



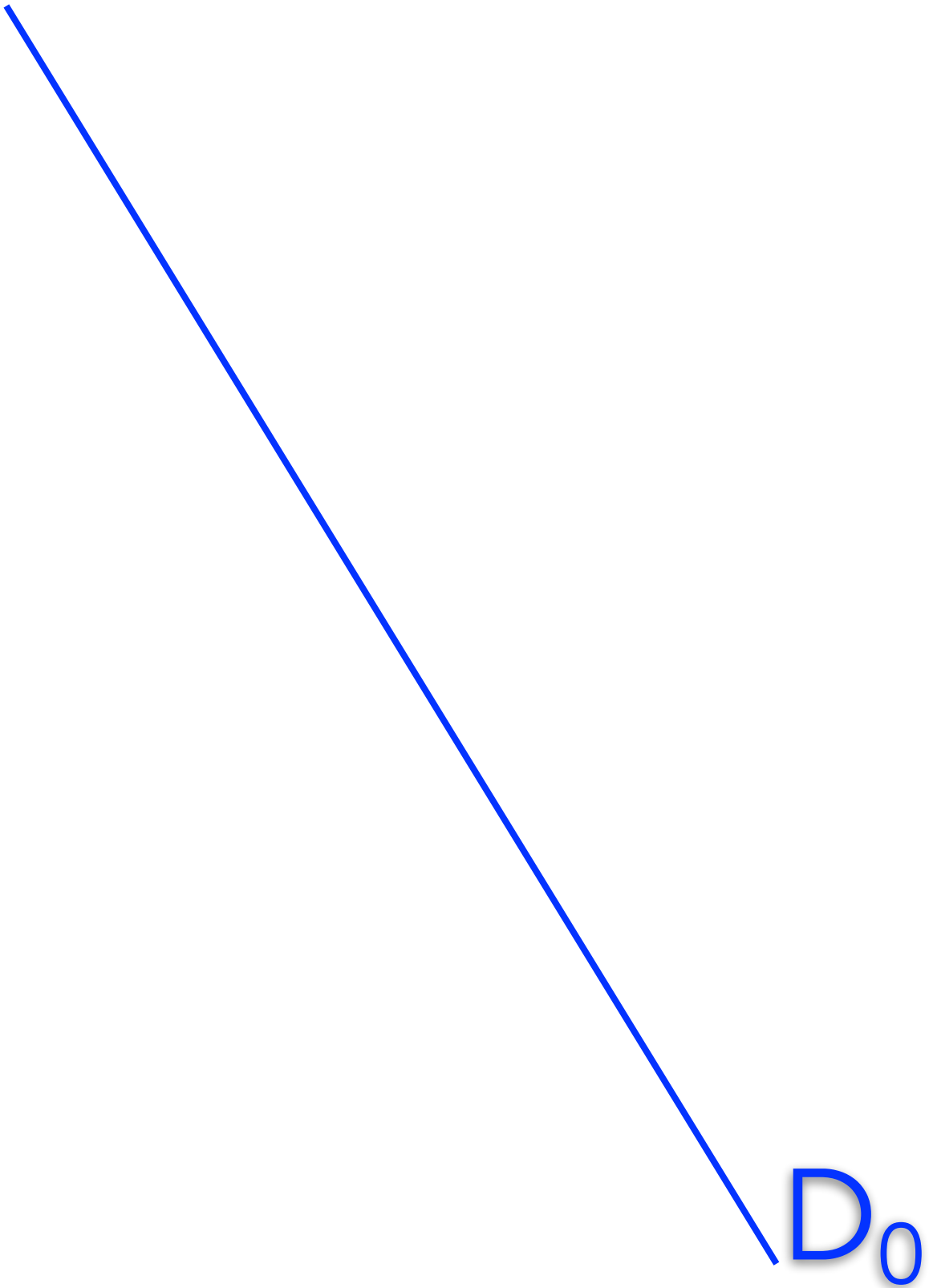
The market for Marijuana

**P**

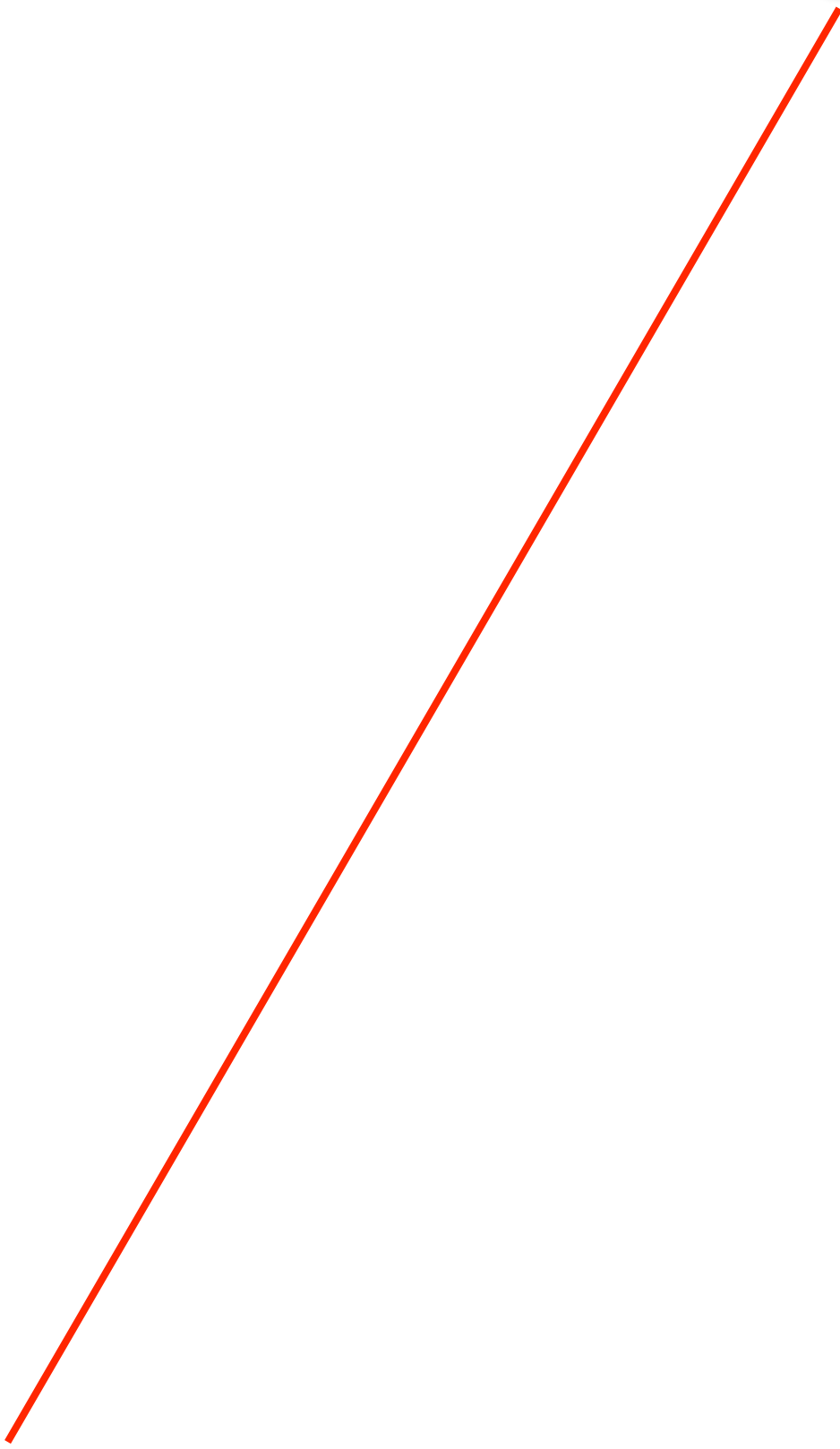








$S_0$





$P_0$

-----



$Q_0$









2





m

**a**





h

u

a





a

2







a







S





W

u

S

e





**S**





m

a

n

o













a

S

e











9

h



W

a





o

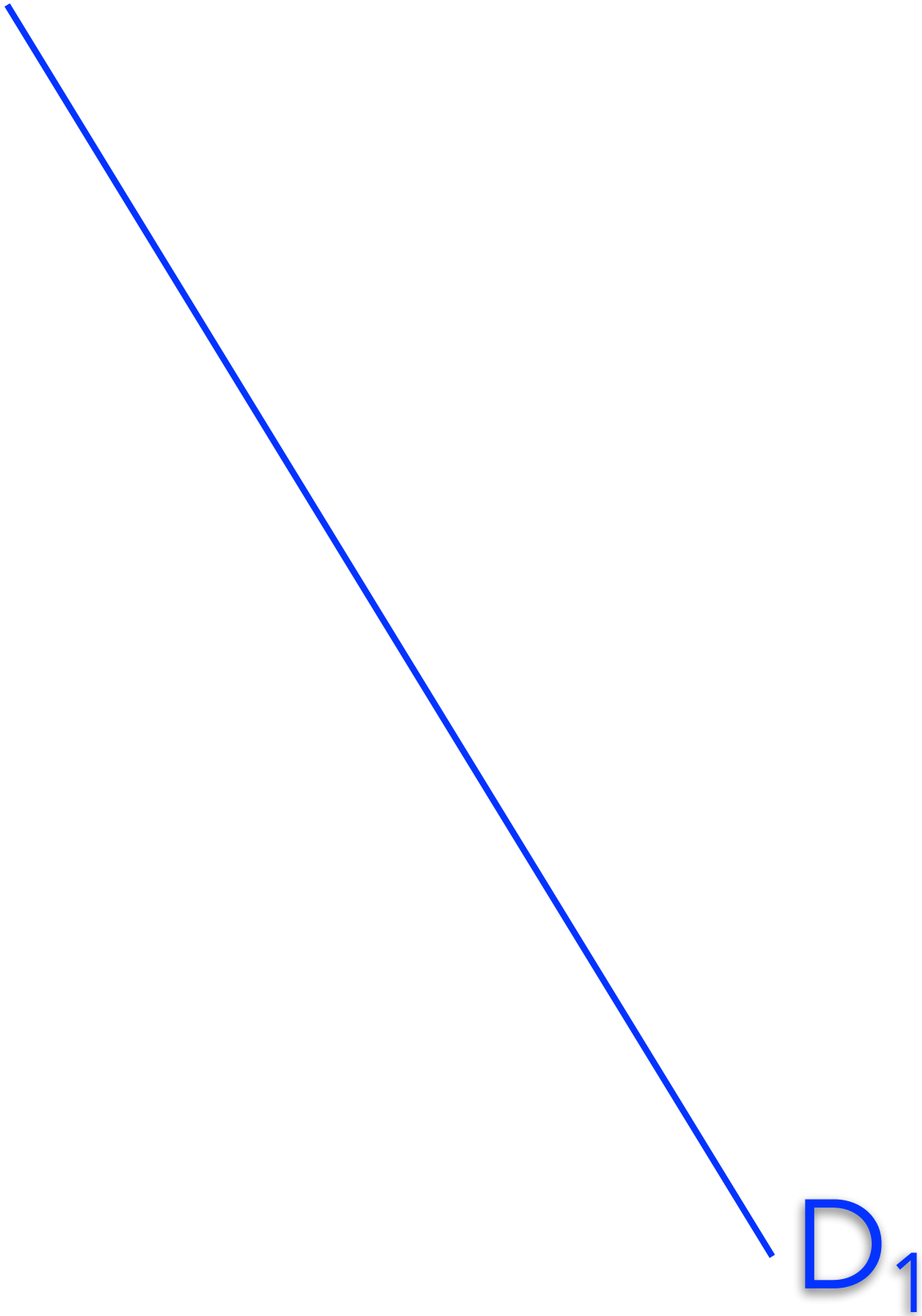
S





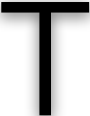












h



**m**

a













**S**

n



















n







**U**







**b**





**U**



mm

A





h











9





a









U







**b**





**U**



**mm**













**P**













U

2











**Y**

o



m

a



n

o



o



S







W



a



9









h

2











U



a







**Y**

S

U

Р



Р








o



$Q^S$



$Q^d$



Buyers bid  
price up





$P_1$

-----



$Q_1$

$Q$  demanded  
decreases



$Q$  supplied  
increases



**T**







n



W





U









**b**





u

**m**



u



2







**Y**



S

h





9

h







h

**b**





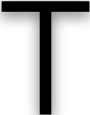






e















**W**





U









**b**





u

mm















S

h





9











2





**b**



















Shortage

Legal marihwana attracts  
new users

Demand increase: A  
rightward 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 higher than before

