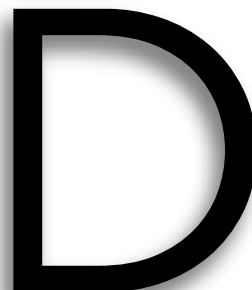
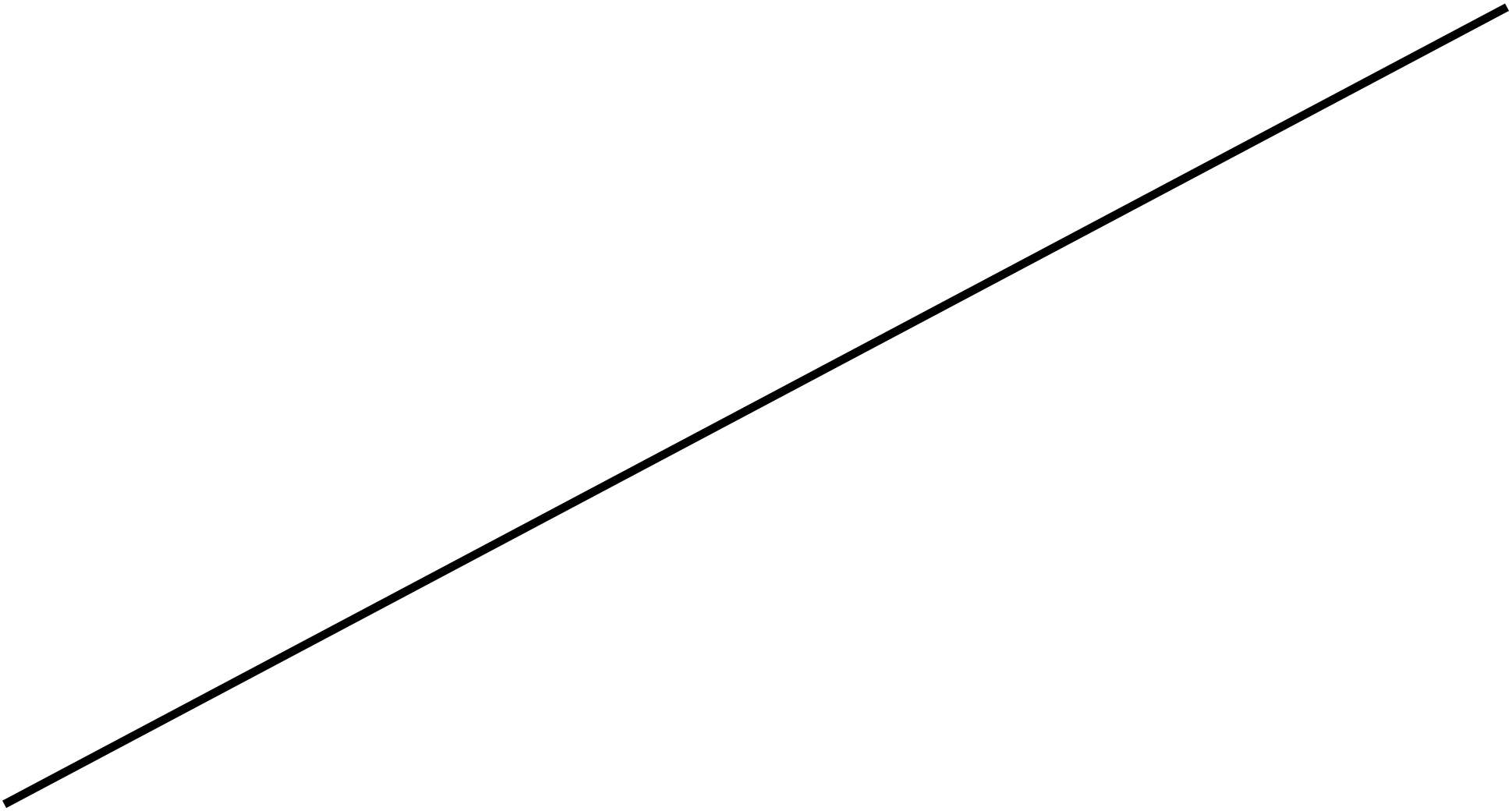
