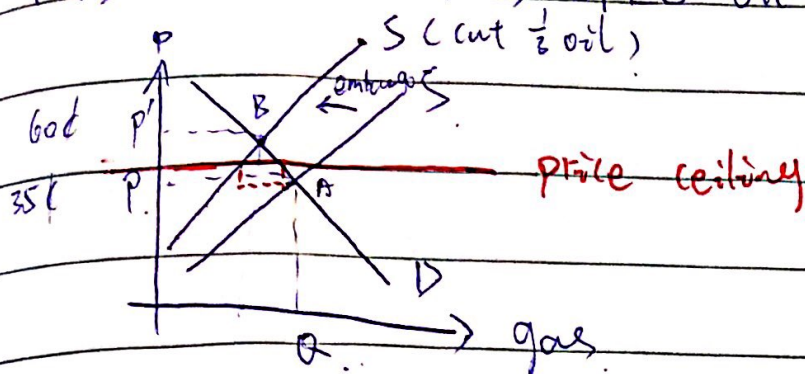
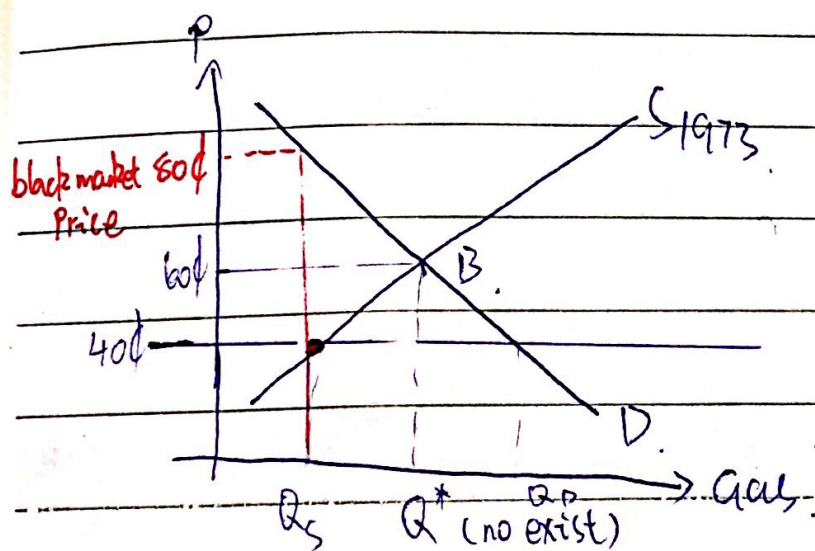


1973 Gas Lines  $\Rightarrow$  OPEC oil embargo.



1972. ceiling cause no shortage.  $P = 35¢$

1973 Shortage.  $P = 60¢$



Protect consumer.  
Reason: Rich people earn less.

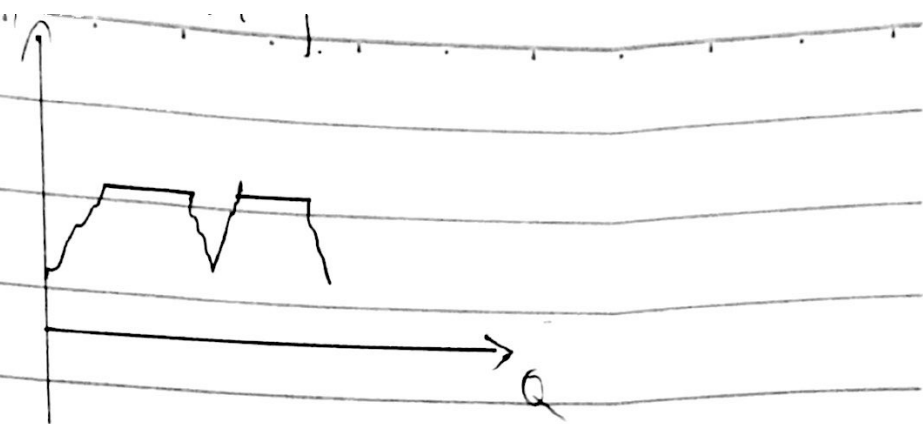
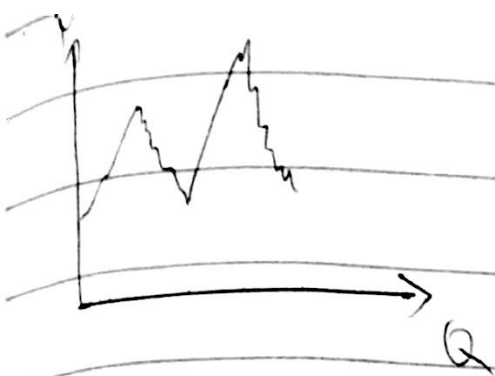
$\rightarrow$  ceiling of wheat.

