



The market for Marijuana

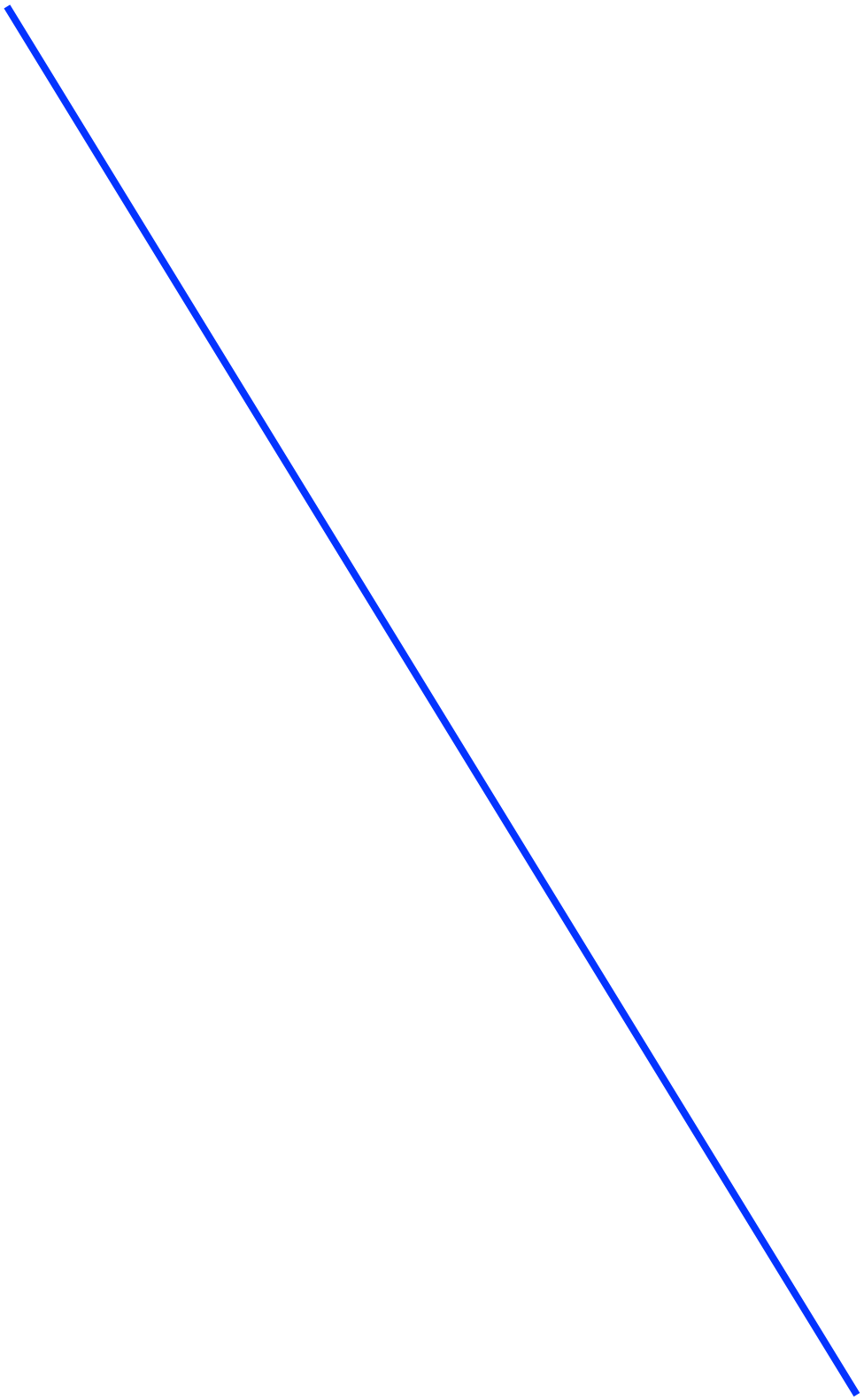
P





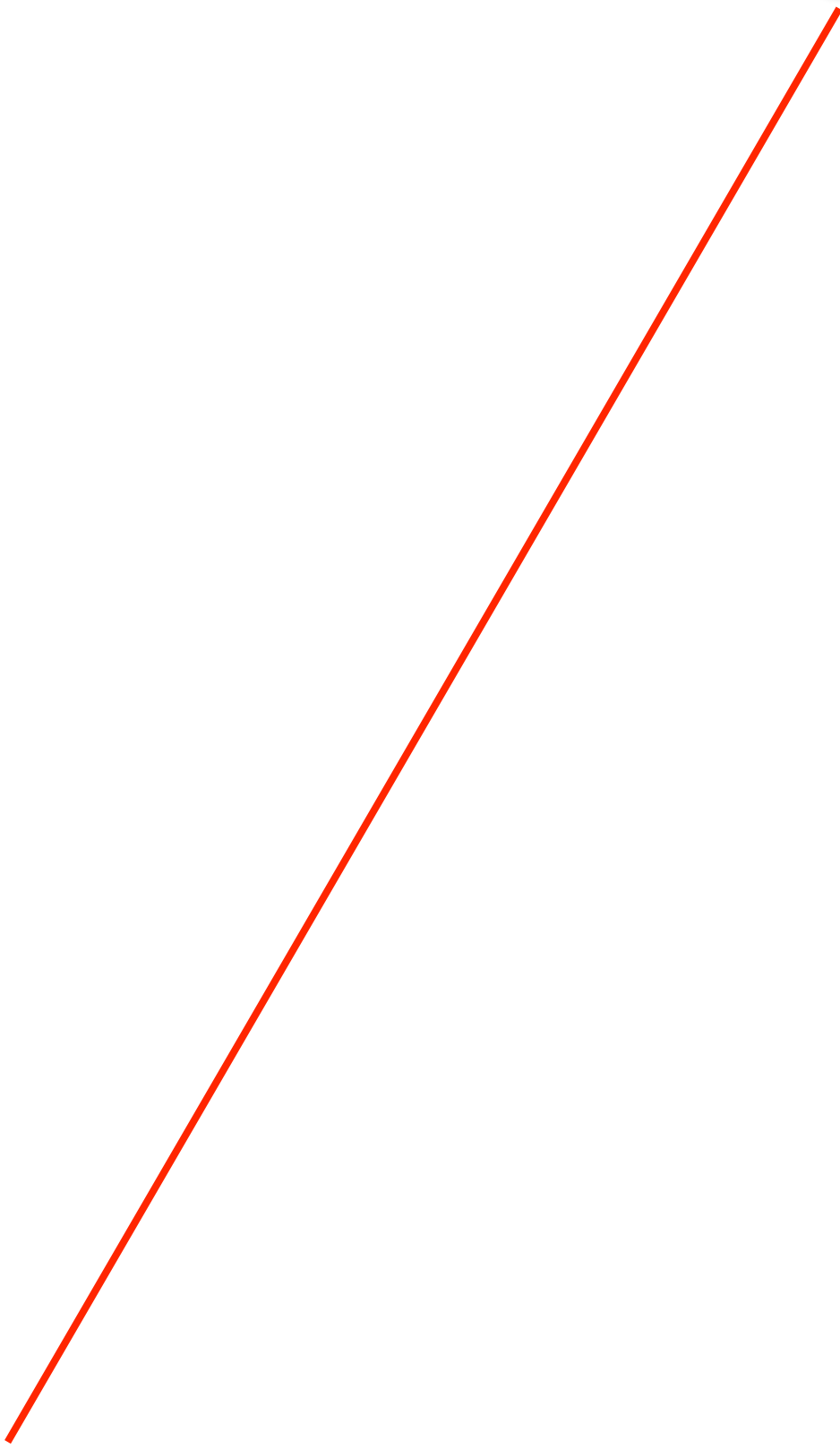








$S_0$



$P_0$

-----



$Q_0$





h

e

G







e





mm

e









e

S





**Y**

S









**P**

S

S

U

Р



Р



Y

o

e





e



a

S

e



A











W

a



o

S

h

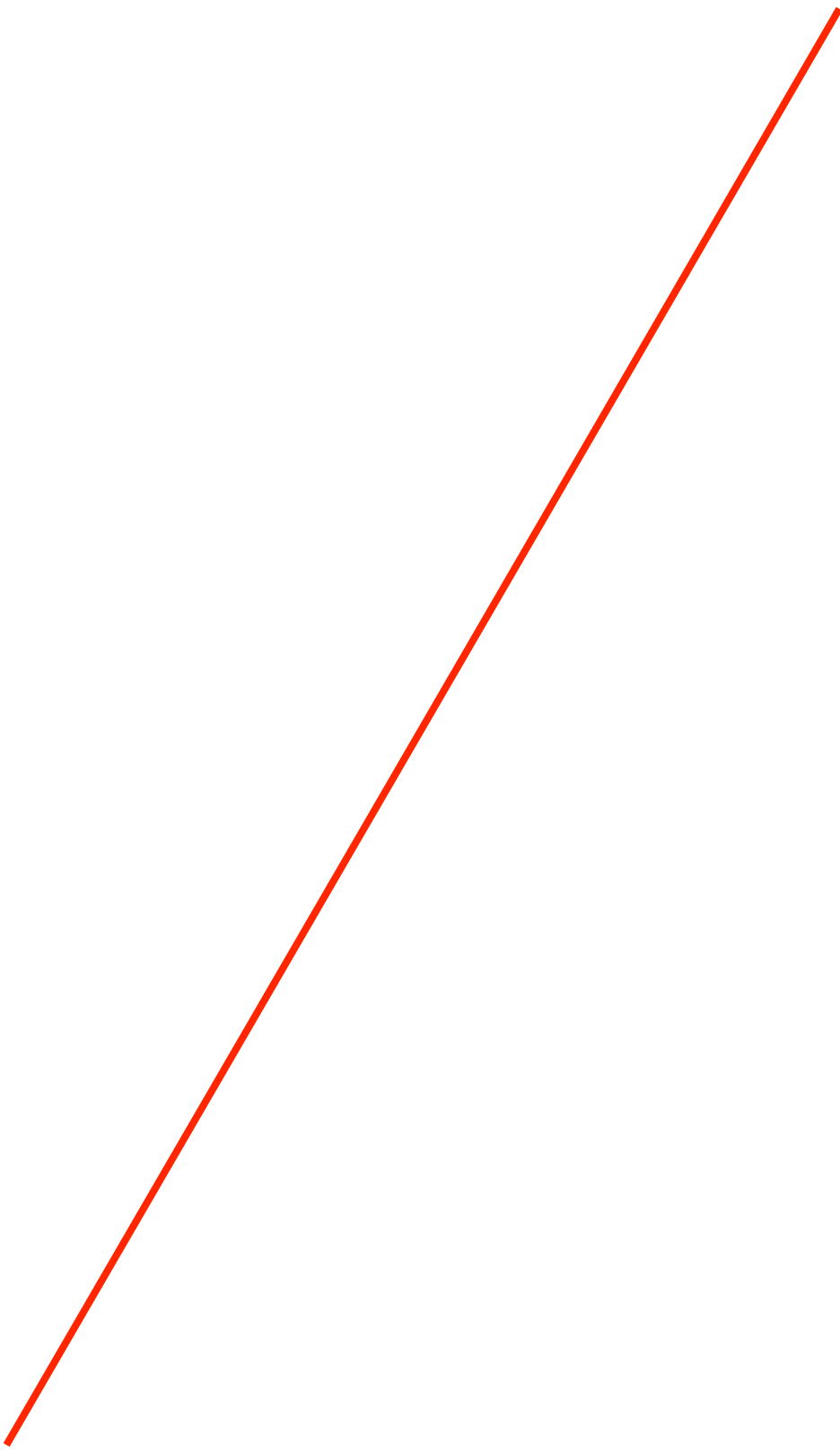




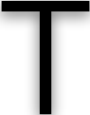




$S_1$









e

**mm**



2



**K**







S















e









**e**



U