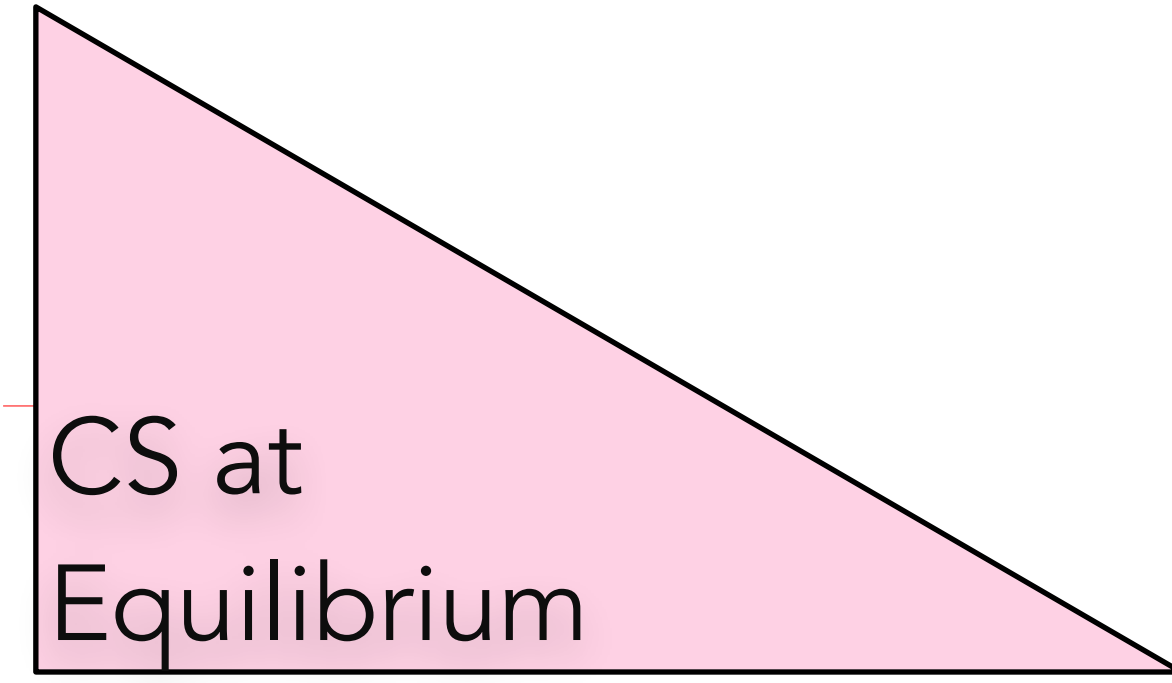
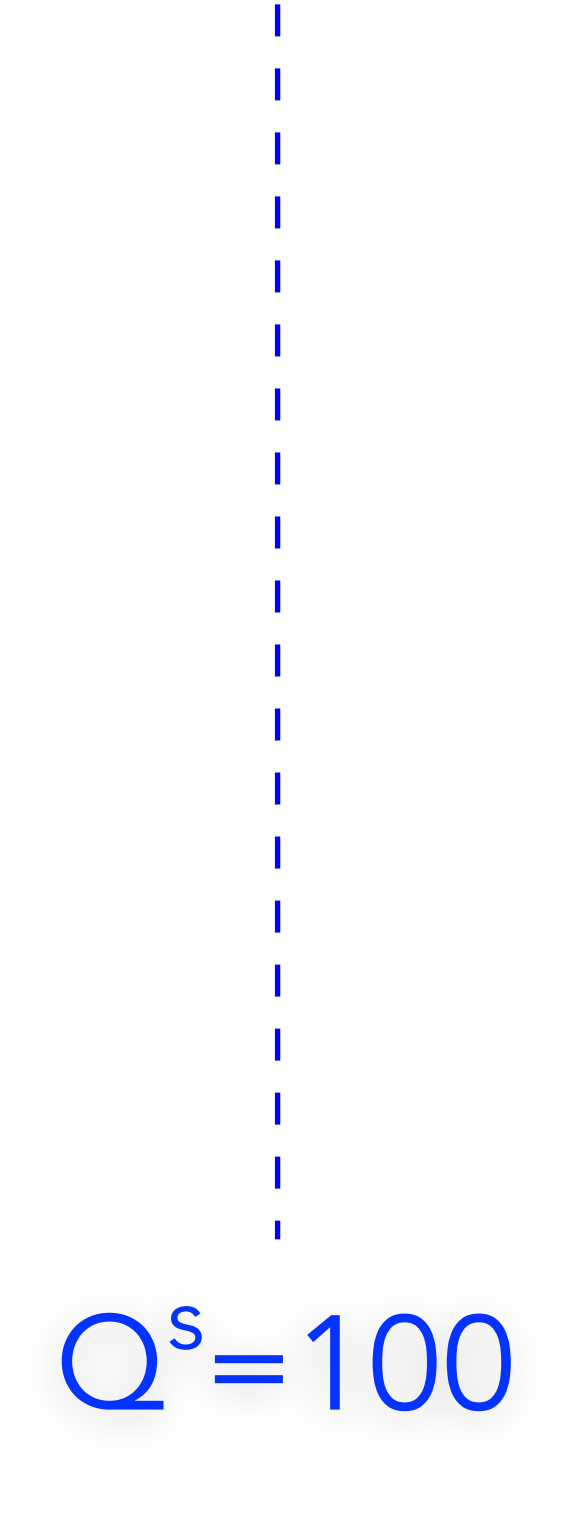