Baker compliant: Shortage of wheat  $\rightarrow$  hard to make bread.

Close store / no gas  $\rightarrow$  gas storage.

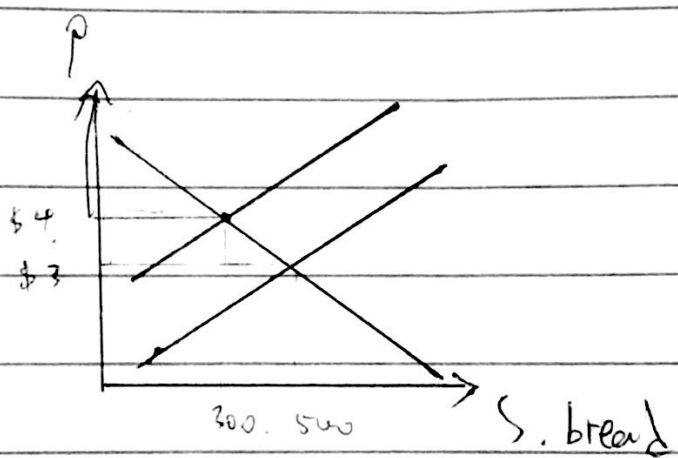
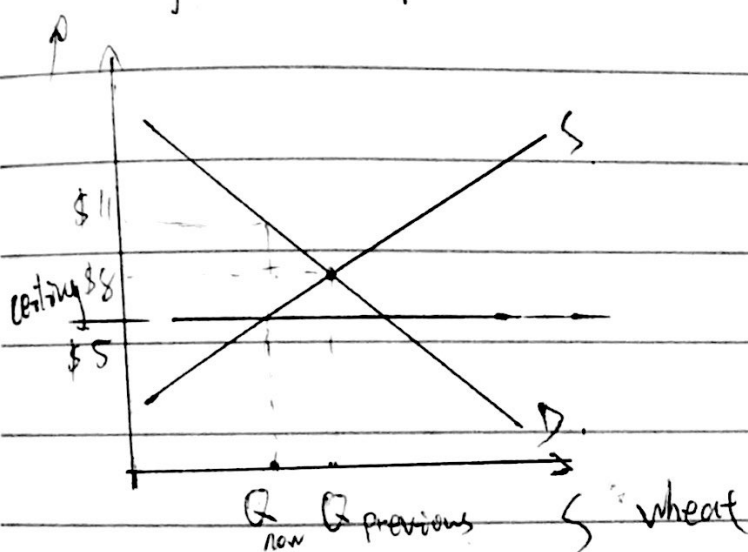
$\downarrow$   
bread empty in market

observe: No ~~storage~~ <sup>shortage</sup> of bread  $\rightarrow$  bakers lying.



ceiling  
shortage of bread  $\Rightarrow$  shortage of wheat.

Why no Shortage of bread. but shortage of wheat.



Shortage of wheat  $\rightarrow$  surplus of bread.  
 $\uparrow$  ceiling  $\uparrow$  floor

change wheat Price from \$5  $\rightarrow$  \$8  $\Rightarrow$  bread Price  
 $\$4 \Rightarrow \$3$

Shortage of wheat  $\downarrow$  ceiling  $\rightarrow$  Surplus of bread  $\downarrow$  floor.

