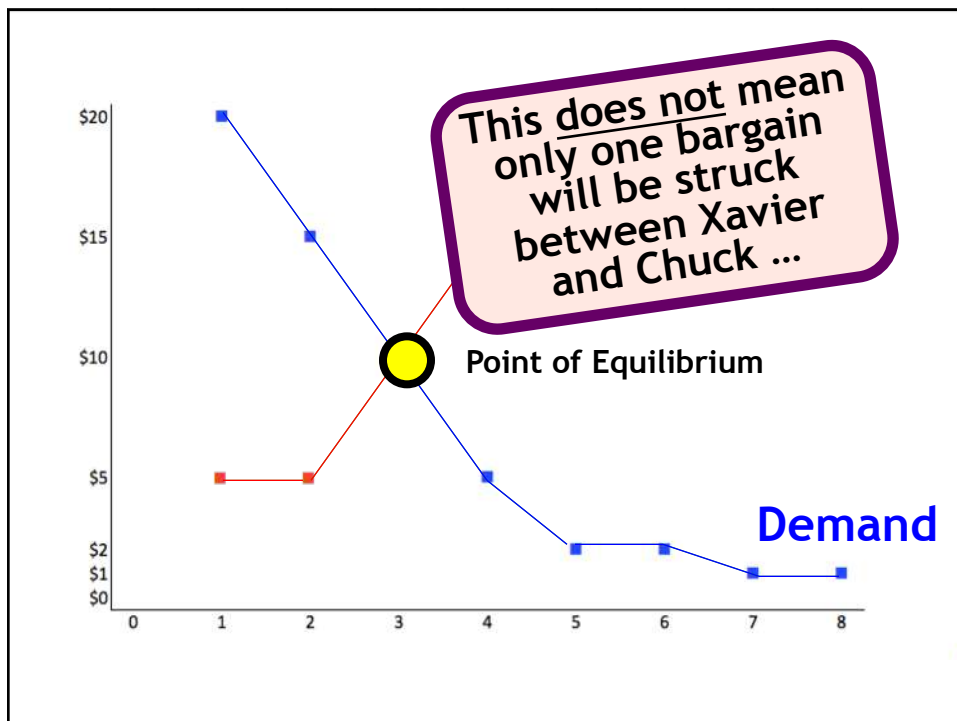
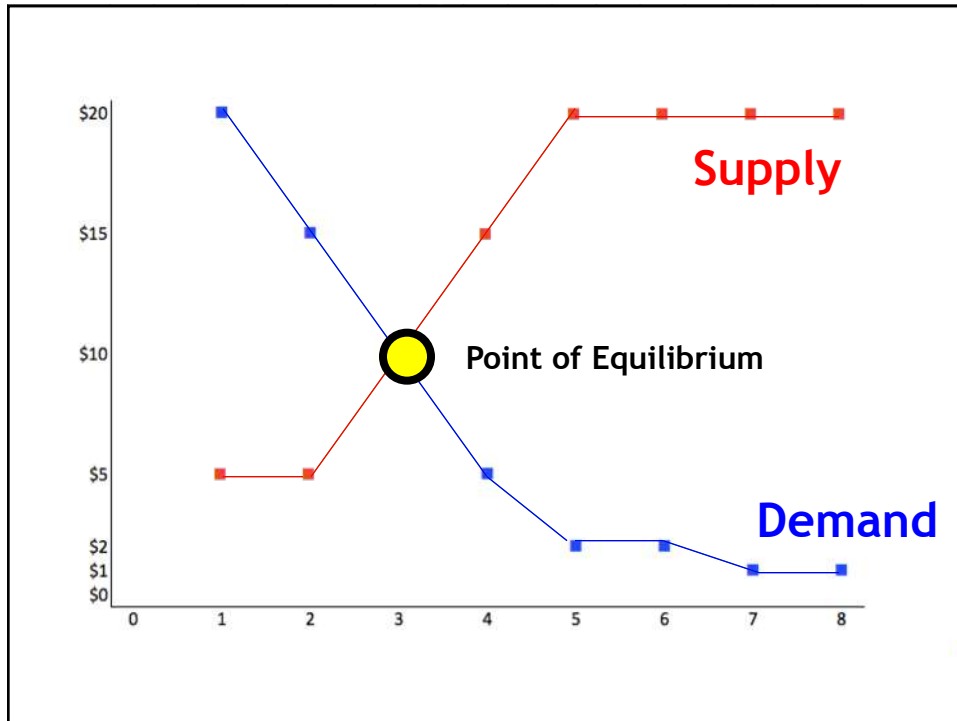
