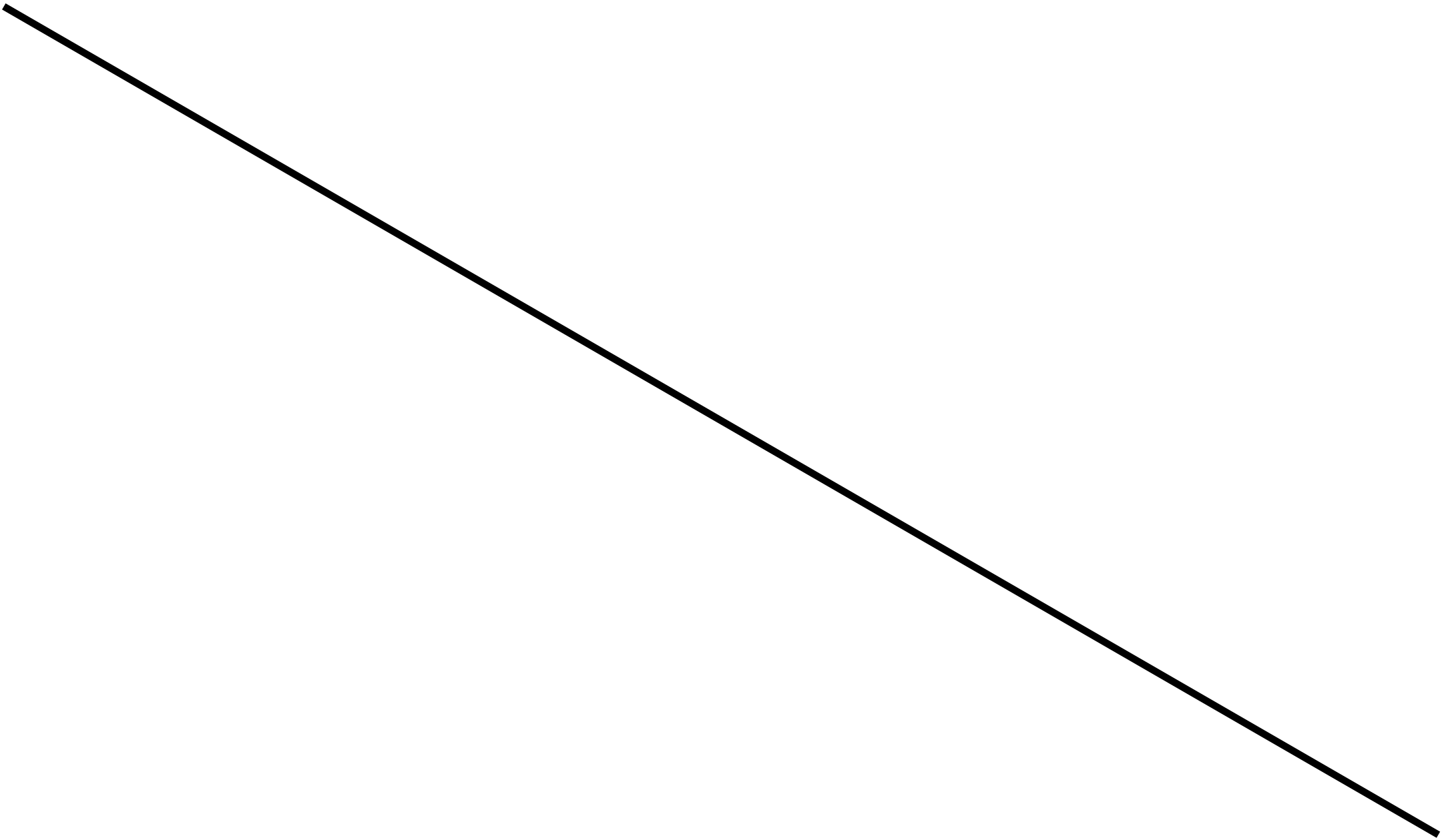
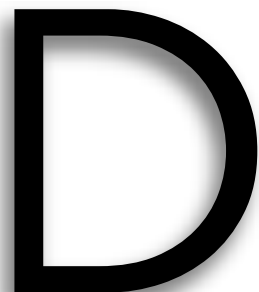