No. Linyi Cui

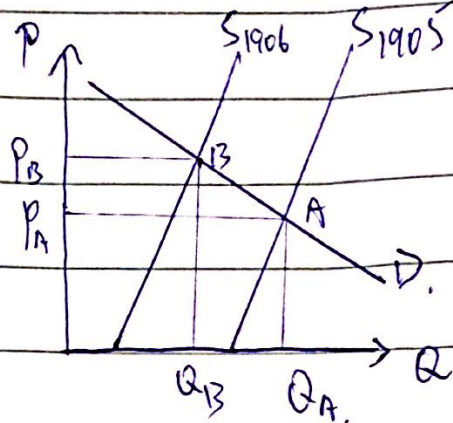
Date . . .

a Surplus wheat  $\uparrow$  floor  $\rightarrow$  Shortage of bread  $\uparrow$  ceiling.

1906 quake  $\frac{1}{2}$  house lost.

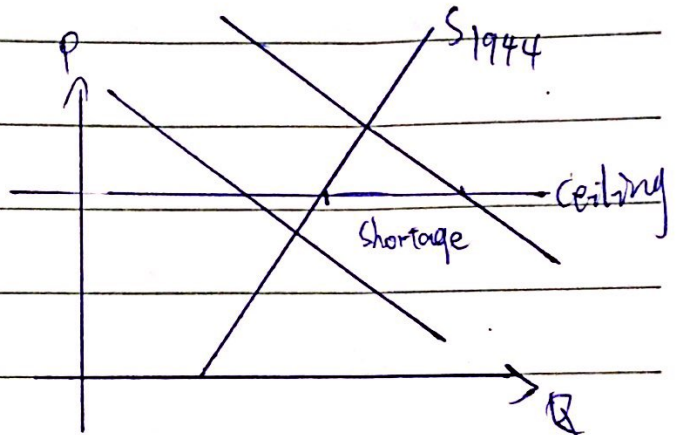
	before quake	After quake
house for rent	30	30
house wanted	3	3

} no shortage



1945-46. Returning soldier + 10%.

	Before return	After return
for rent	20	3
wanted	7	40



Tips: ceiling  $\xrightarrow{\text{cause}}$  shortage  
 floor  $\xrightarrow{\text{cause}}$  surplus.



100 200

Janitors

Study no difference  $\rightarrow$  no increase

1<sup>o</sup> study of husbands  
 $\downarrow$

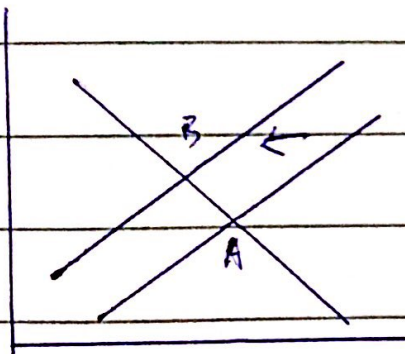
90% of study shows min w  $\uparrow \rightarrow$  unemployment

firm can't stand min w excluding from study

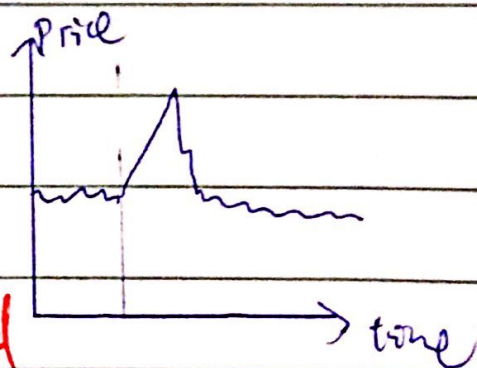
Frost in Brazil  $\rightarrow$  damaged coffee crop

