

## Transparency 12

### Law of Supply and Demand

Adam Smith argued that the free market automatically regulates the supply and demand for goods and services. He wrote about an “invisible hand” that makes these balances occur.

<p><b>Demand Increases</b></p> 	<p><b>Invisible Hand</b></p> 	<p>Quantity Increases </p> <p>Price Increases </p>
<p><b>Demand Decreases</b></p> 	<p><b>Invisible Hand</b></p> 	<p>Quantity Decreases </p> <p>Price Decreases </p>
<p><b>Supply Increases</b></p> 	<p><b>Invisible Hand</b></p> 	<p>Quantity Increases </p> <p>Price Decreases </p>
<p><b>Supply Decreases</b></p> 	<p><b>Invisible Hand</b></p> 	<p>Quantity Decreases </p> <p>Price Increases </p>