**b**







U

**m**

**A**

















9





a









u







**b**







U

**m**















**P**









e





U

a







**Y**

o



e

m

a

n

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**S**







W



a



9









h

2







e





U

2









**Y**



S

U

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e

o






$Q^S$



$Q^d$



Shortage



Buyers bid  
price up

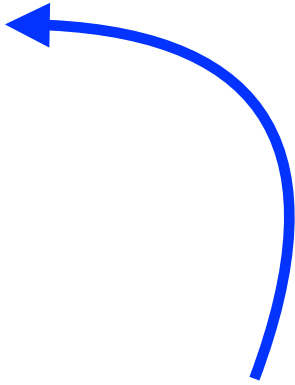


$P_1$  - - - - -



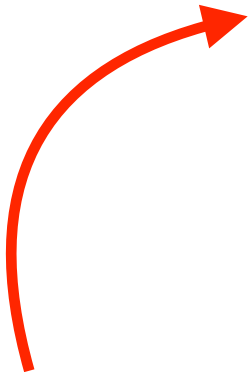
$Q_1$

$Q$  demanded  
decreases





$Q$  supplied  
increases











e

W







u







**b**







u

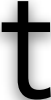
**mm**

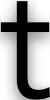


u

**a**









**Y**



S



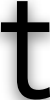


W











a



**b**













**T**

h







W



e



U







**b**







**U**

**m**















S

h



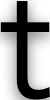
9

h











2