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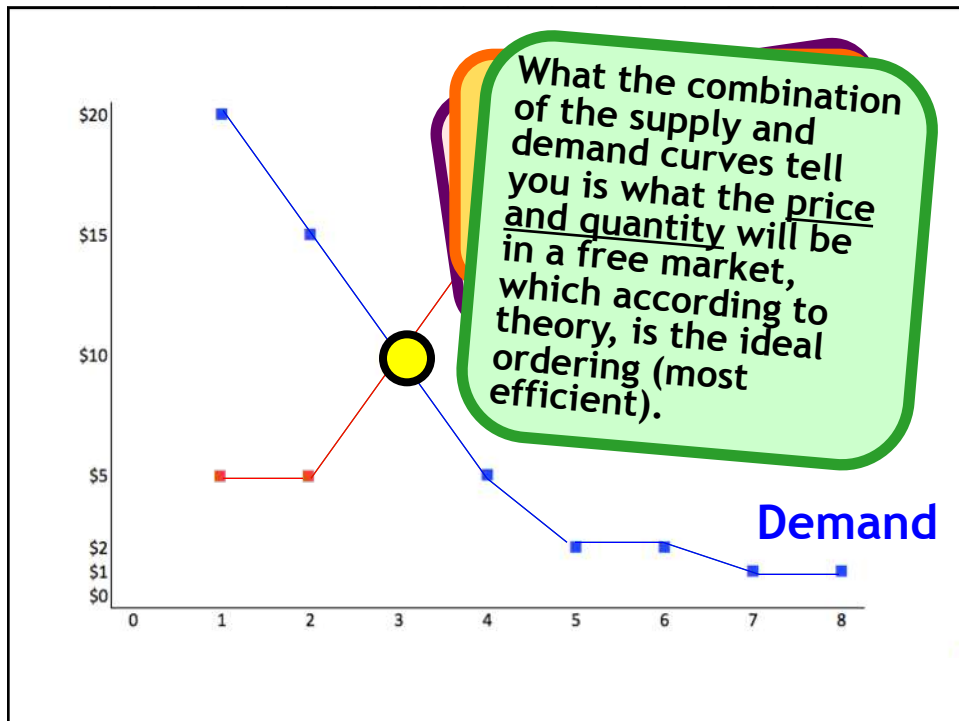
