Alfred Marshall (1842-1924) was born in Clapham, England. Marshall attended Cambridge University, where he studied mathematics, physics and economics.

Marshall is considered to be one of the most influential economists of his time. He is one of the founders of the school of neoclassical economics. He extended economics away from its classical focus on the market economy and popularized it as a study of human behavior.

Marshall used mathematics extensively in his economic models, but he emphasized that the math was merely a shorthand language, and not the foundation for economic inquiry and analysis.

Marshall's influence on codifying economic thought is very important. He popularized the use of supply and demand functions as tools of price determination; modern economists owe the linkage between price shifts and curve shifts to Marshall.

Law of Demand

Marshall stated: "There is then one general law of demand: The greater the amount to be sold, the smaller the price at which it is offered must be in order that it may find purchasers; or, in other words, the amount demanded increases with a fall in price, and diminishes with a rise in price."

In viewing demand and supply curves, beginning economics students often wonder if demand is more important than supply in determining the equilibrium price and quantity or if supply is more important than demand. The answer is that demand and supply are equally important. Marshall used a vivid analogy to explain this point. He likened demand and supply to two blades of a pair of scissors. Which blade of the scissors cuts the paper? The answer to the question is that it is the interaction of the two blades of the scissors that cuts the paper. Both are necessary and both are important. So it is with demand and supply in competitive markets. Demand and supply jointly determine the equilibrium price and quantity.

(Text adapted from www.mhhe.com/economics/mcconnell15e by David Coves)

Read the text carefully, ask for help if necessary and answer the following questions:
1. Find the meaning of the ten words written in bold. Write sentences using each one of the words in a relevant context.
2. Choose a product and make a table and a graph that show Marshall's law of demand for that product.
3. Explain in your own words how the data contained in your table and graph follow the law of demand.
4. What is most important in determining market equilibrium, supply or demand? Explain why.