



Other Forms of Price Supports

2. Legislating a minimum legal price below which a good cannot be sold rarely works.

So instead of imposing price floors, governments try to raise prices artificially by **limiting production**.

Each farmer may be issued a **quota** that stipulates how much he can sell in a given year.

This is done with peanuts in the United States and milk in  
Canada.

Limiting supply can raise market prices as long as government inspectors monitor the market to ensure that no production beyond the quota is sold for a lower price.

A bright yellow, multi-pointed starburst or explosion shape, centered on a white background. The shape has approximately 12 points of varying lengths, creating a dynamic, star-like effect. It has a slight drop shadow, giving it a three-dimensional appearance.

Supply shifts  
left



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Supply shifts left

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