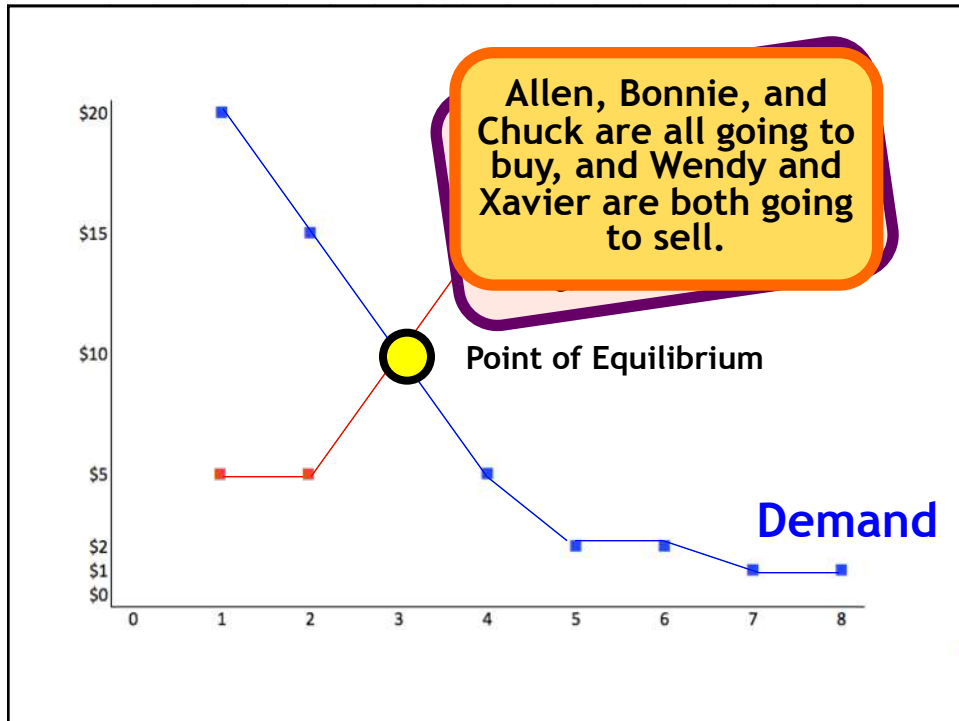
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