market prices themselves that influence consumers' willingness to pay. What this means is that demand is not, in fact, a completely separate force from supply.

AND THIS IS not the end of the story. In the framework of arbitrary coherence, the relationships we see in the marketplace between demand and supply (for example, buying more yogurt when it is discounted) are based not on preferences but on memory. Here is an illustration of this idea. Consider your current consumption of milk and wine. Now imagine that two new taxes will be introduced tomorrow. One will cut the price of wine by 50 percent, and the other will increase the price of milk by 100 percent. What do you think will happen? These price changes will surely affect consumption, and many people will walk around slightly happier and with less calcium. But now imagine this. What if the new taxes are accompanied by induced amnesia for the previous prices of wine and milk? What if the prices change in the same way, but you do not remember what you paid for these two products in the past?

I suspect that the price changes would make a huge impact on demand if people remembered the previous prices and noticed the price increases; but I also suspect that without a memory for past prices, these price changes would have a trivial effect, if any, on demand. If people had no memory of past prices, the consumption of milk and wine would remain essentially the same, as if the prices had not changed. In other words, the sensitivity we show to price changes might in fact be largely a result of our memory for the prices we have paid in the past and our desire for coherence with our past decisions—not at all a reflection of our true preferences or our level of demand.