

The market for Marijuana

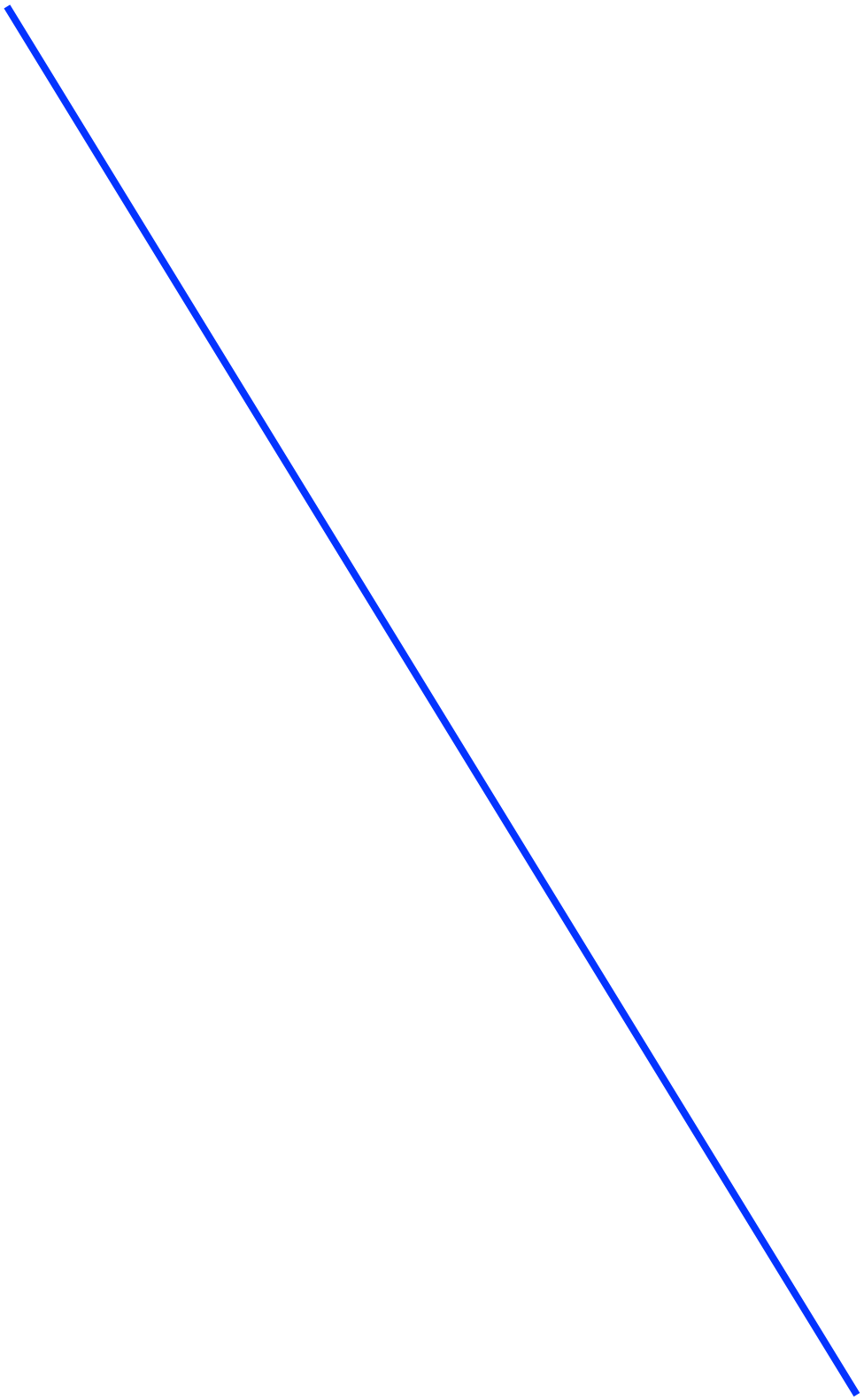