**b**











e



The Government destroys crops

Supply decrease: A leftward shift

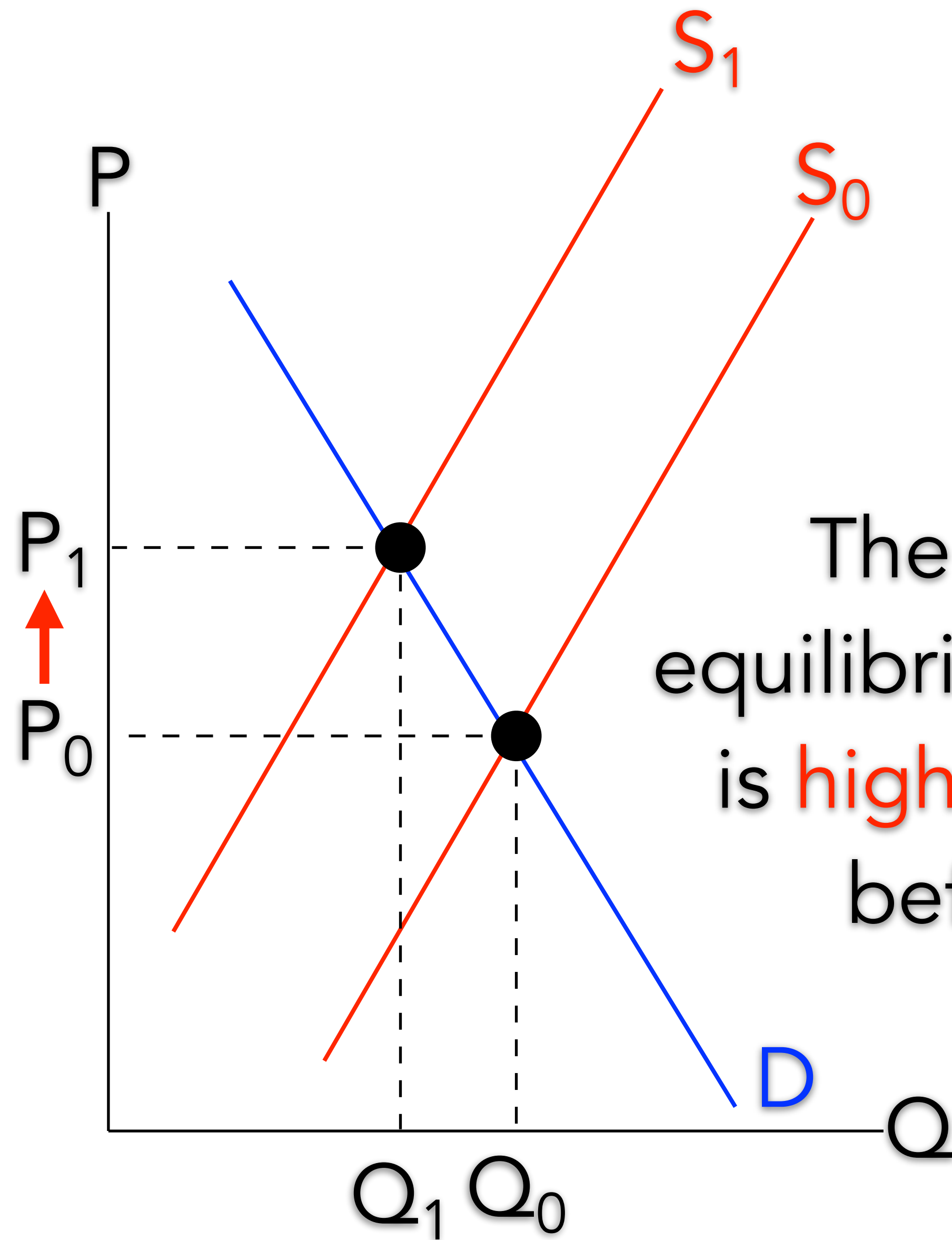
The market is no longer in  
equilibrium

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 new  
equilibrium price  
is **higher** than  
before

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

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 **demand**ed is  
now **larger** than the quantity  
**supplied**

Consider the market for Marihuana