— 曲线上的 P 2 会导致 D

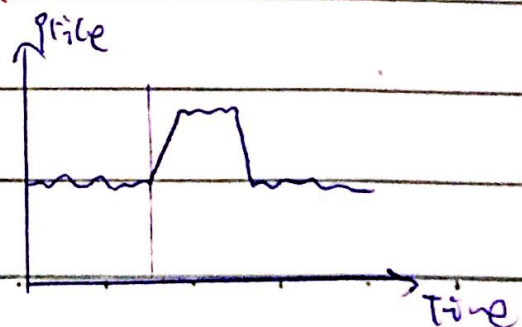
1) Frost  $\rightarrow$  S  $\downarrow$  2) S  $\downarrow \rightarrow$  P  $\uparrow$  3) P  $\uparrow \rightarrow$  D  $\downarrow$  4) D  $\downarrow \rightarrow$  P  $\downarrow$



V fit.  
 illogical

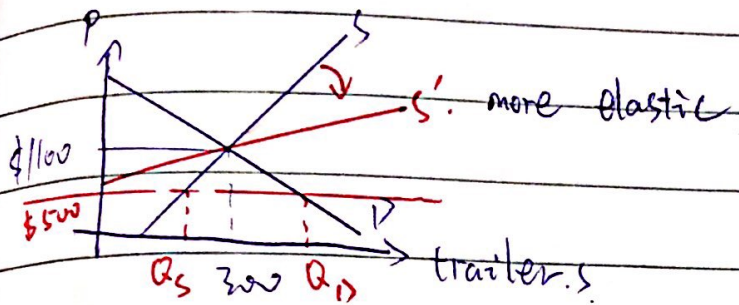


Econ  
 X fit  
 logical



## Unintended consequences

me → 1 mile → trailer park.



2<sup>nd</sup>. law of supply. ← supply more elastic over time.

长期比短期更elastic.

∴ 企业可以做相应供

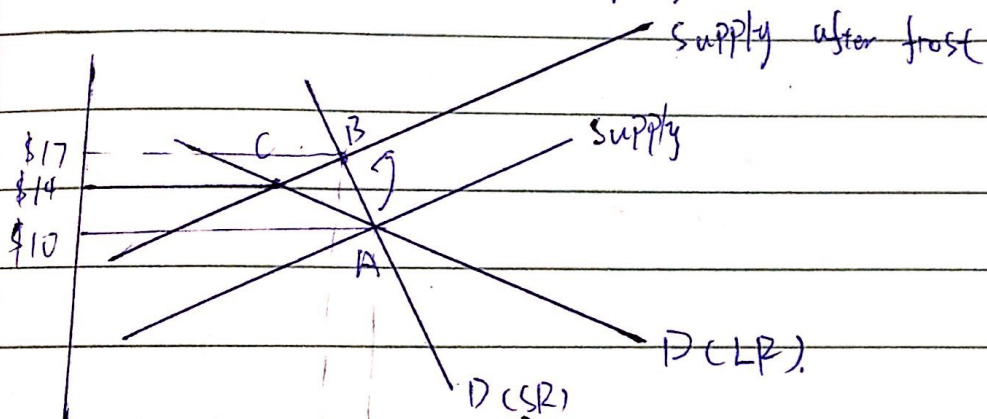
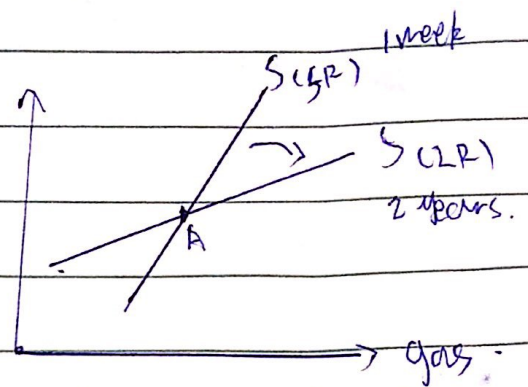
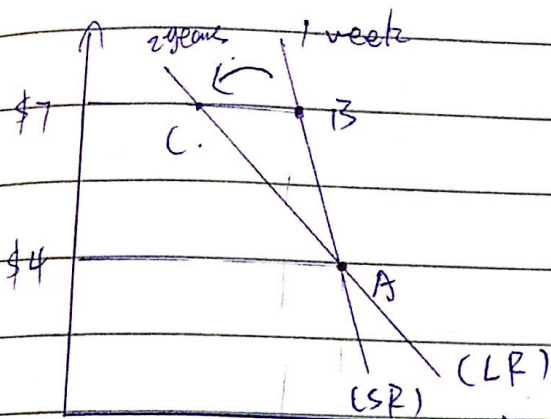
应量的变化.

