



**Price Ceiling**







Q



\$6





40



**C S**

**\$4**

**\$10**

20

PS



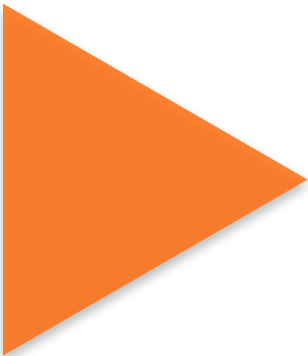


\$2









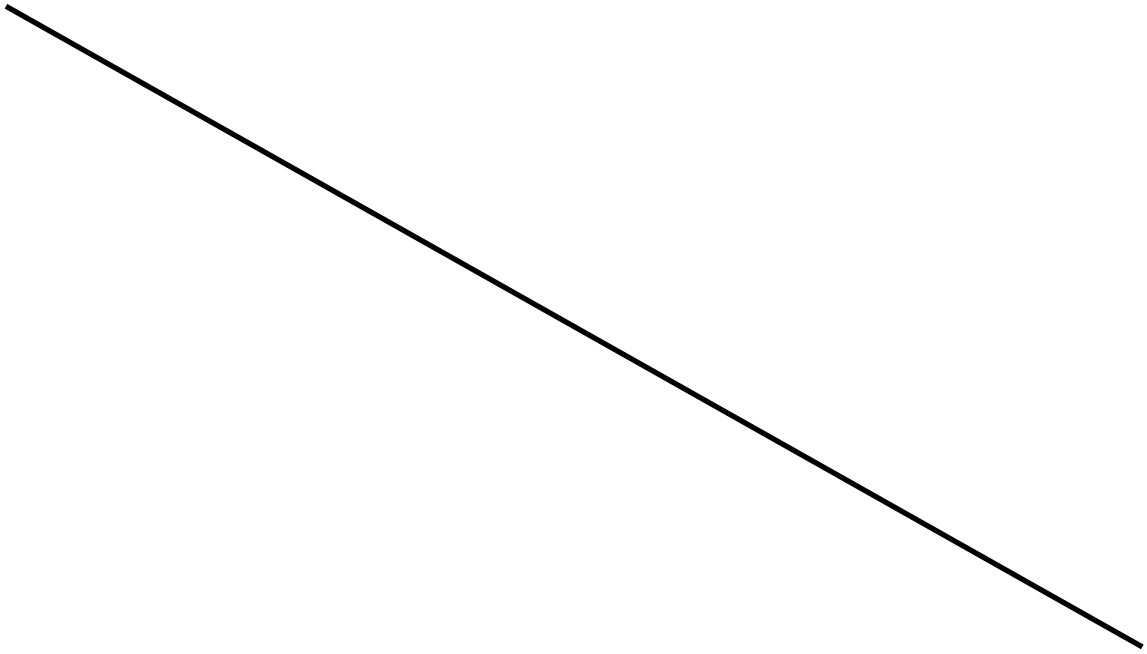
**Tax/  
Subsidy**

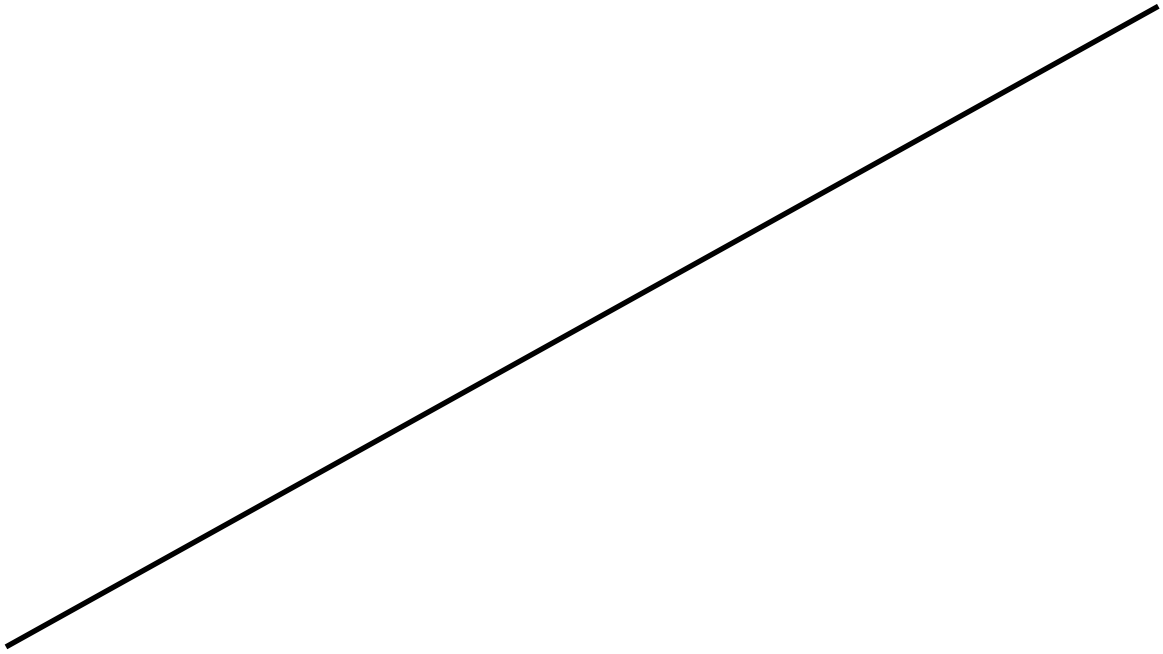
RS

CS



**WL**





Tax to producers