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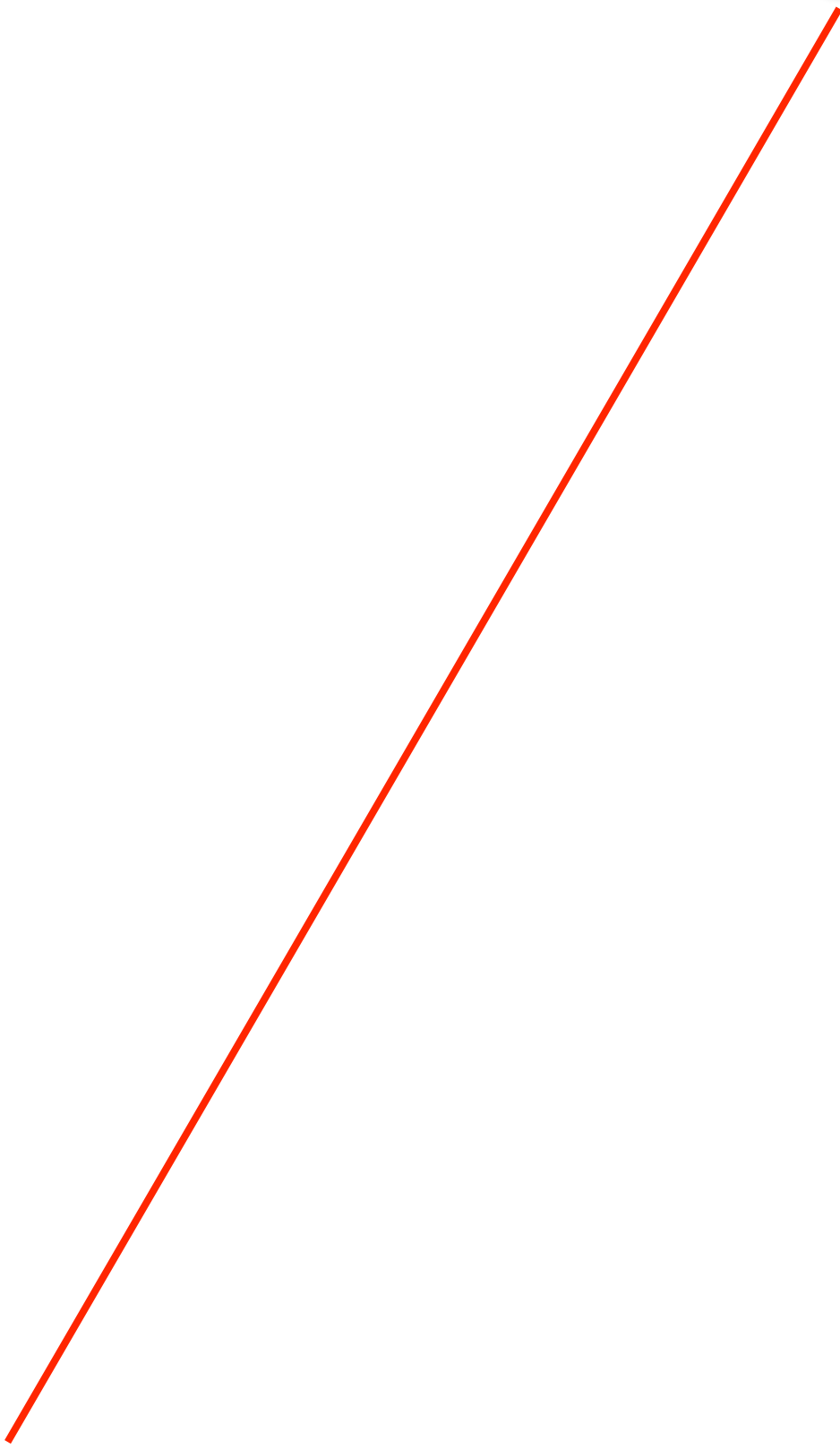








