

## Econ 101 | Vignette C3

Chocolate bars have long been used in the wizarding world as an antidote to the presence of dementors. And many in the wizarding world enjoy chocolate for both its medicinal and culinary uses. Chocolate is easy to produce, and many small chocolate shops have emerged to make and sell the good. The supply and demand curves for chocolate bars can be represented by the following equations:

$$P_b = 10 - Q_D$$

$$P_s = \frac{1}{2}Q_S$$

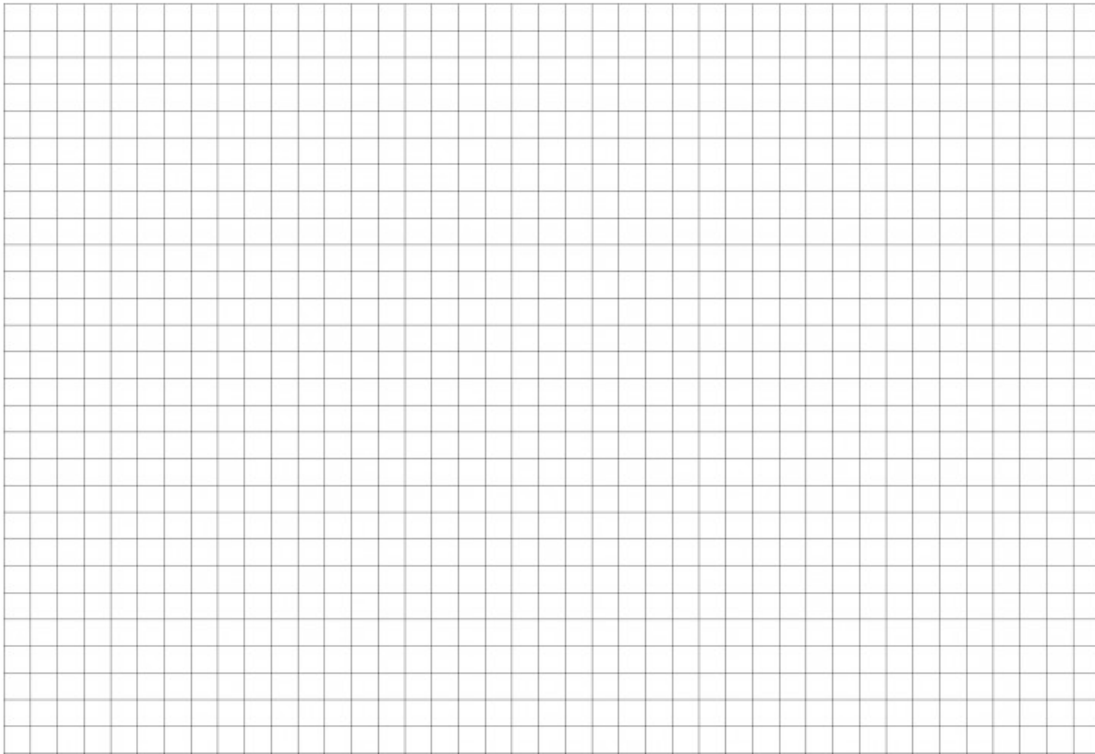
But the shops also release pleasing aromas as a byproduct of the chocolate making process. This aroma was so pleasing and well liked that the Ministry of Magic conducted a careful study showing that the wizarding community received a benefit equal to 2 silver Sickles.

### Note

The price is measured in terms of silver Sickles, and quantity is measured as weight in terms of stones.

### Question 1 | Equilibrium

Use a graph to describe the market for chocolate.



## Question 2 | A Clever Policy

The Ministry hired a young economist to help set economic policies. What policy should they recommend? Defend the policy using a graph.

