

Price Floor and ceil

Government intervention

They make the market inefficient.

$$Q_s \neq Q_d$$

Price Floor

An effective price floor is **higher** than the equilibrium price.

Surplus: $Q_s > Q_d$

Price Ceiling

An effective price ceiling is **lower** than the equilibrium price.

Shortage: $Q_s < Q_d$

There will be a _____ in the market because at a price of $\$x$ the Q_d is _____ than the Q_s .