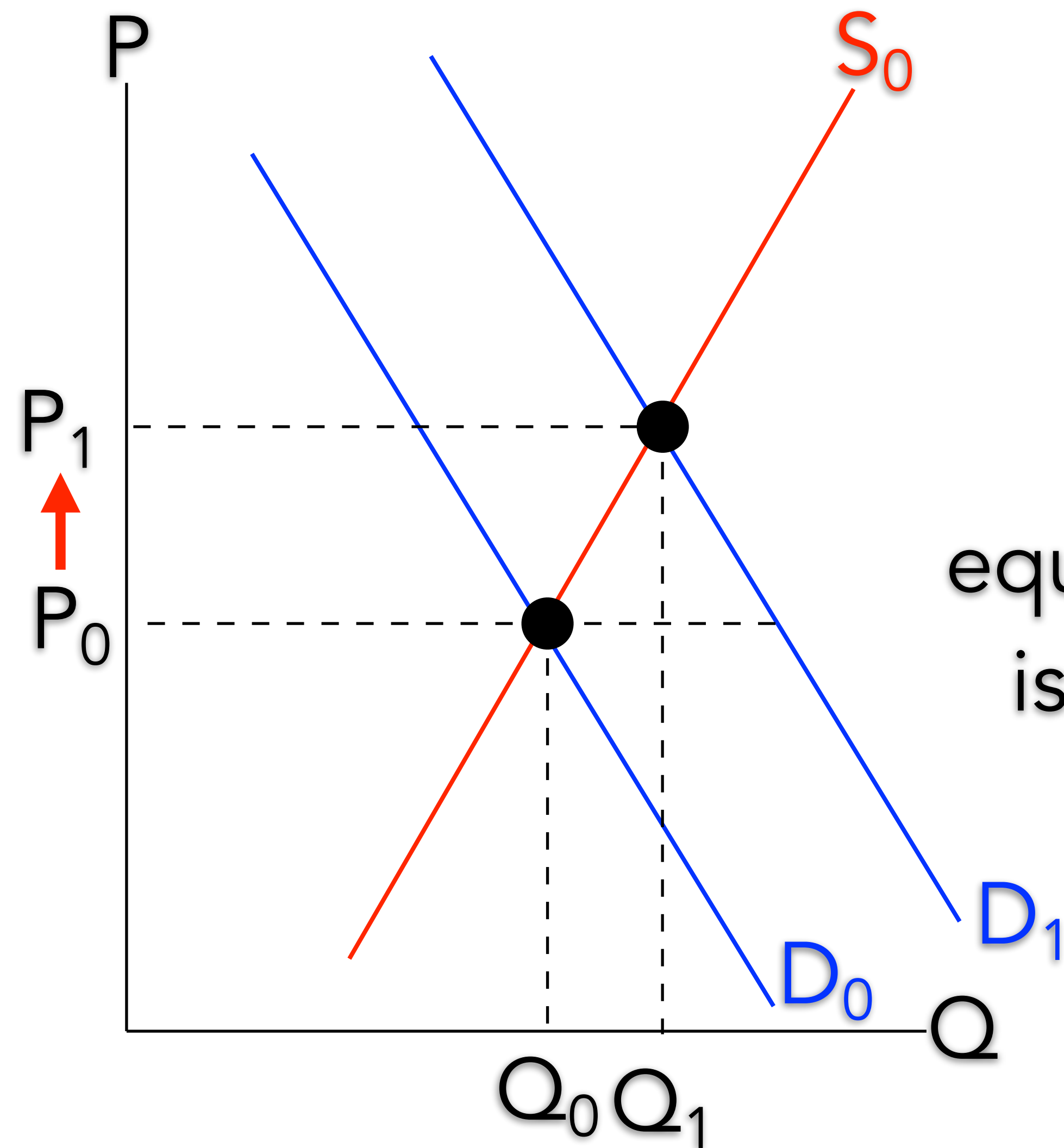
# The market for Marihuana

Legal marihuana attracts  
new users

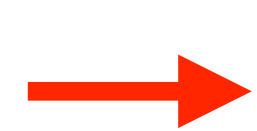
Demand increase: A  
rightward shift

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 price  
is **higher** than  
before



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

Consider the market for Coffee