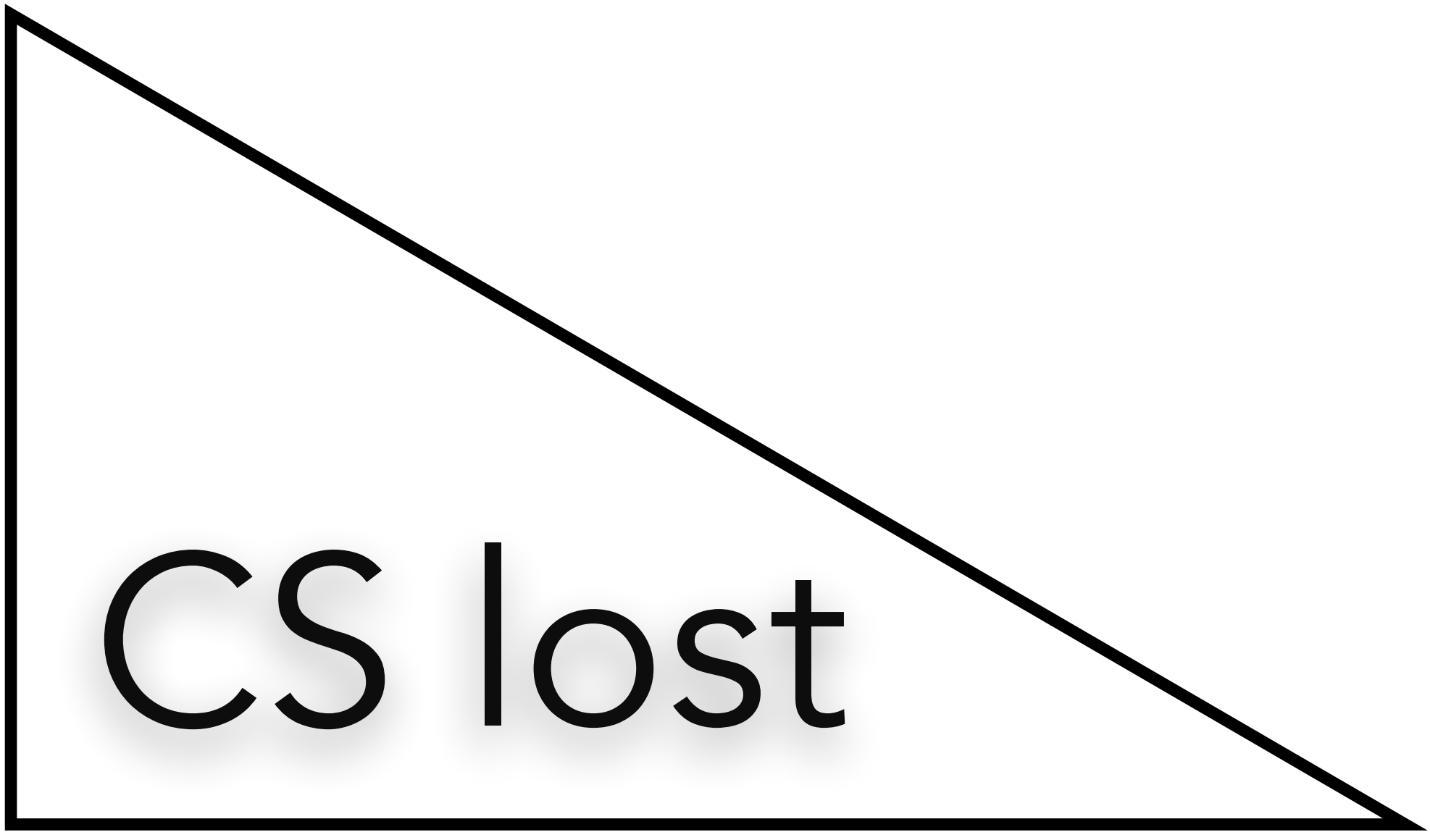


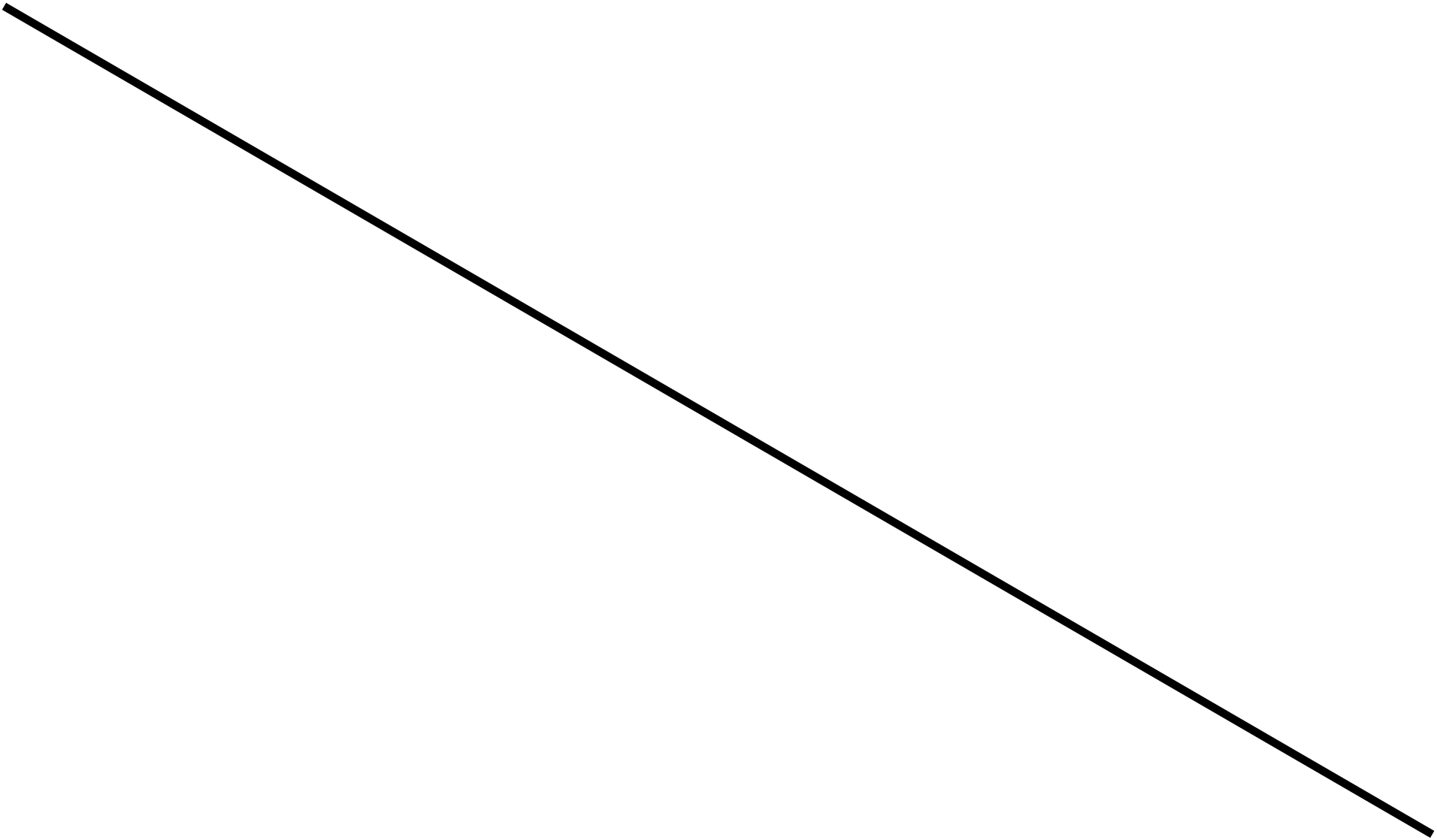
$$Q_e = 400$$

Floor: $0.8

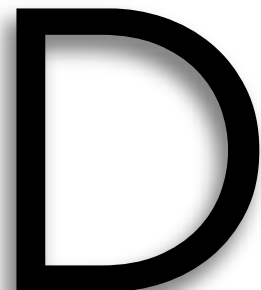

CS at
Equilibrium


$Q^S = 100$