(Supply / demand 同理)

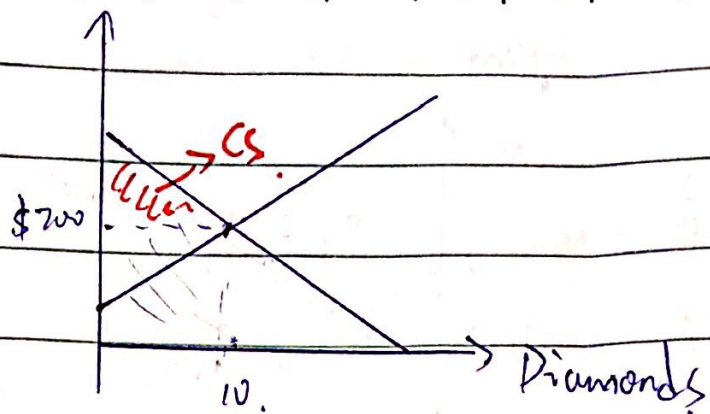
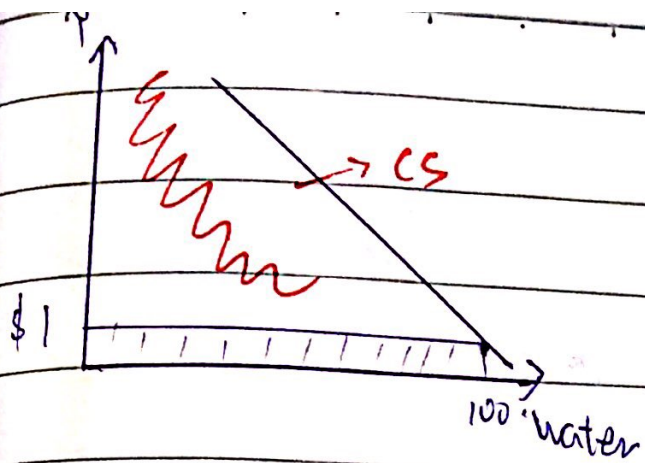
2<sup>nd</sup> Law of D & S

上周房子问题

D & S get more elastic (flatter) as time passes.