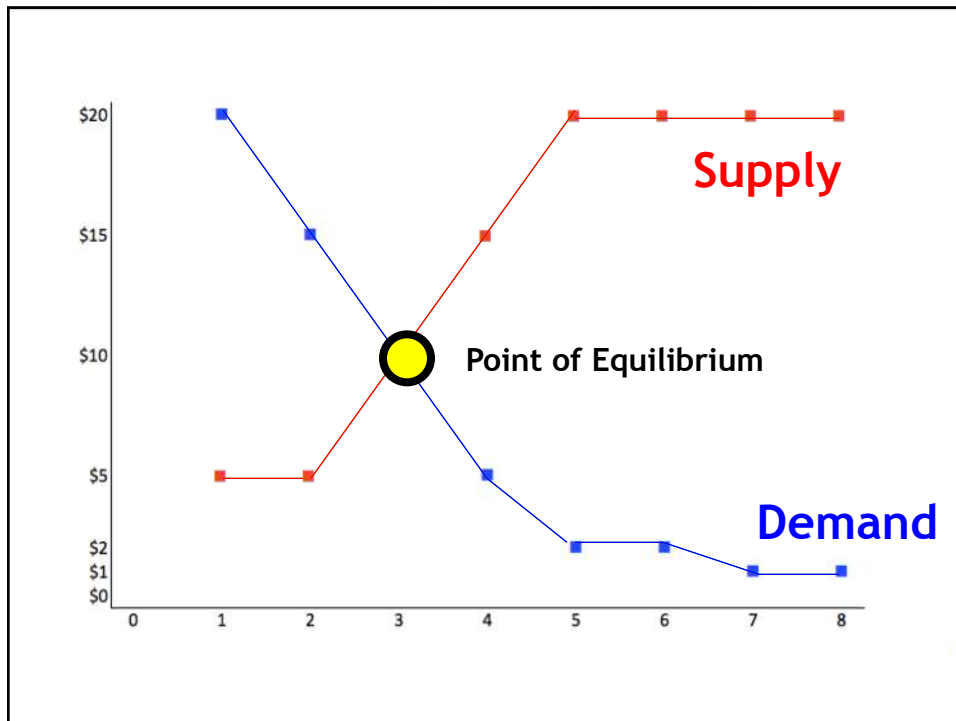
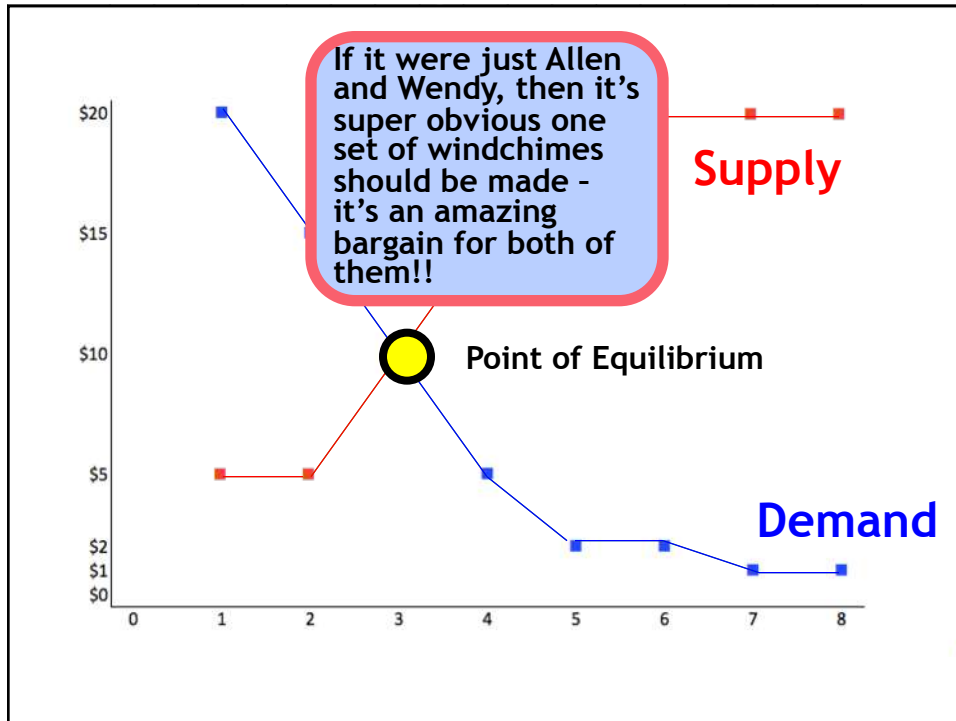