CS lost



$$P_e = 0.50$$

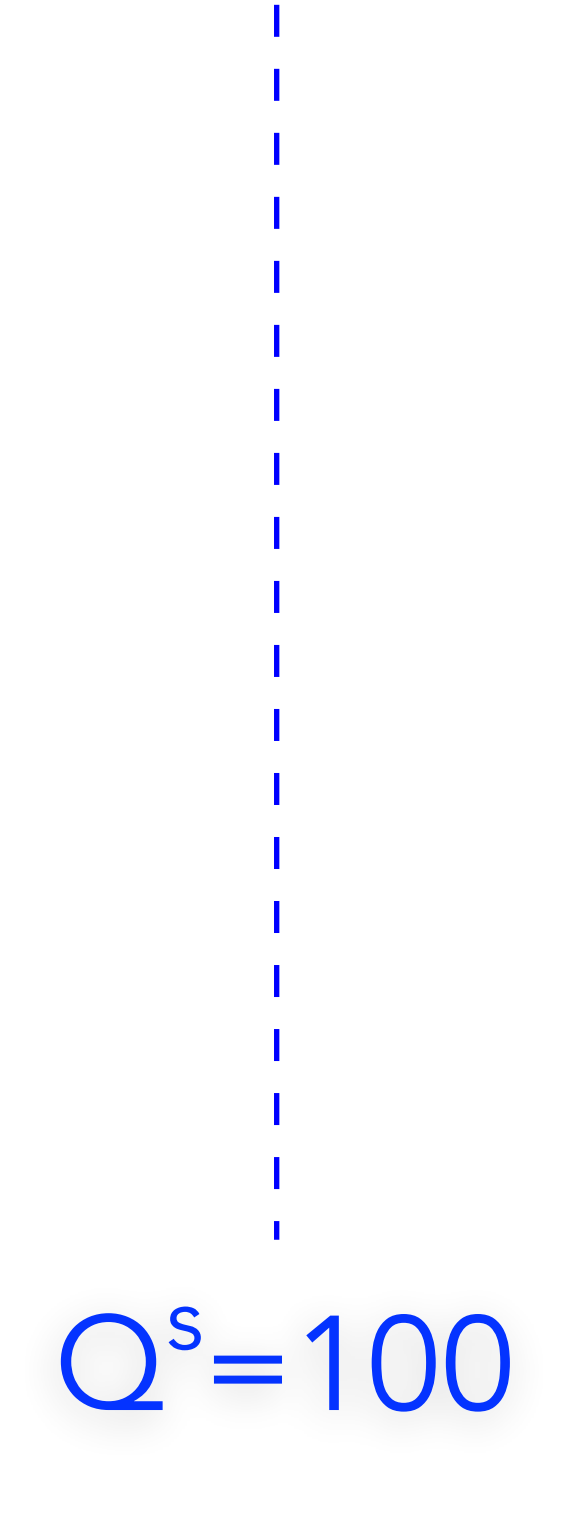


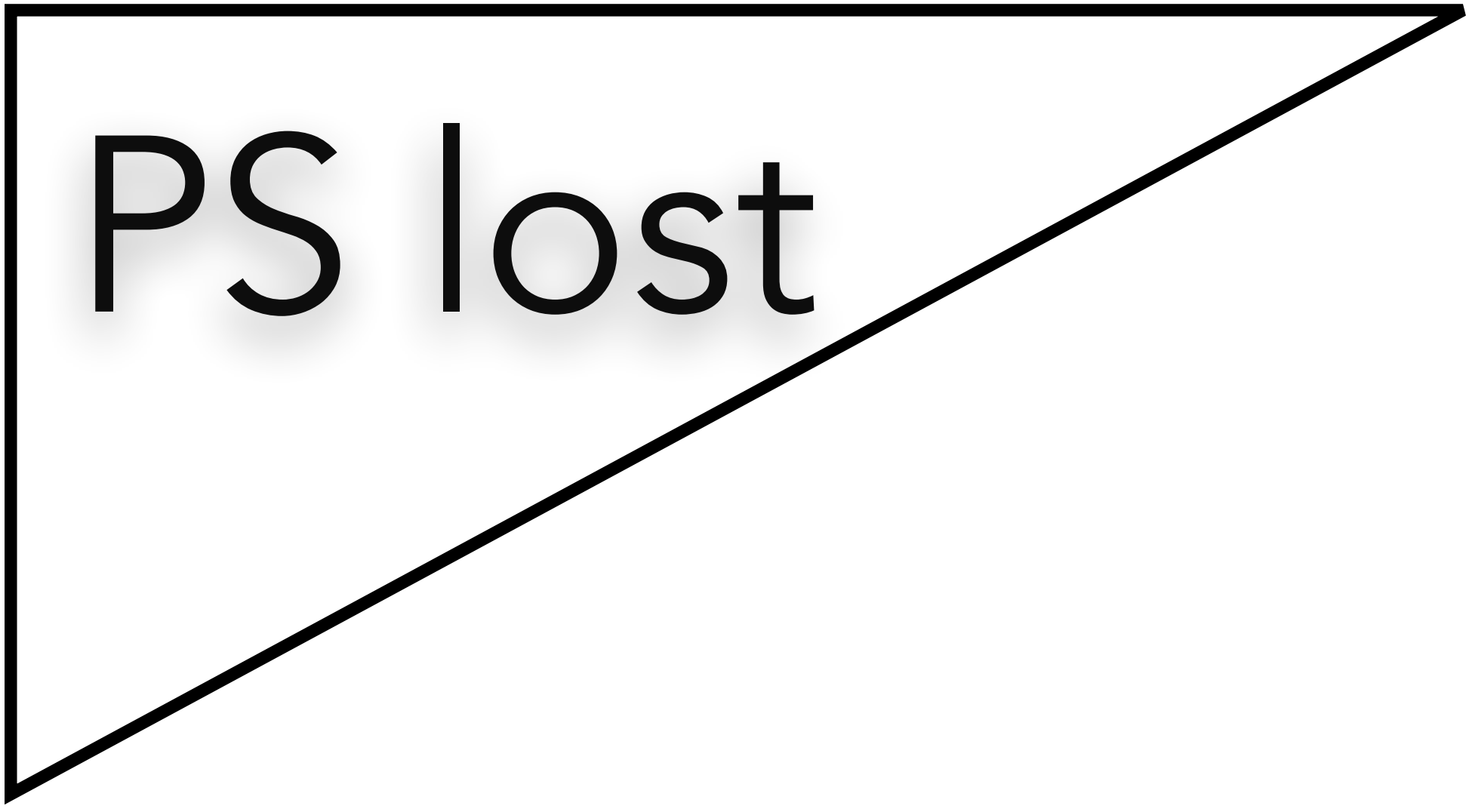
$$Q_e = 400$$

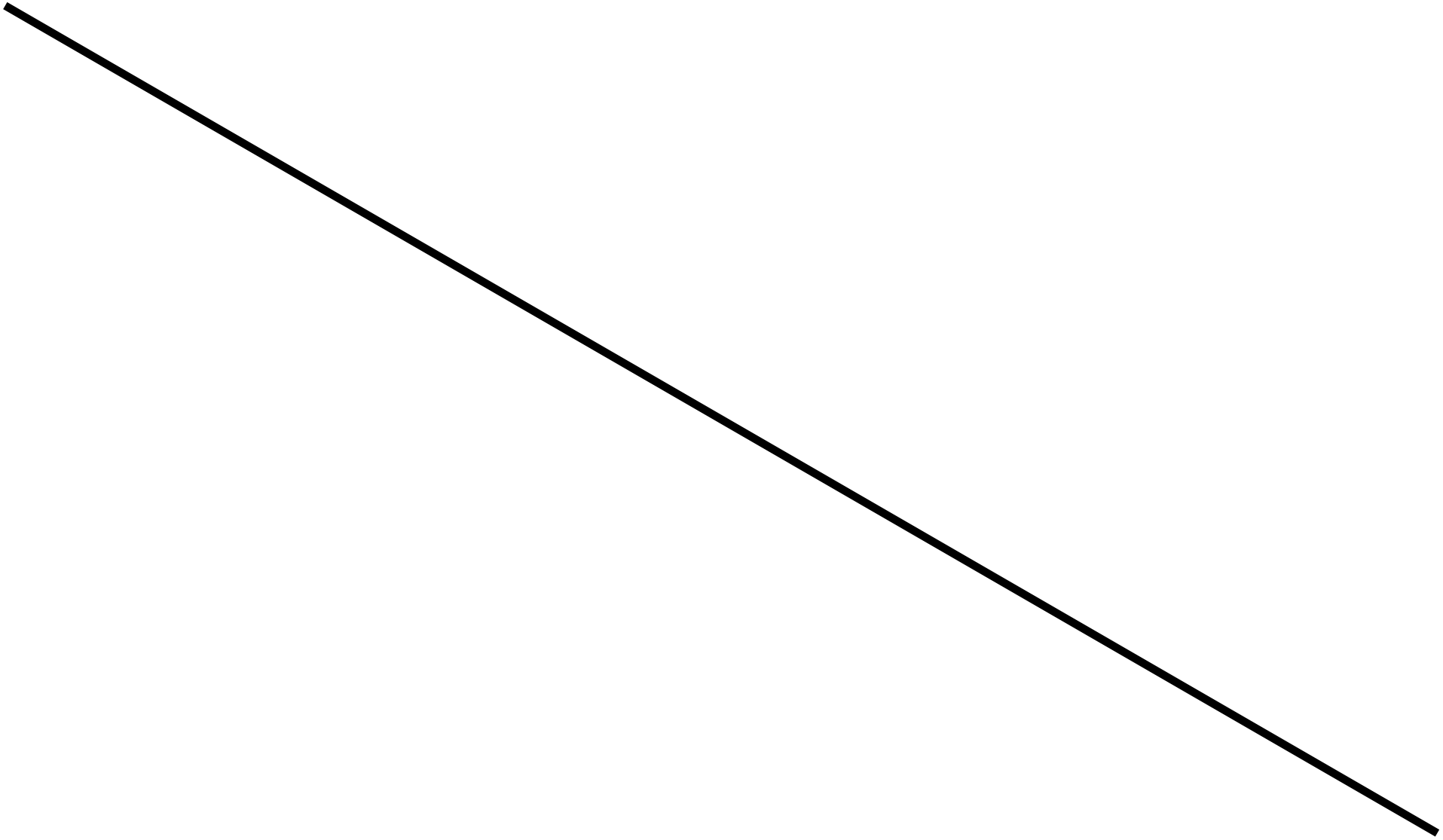
$$P_e = 0.50$$