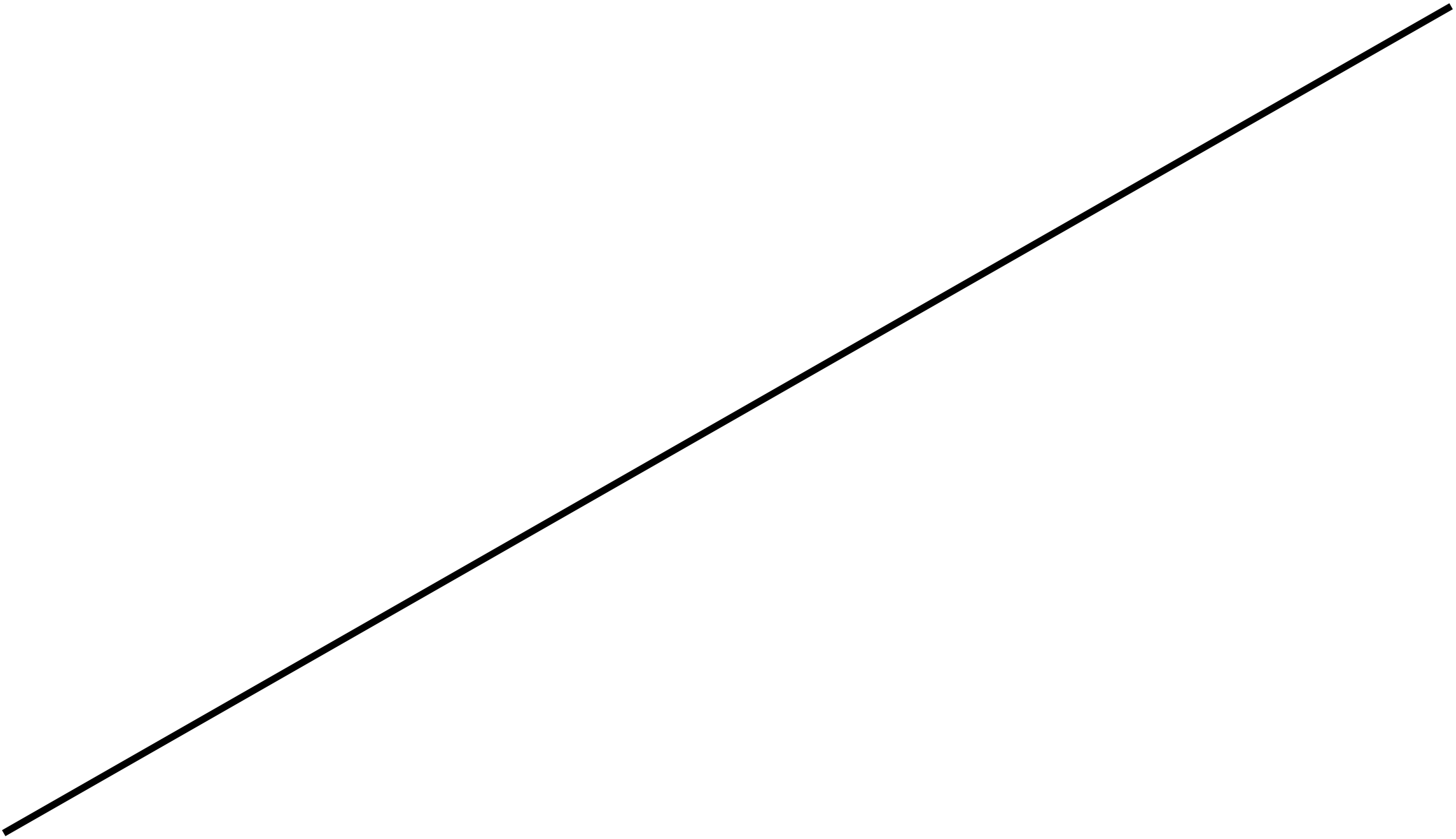