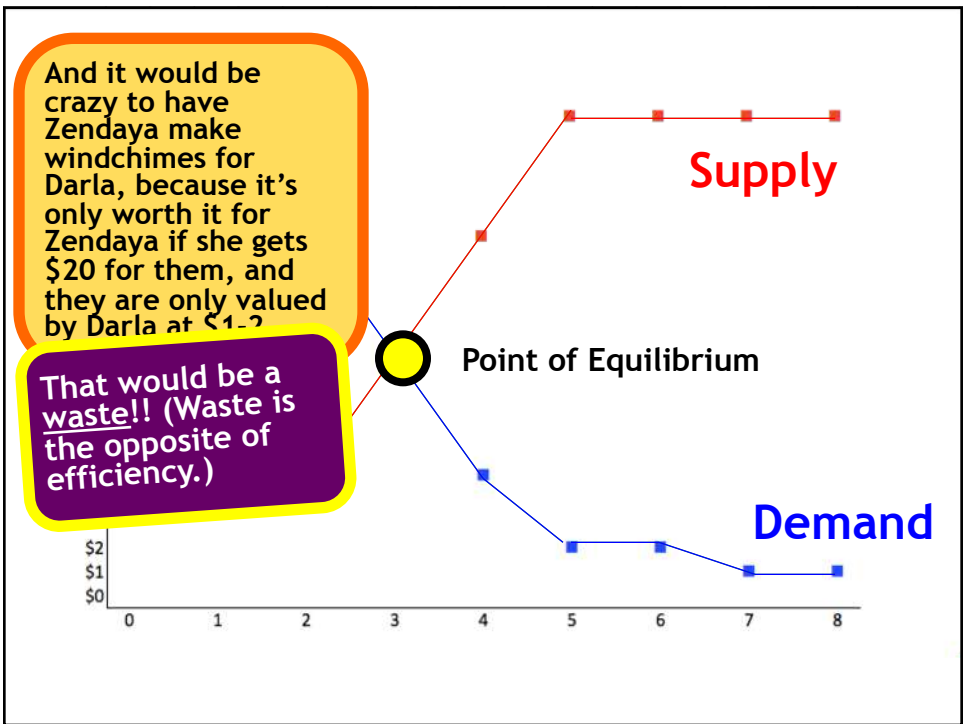
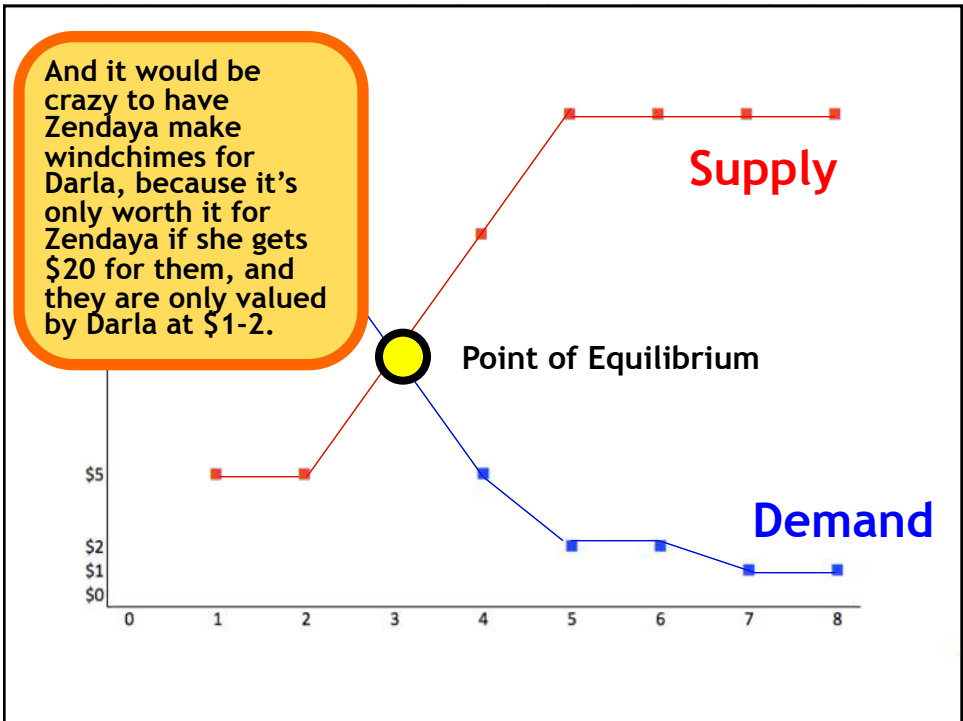


