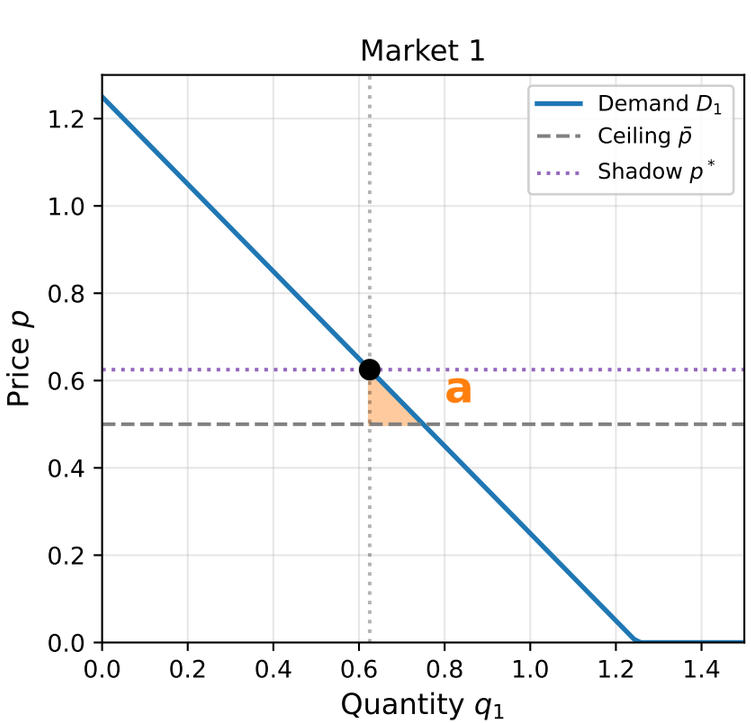
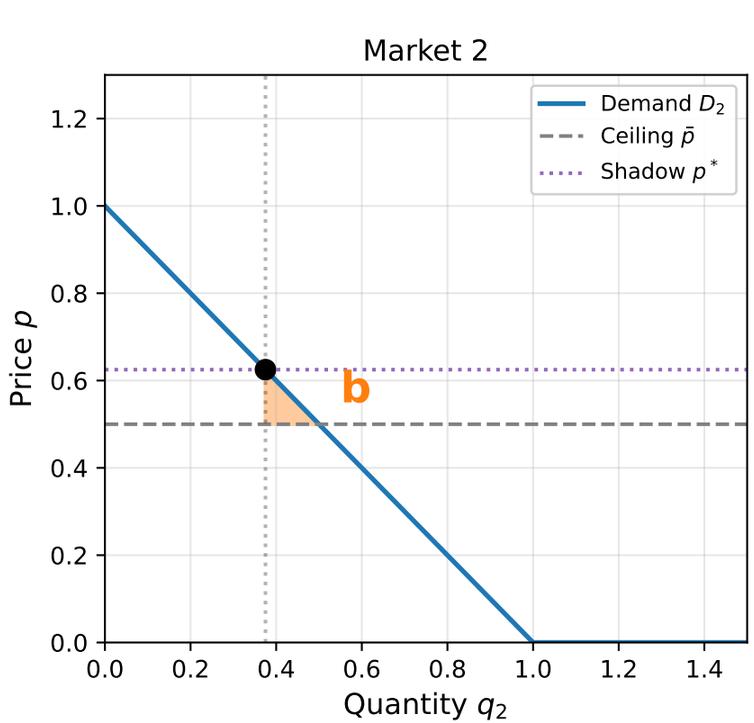
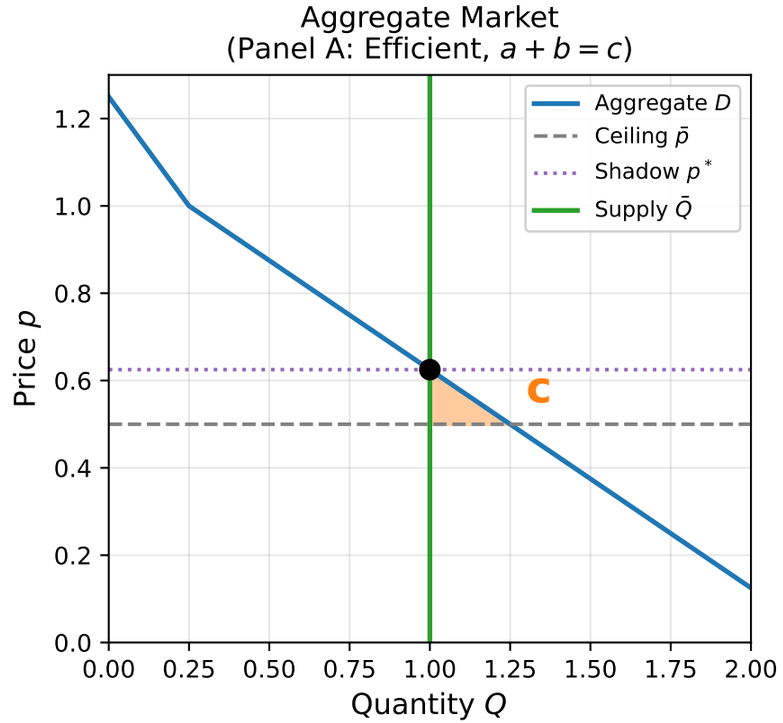
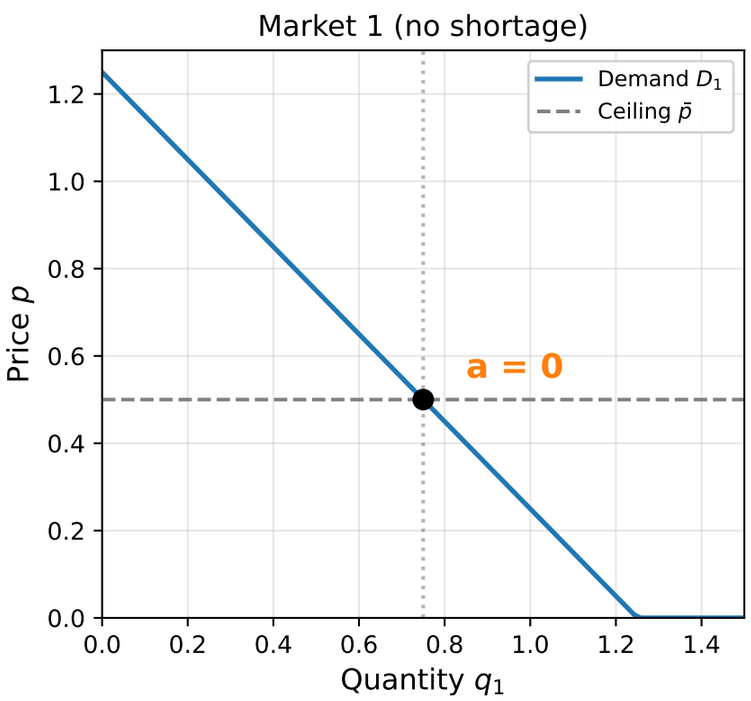
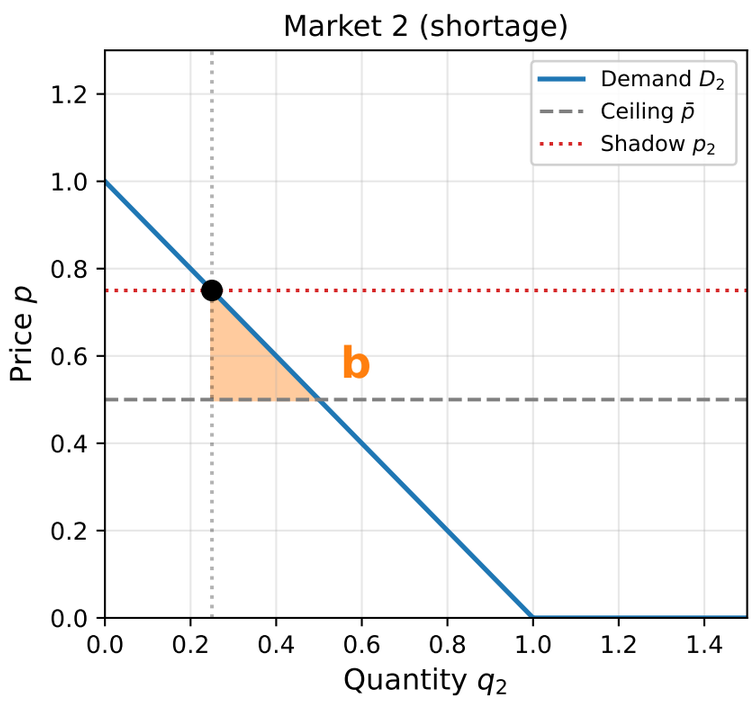
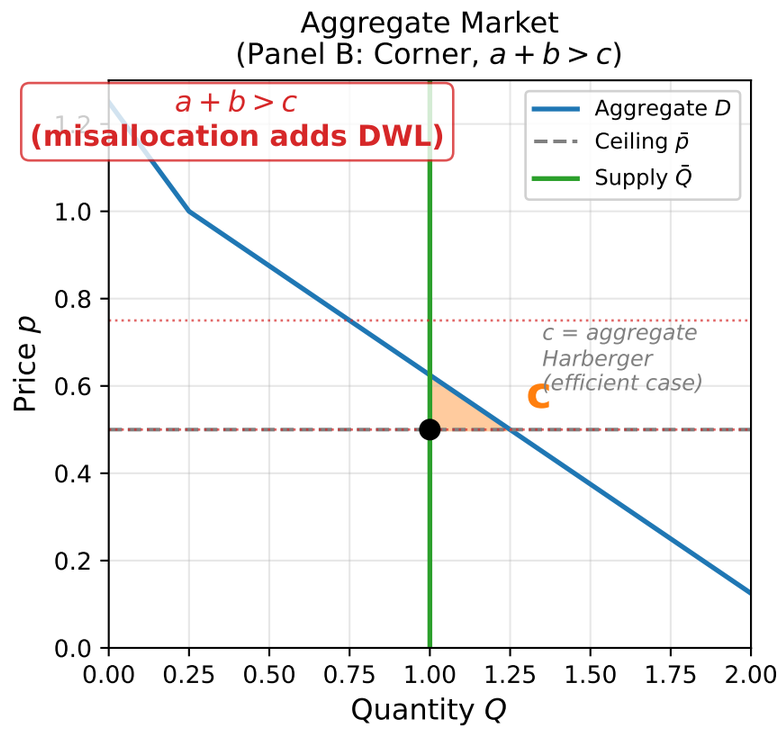

Market 1
Demand D_1
Ceiling $\bar{p}$
Shadow p^*
a
Price p
Quantity q_1


Market 2
Demand D_2
Ceiling $\bar{p}$
Shadow p^*
b
Price p
Quantity q_2


Aggregate Market
(Panel A: Efficient, $a + b = c$)
Aggregate D
Ceiling $\bar{p}$
Shadow p^*
Supply $\bar{Q}$
c
Price p
Quantity Q


Market 1 (no shortage)
Demand D_1
Ceiling $\bar{p}$
a = 0
Price p
Quantity q_1


Market 2 (shortage)
Demand D_2
Ceiling $\bar{p}$
Shadow p_2
b
Price p
Quantity q_2


Aggregate Market
(Panel B: Corner, $a + b > c$)
$a + b > c$
(misallocation adds DWL)
Aggregate D
Ceiling $\bar{p}$
Supply $\bar{Q}$
c = aggregate
Harberger
(efficient case)
c
Price p
Quantity Q