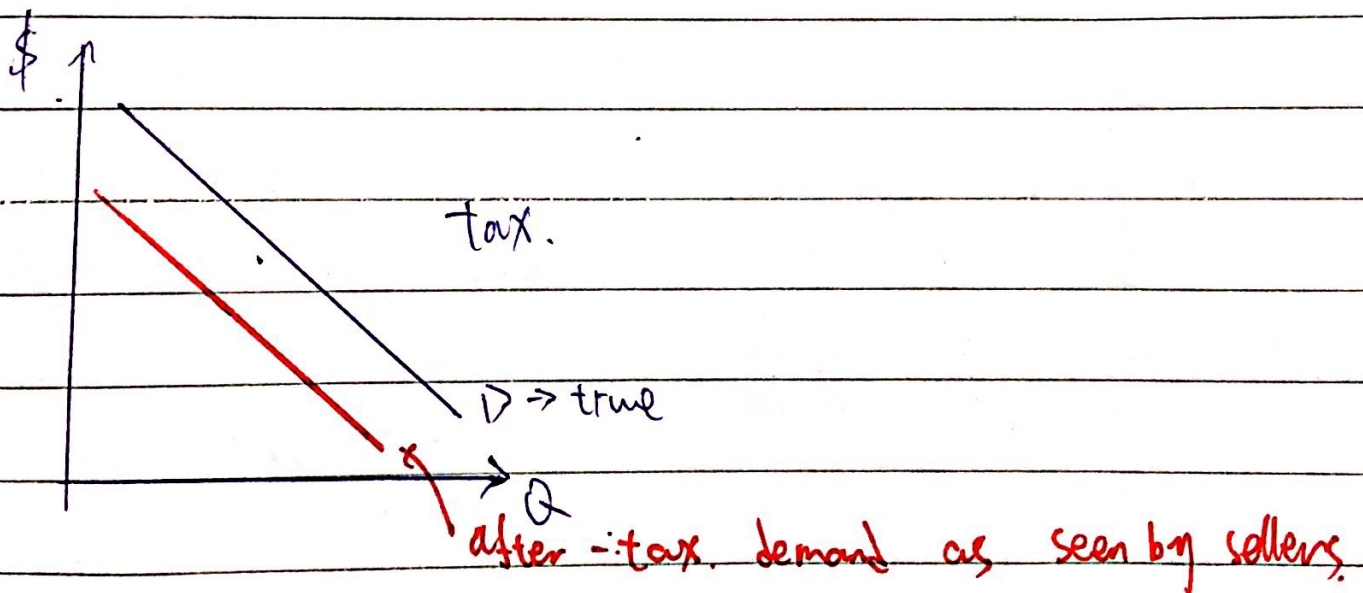




Taxes  $\rightarrow$  Subsidies.

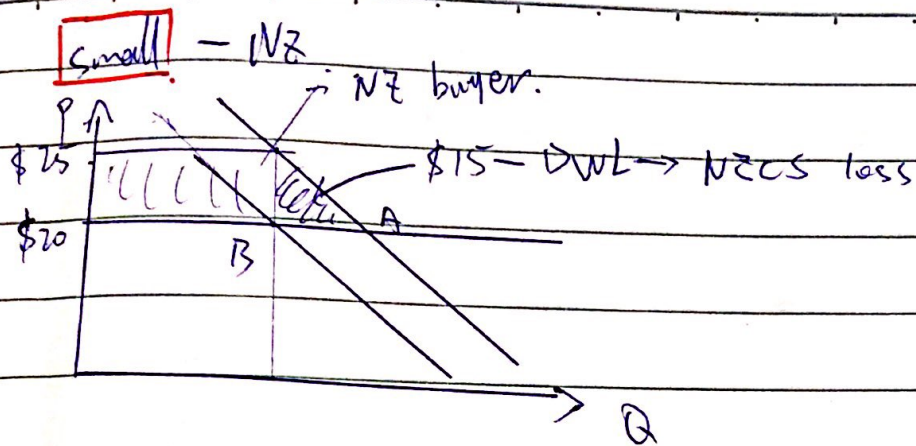
$$\left. \begin{array}{l} P_G = \$4 \\ \text{New Tax} = 50\phi \end{array} \right\} p = \$4.50.$$

$P_{\text{gas}} \uparrow \rightarrow Q_{\text{gas}} \downarrow \rightarrow D_{\text{oil}} \downarrow \rightarrow P_{\text{oil}} \uparrow \rightarrow P_{\text{gas}} \downarrow.$

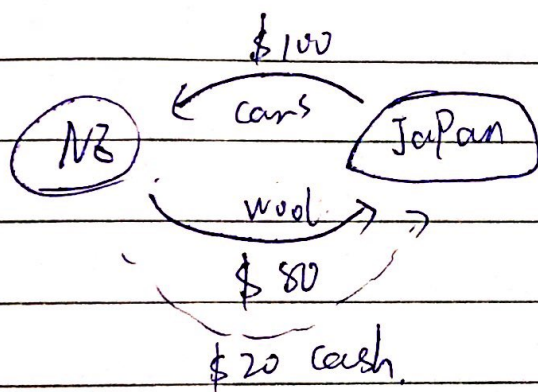


1400 1  $Q$   $Q^*$   $Q$   $1-1 \rightarrow 80-0$   
↑ ↑  
20 30





high tariffs in small country.  $\rightarrow$  Prevent people buy good from other countries.