Floor: $1

PS at Equilibrium


$Q^S = 100$


PS lost



CS lost

CS lost

Lost CS

Tax

Consumers

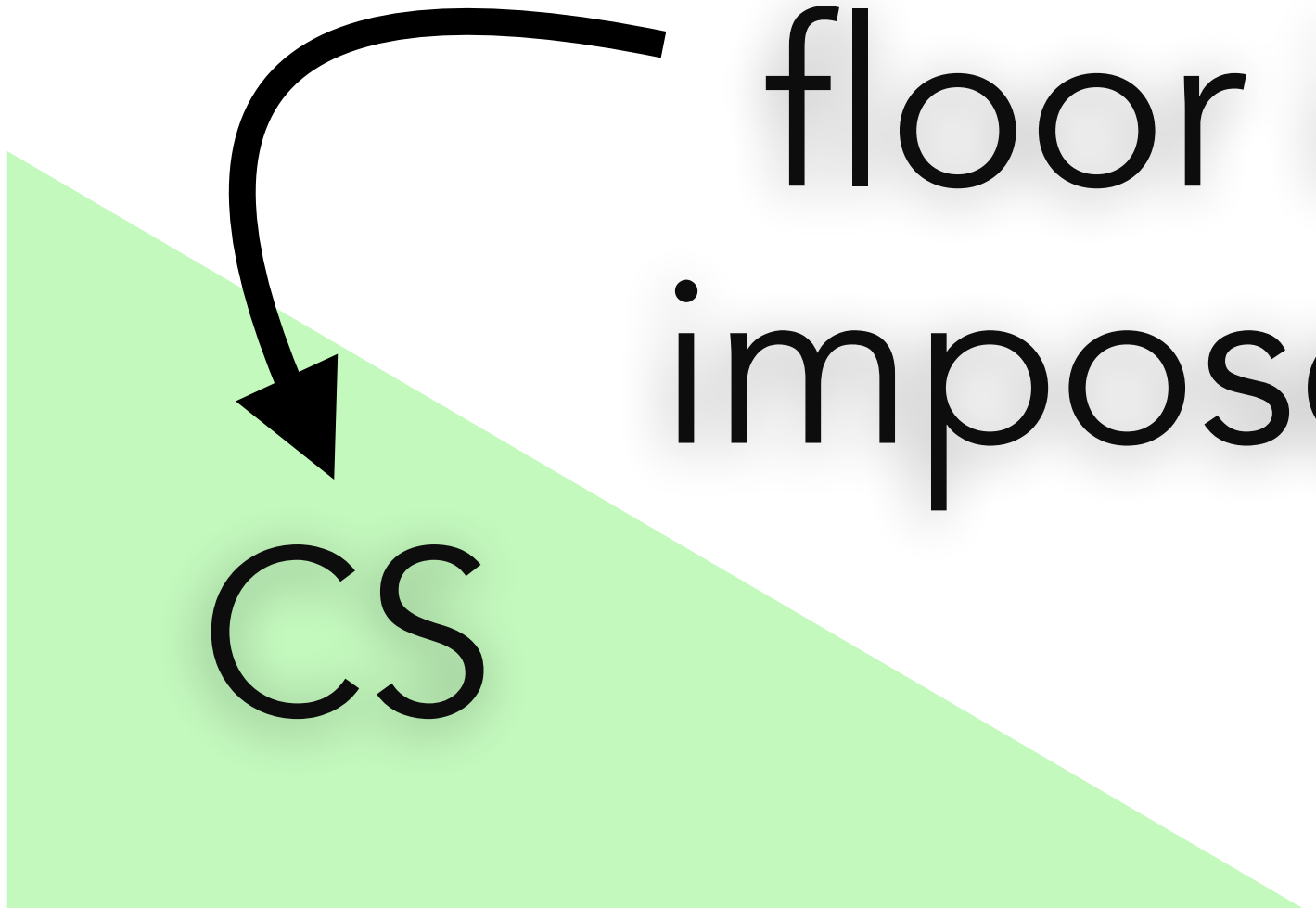
Producers

Ceiling results in taking money from consumers (a tax)
and giving it to producers (a subsidy)

Effect of the Floor on:

Floor has the same effect of imposing a tax on consumers and a subsidy to producers