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P_0



Q_0





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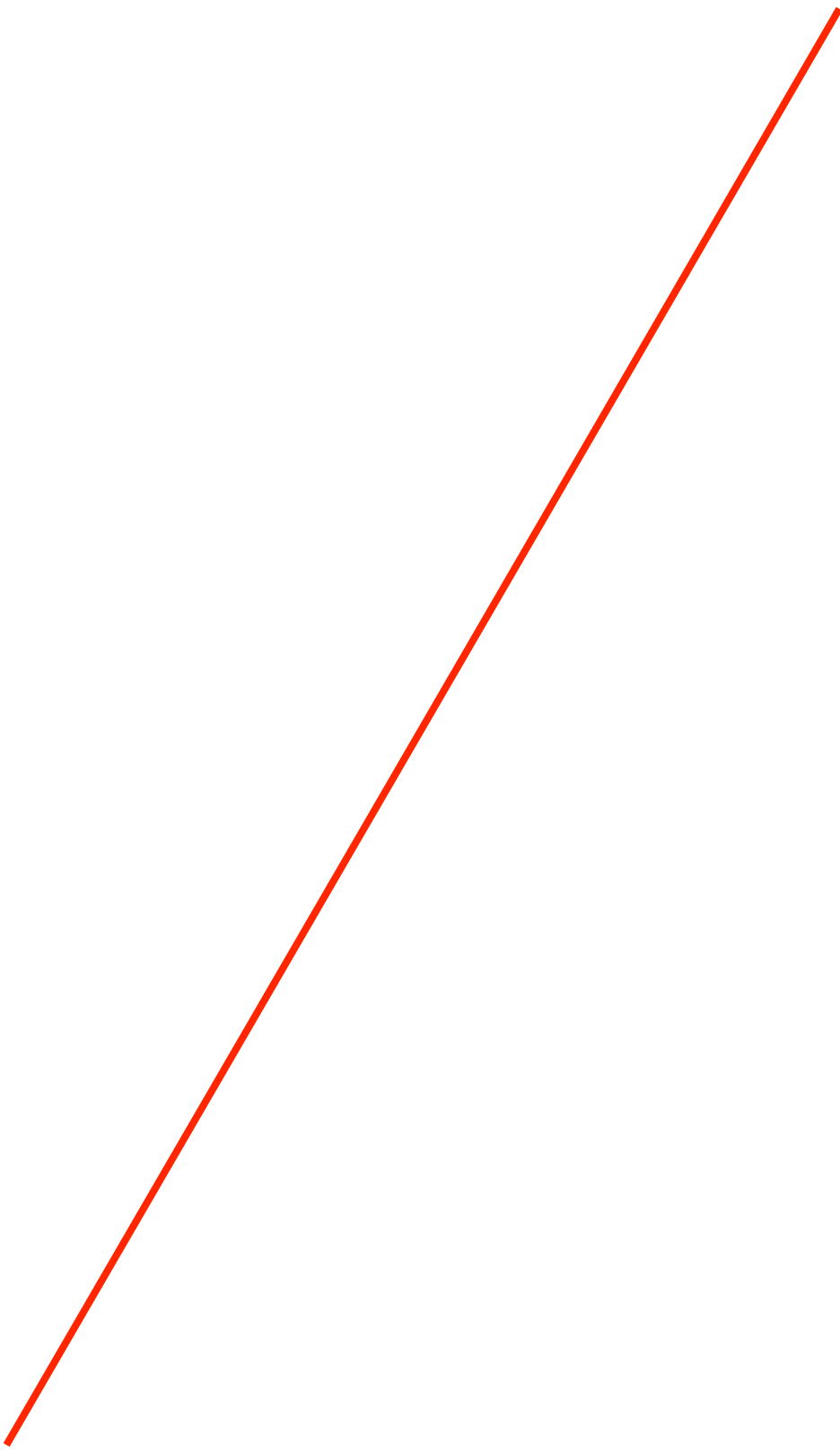
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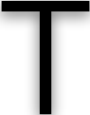




S_1











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Shortage



Buyers bid
price up



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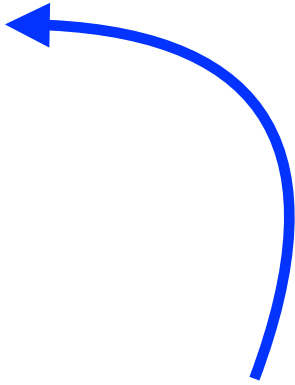
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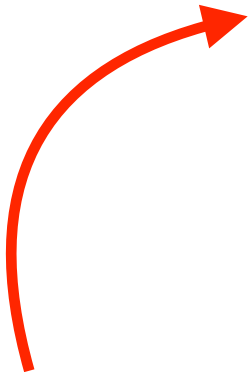


Q_1

Q demanded
decreases



Q supplied
increases













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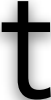
mm

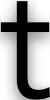


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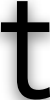




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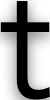