reduce dollar out flows.

harmless

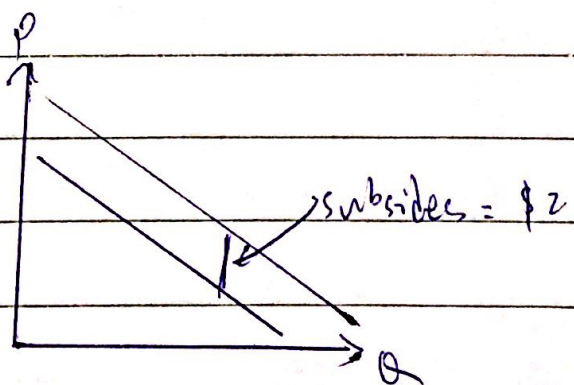
Wrong

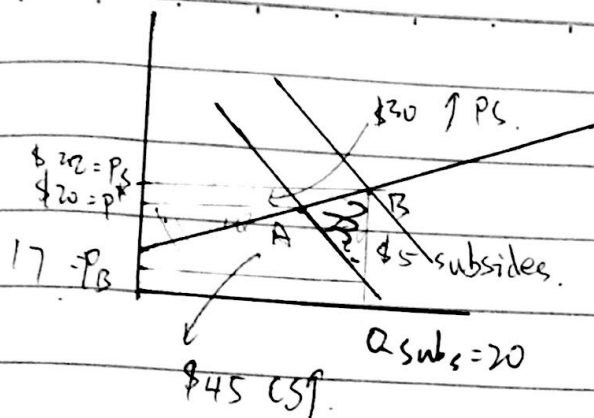
subsidies

$\rightarrow$  School.

Agricultural

Passenger trains.



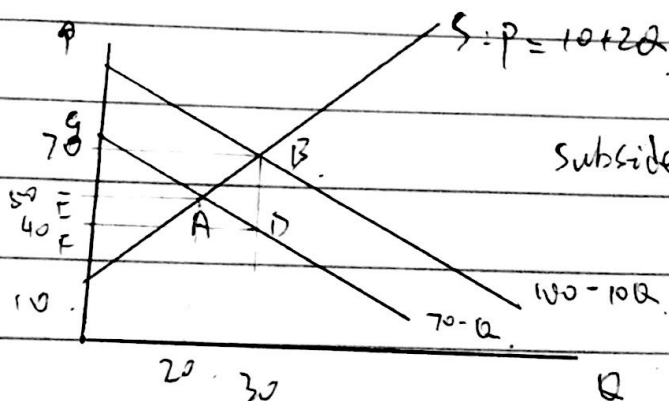


$$PS = P_B \times Q_{sub}$$

$$\text{government DWL} = \$25$$

$$CS: \text{shaded triangle} \$45$$

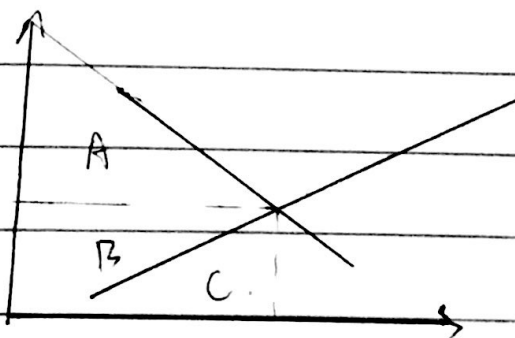
$$PS: \text{shaded triangle} \$30$$



$$AD \triangle F = CS = 250$$

$$EABG = PS = 500$$

$$ABD = DWL$$



$$A = CS \quad B = PS \quad C = \text{Total benefit}$$

$$BC = TR \quad TR - TC = \pi$$

$$ABC = \text{Total benefit}$$