CS after floor is imposed



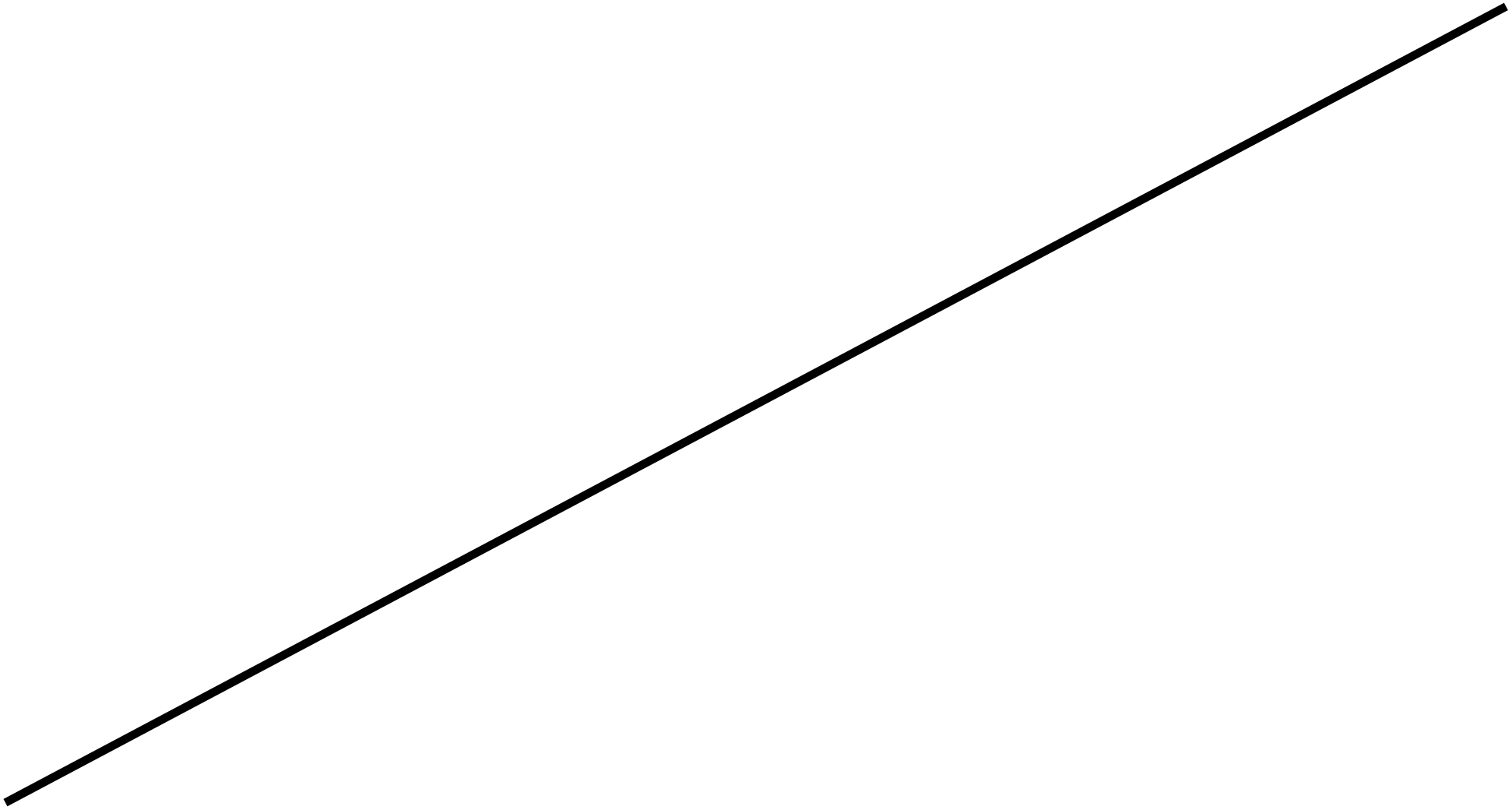
PS after floor is imposed

CS lost

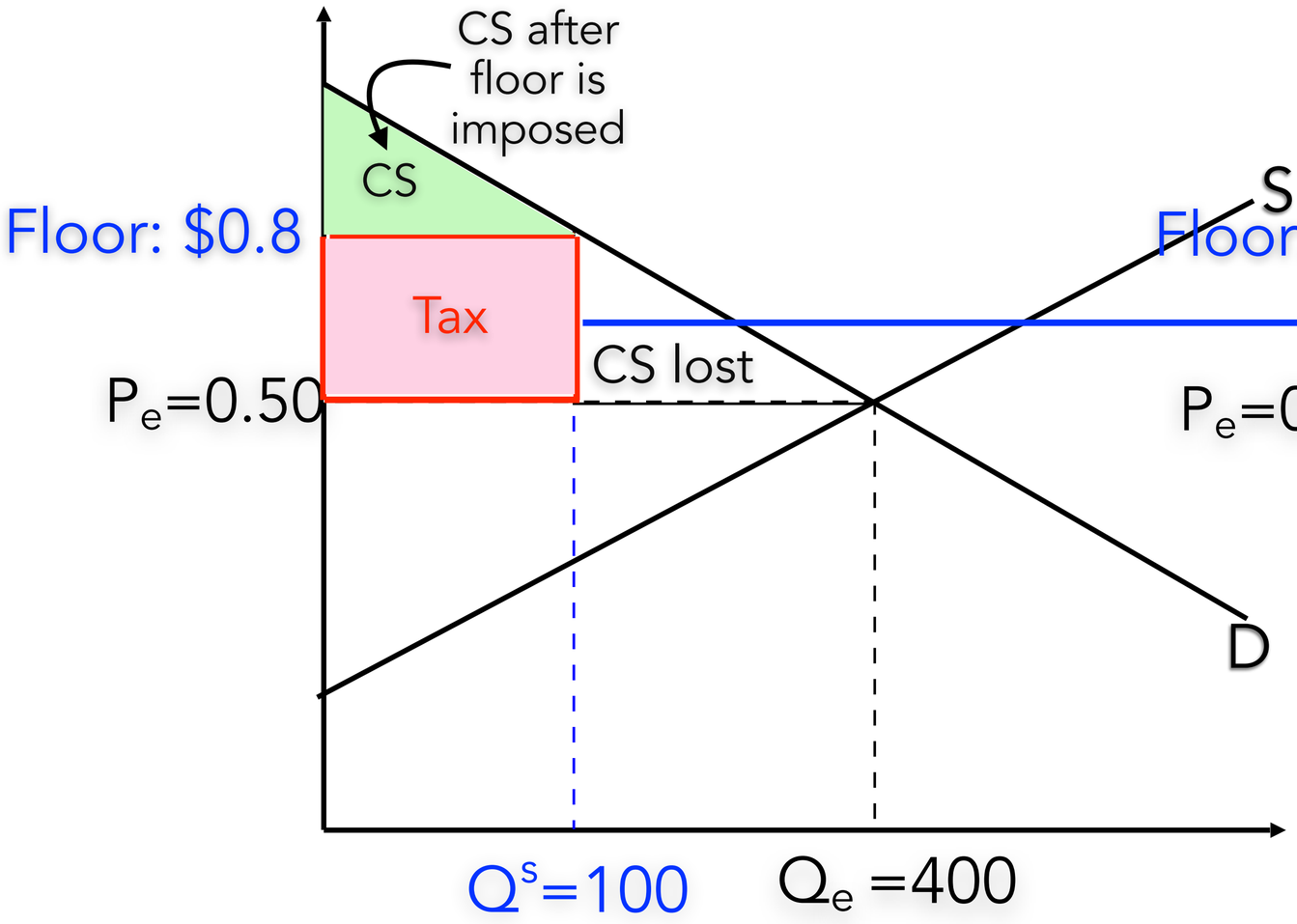
PS

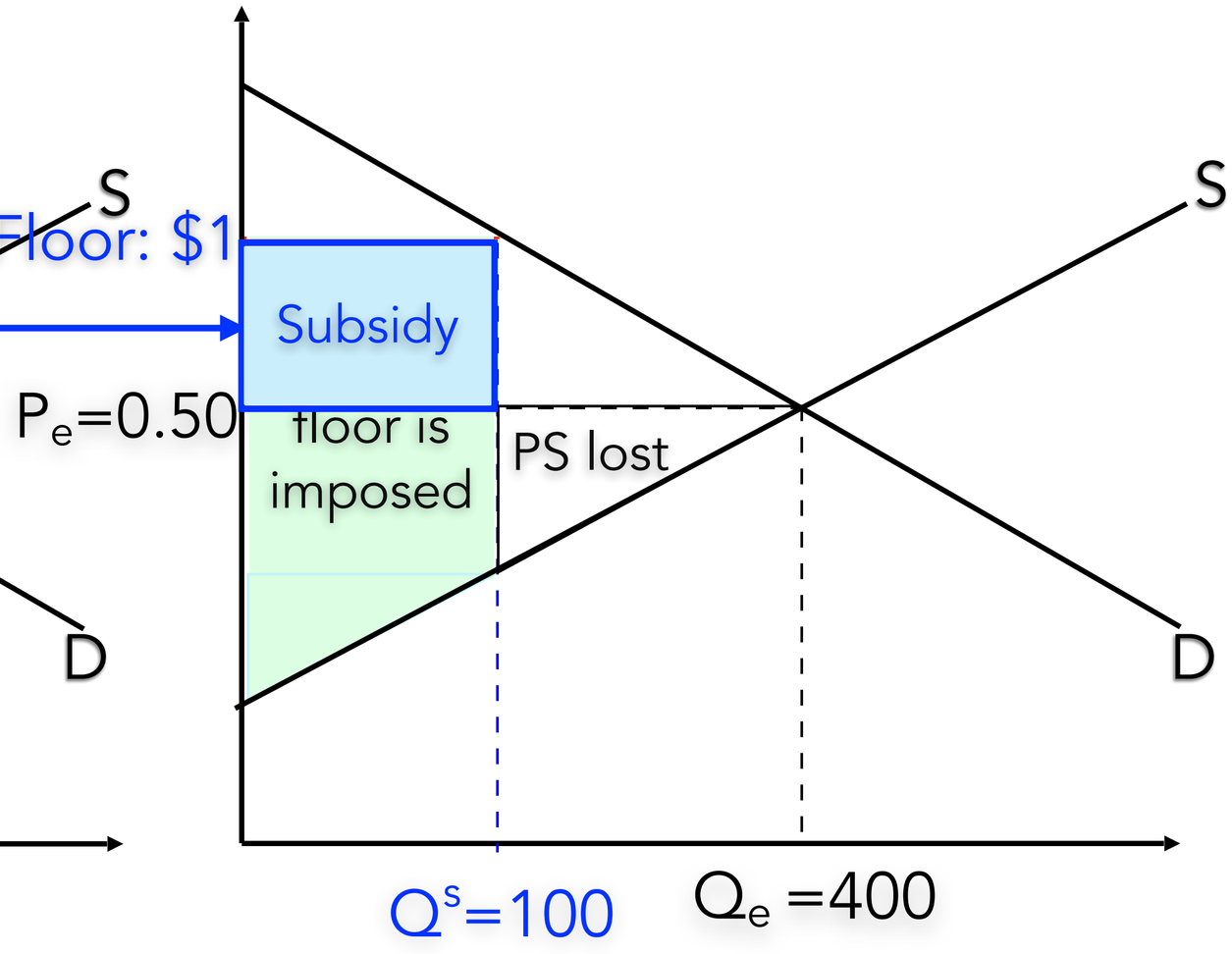
gained

Subsidy

