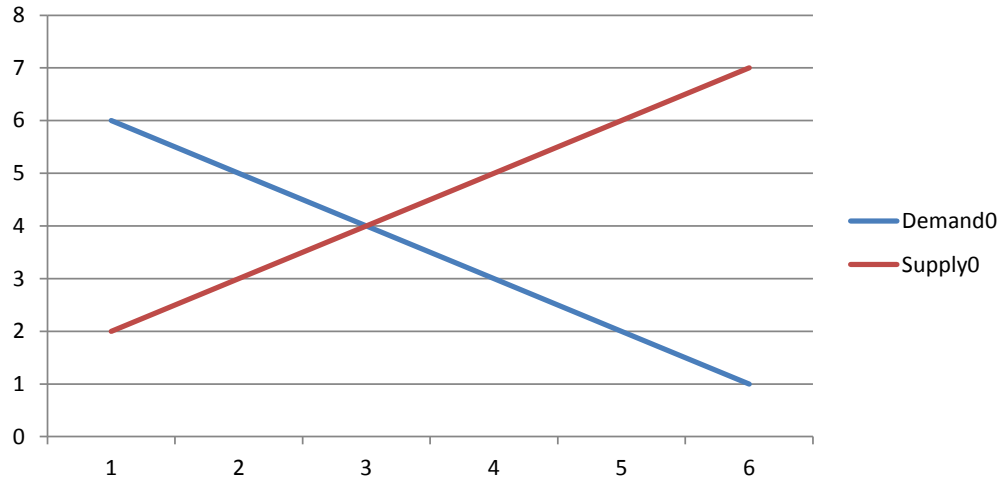
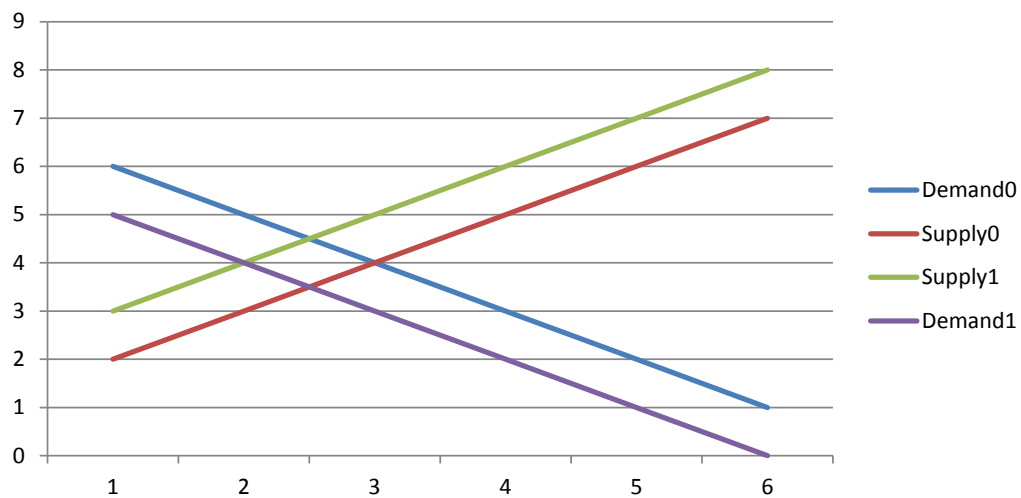


The black market is caused by unhealthy needs of individuals and others attempts to make money on their prohibited needs. To show what happens when a good is made illegal, we first need to illustrate what the supply and demand for the good looked like in the pre-black market days (picture 1):



Picture 1

The next picture illustrates what happens when the government makes the product illegal, thus creating a black market. We can see A sharp drop in supply and a drop in demand, as a prohibition of possessing the good deters some people from wanting to buy it. So the price for the prohibited goods rises.



Picture 2

So that person benefits on the black market who can meet the consumers' need in prohibited goods. That's why these supplies make great profits, and people who can't legally buy something meet their need. But on the other hand government has great losses, because it doesn't get taxes from money that are circulating in the black market.