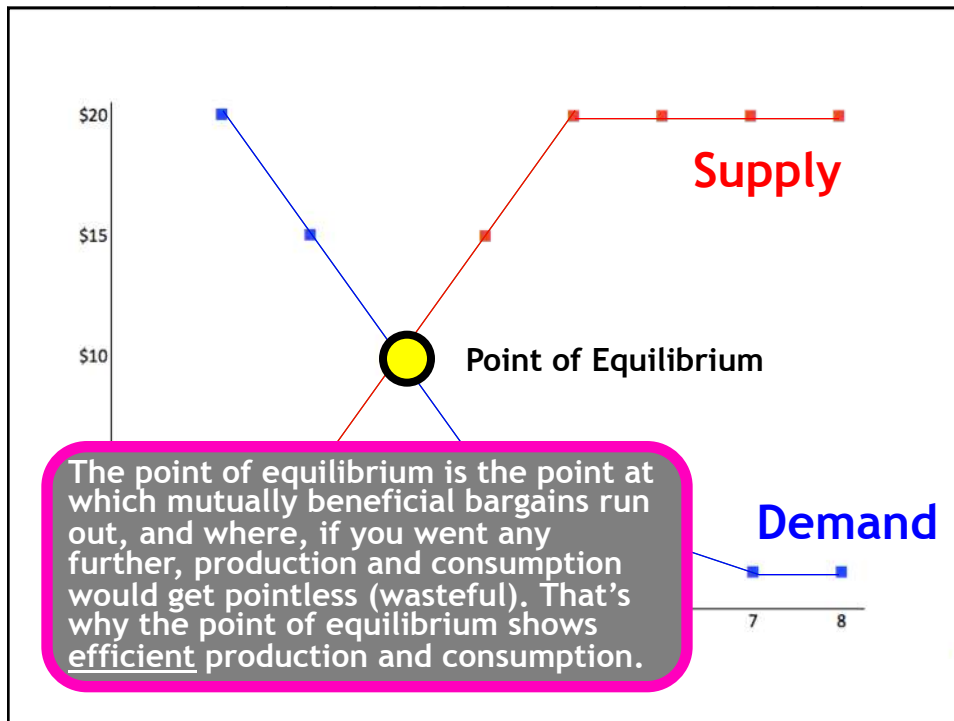




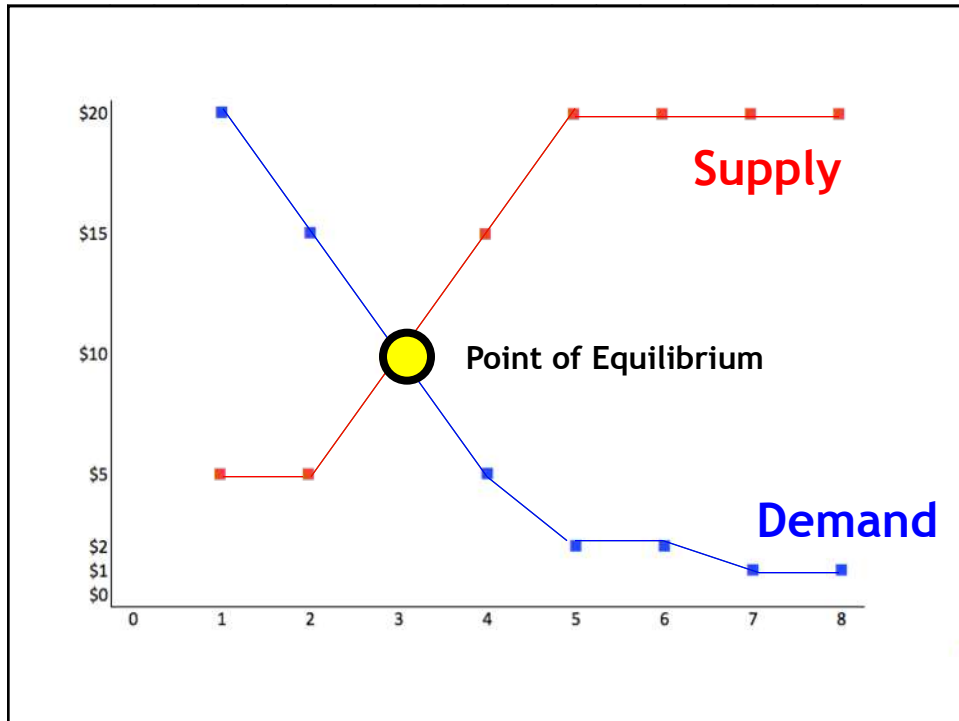








Let's talk about shifts in the supply and demand curves.





What if ...