9

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2



b













The Government destroys crops

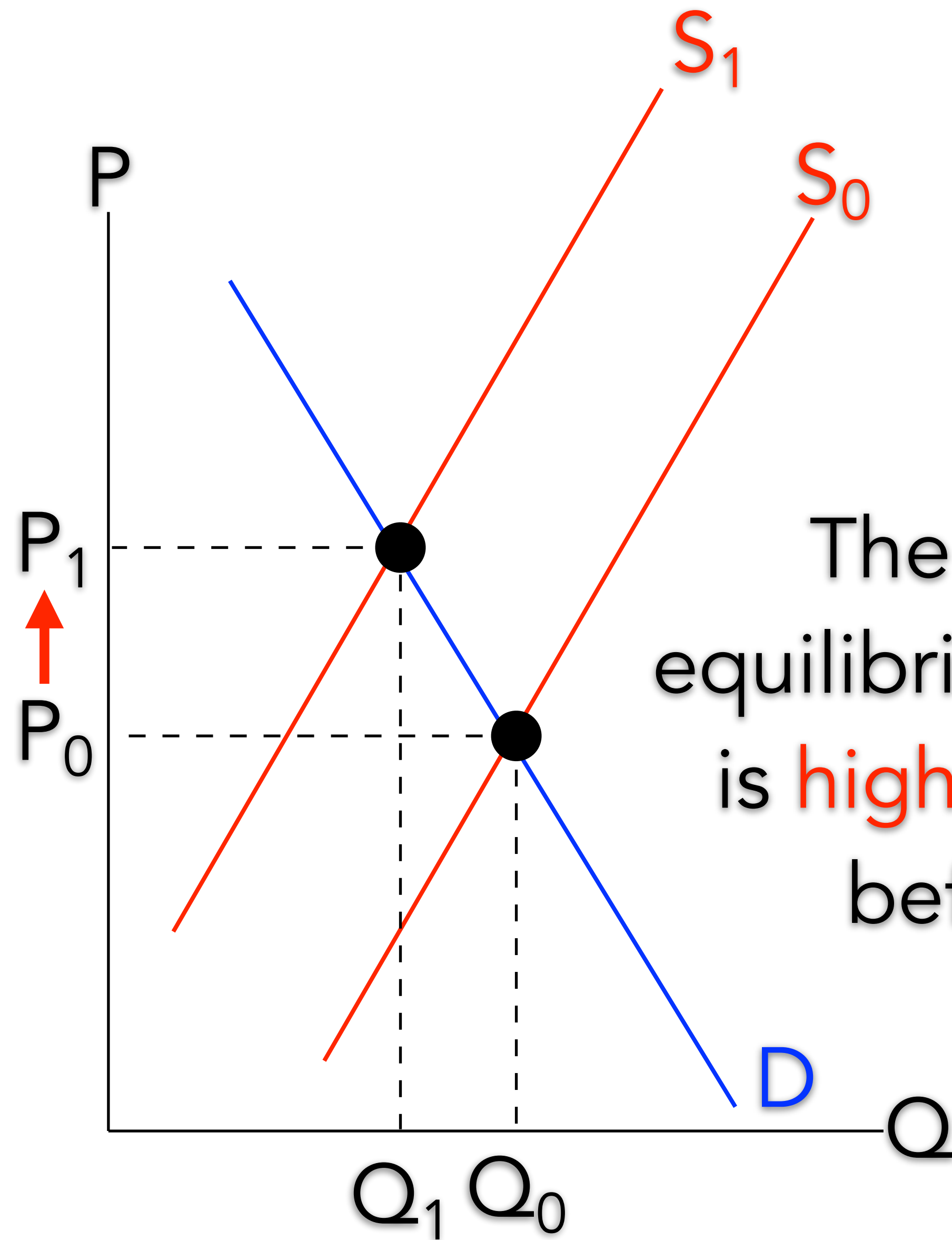
Supply decrease: A leftward shift

The market is no longer in
equilibrium

At the original equilibrium price
(P_0) the quantity demanded is
now larger than the quantity
supplied

The new equilibrium quantity is lower than before

The market for Marihuana



The Government destroys crops

Supply decrease: A leftward shift

The market is no longer in equilibrium

The new equilibrium price is **higher** than before

At the original equilibrium price (P_0) the quantity **demanded** is now **larger** than the quantity **supplied**

← The new equilibrium quantity is **lower** than before

Consider the market for Marihuana