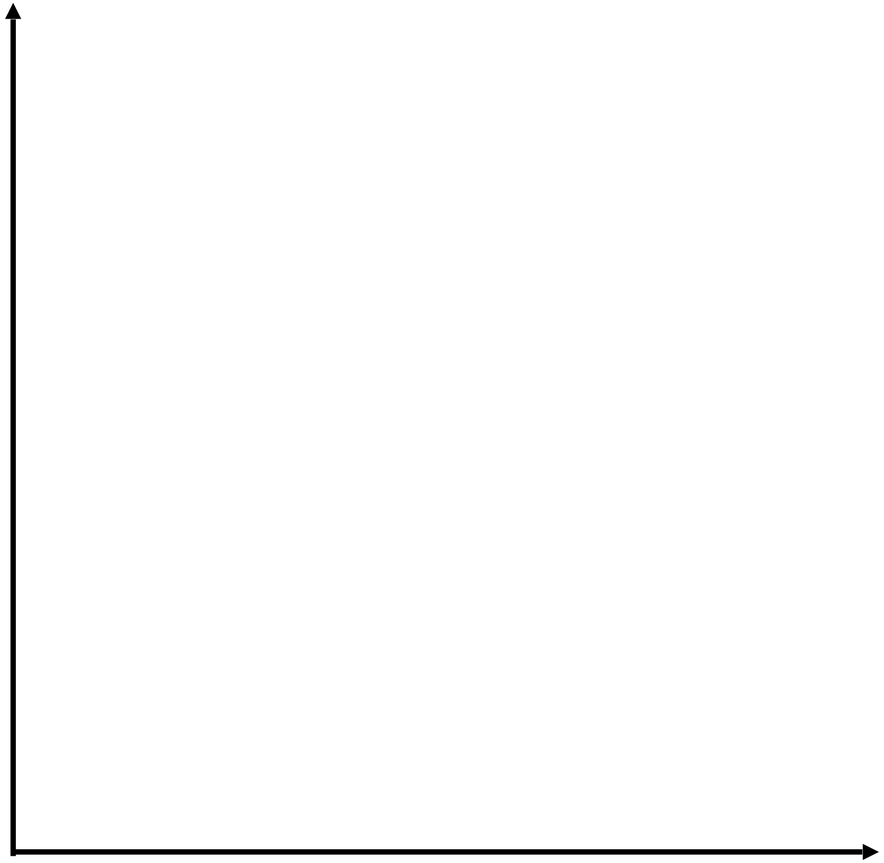


Floor has the same effect of imposing a tax on consumers and a subsidy to producers





Consumers

Producers

Floor has the same effect of imposing a tax on consumers and a subsidy to producers