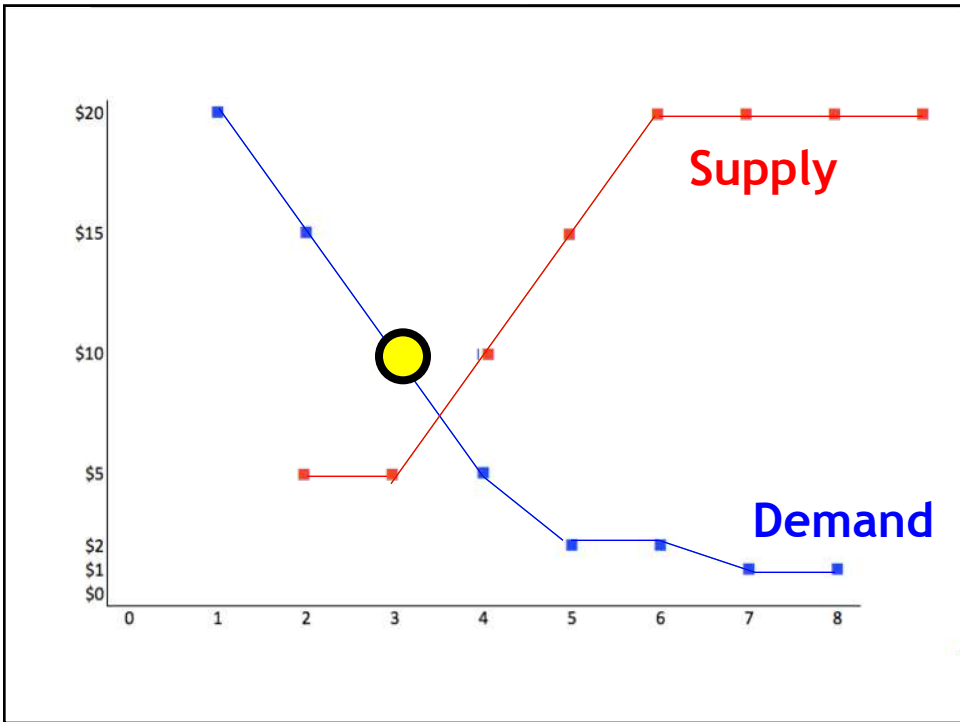
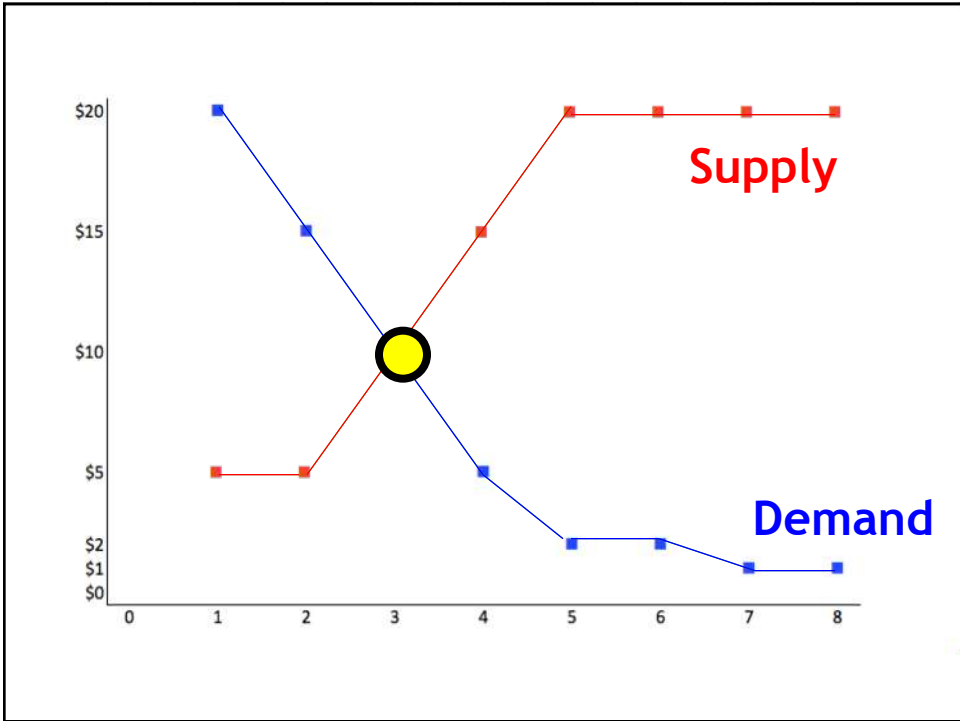
An electromagnetic pulse device goes off over Wendover disabling all electronics?