Subsidy to consumers

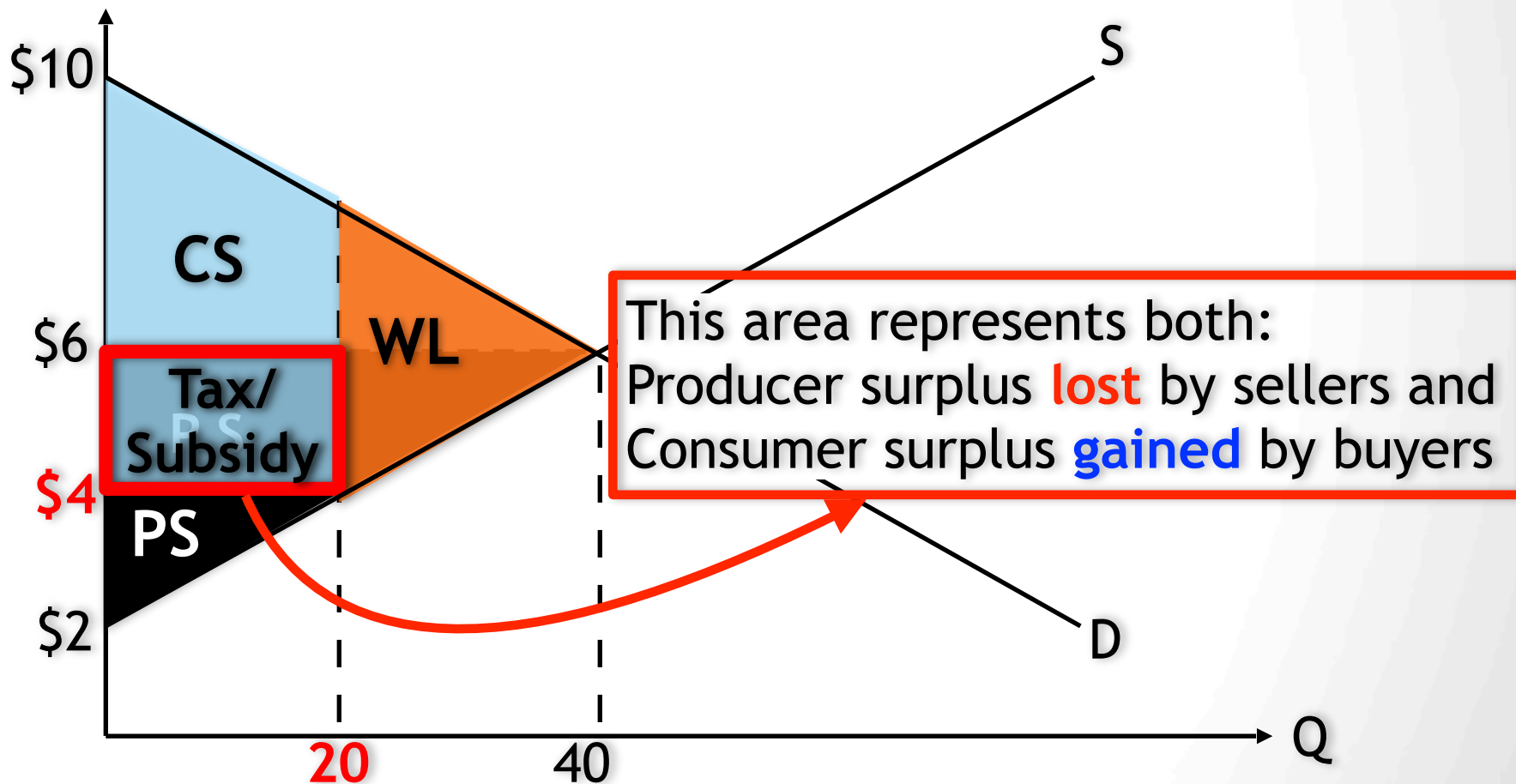
This area represents both:  
Producer surplus **lost** by sellers and  
Consumer surplus **gained** by buyers



# Price Ceiling

## Tax to producers

## Subsidy to consumers





# When Equilibrium Price is “too low”