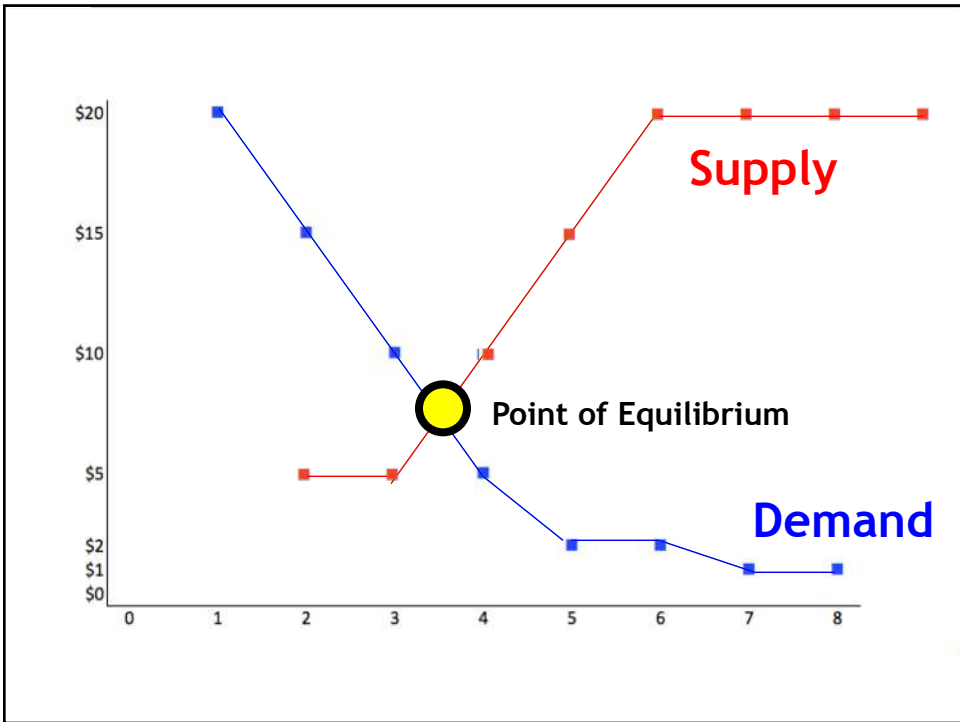
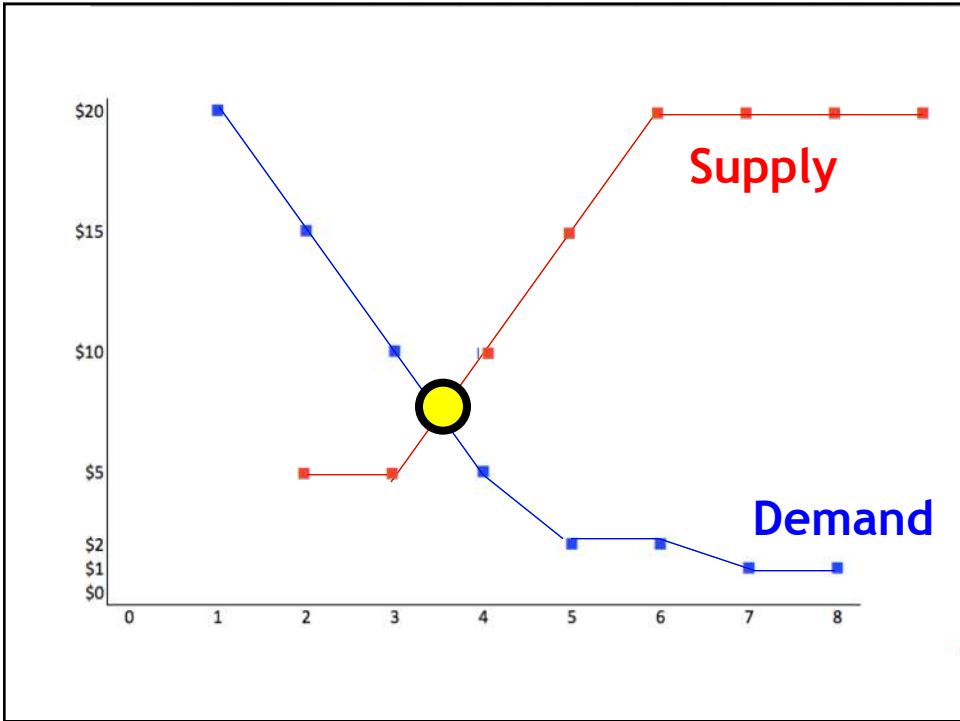


What if ...

Let's assume everyone is bored so they have more time and therefore more willingness to make windchimes ...

An electromagnetic pulse device goes off over Wendover disabling all electronics?





This is from Fig. 3.16 in POE2e. From 2014 to 2015, it got a lot easier to catch salmon, we're told.

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What does the highlighted box mean?

It means that if the price is \$2.00, then there's enough willingness among consumers who want to pay that such that 840 units could be sold (transacted in the market).

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It means that if the price is \$3.50, then there's enough willingness among suppliers that 270 units could be supplied to the market.

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