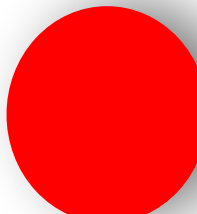
Floor $0.8



$$Q^s = 100$$

$$Q_e = 600$$

$$P_e = 0.5$$



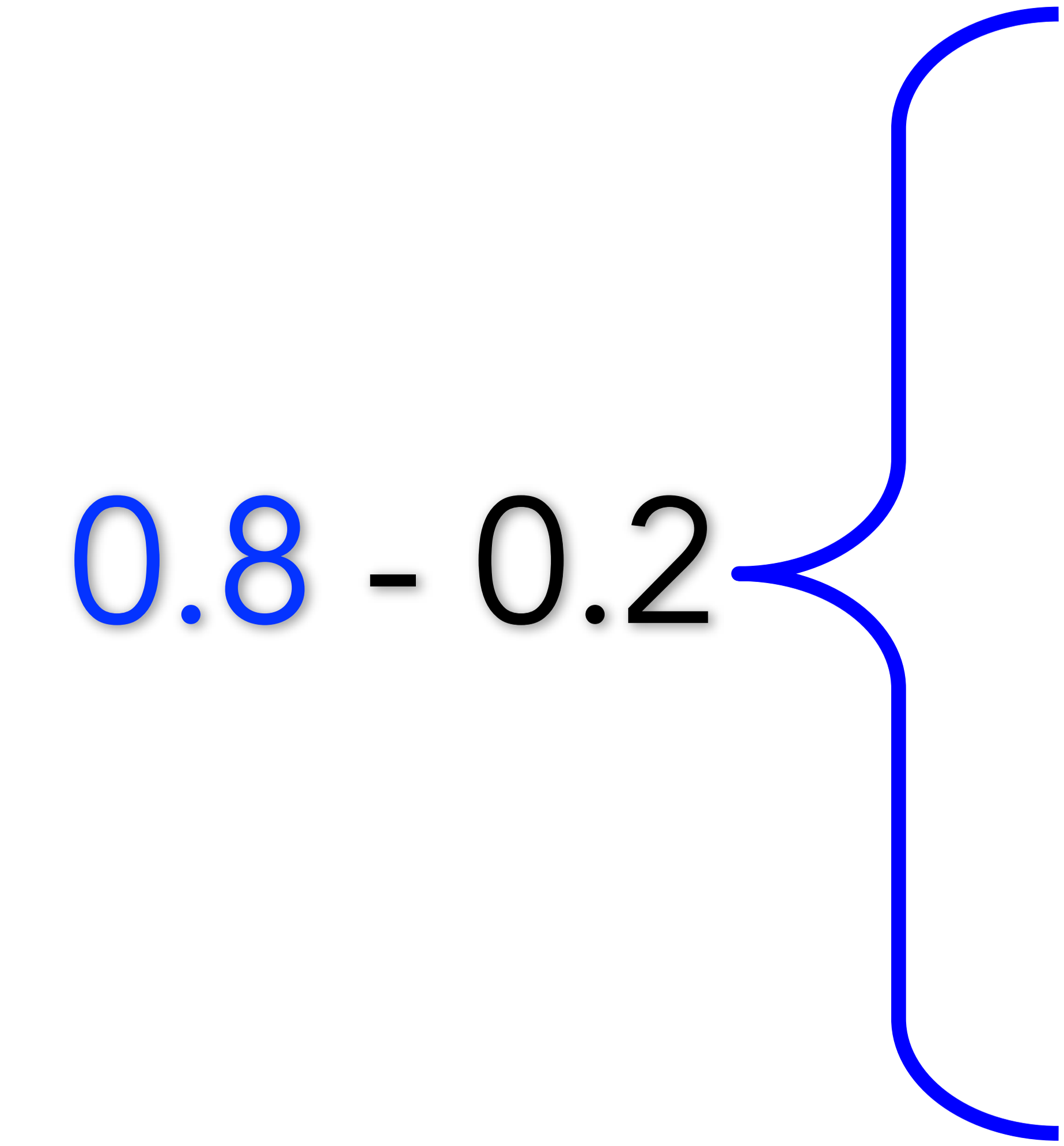
Welfare
Loss

Calculating the Size of the Welfare Loss

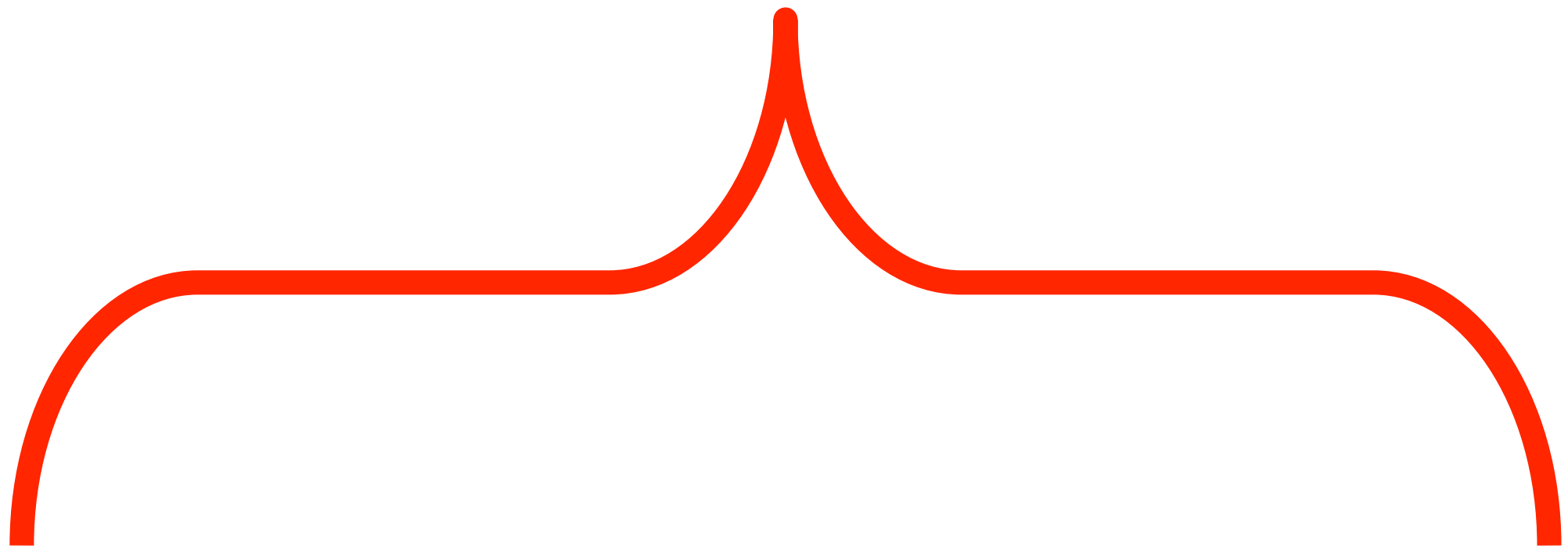
WL = Base x Height x ½

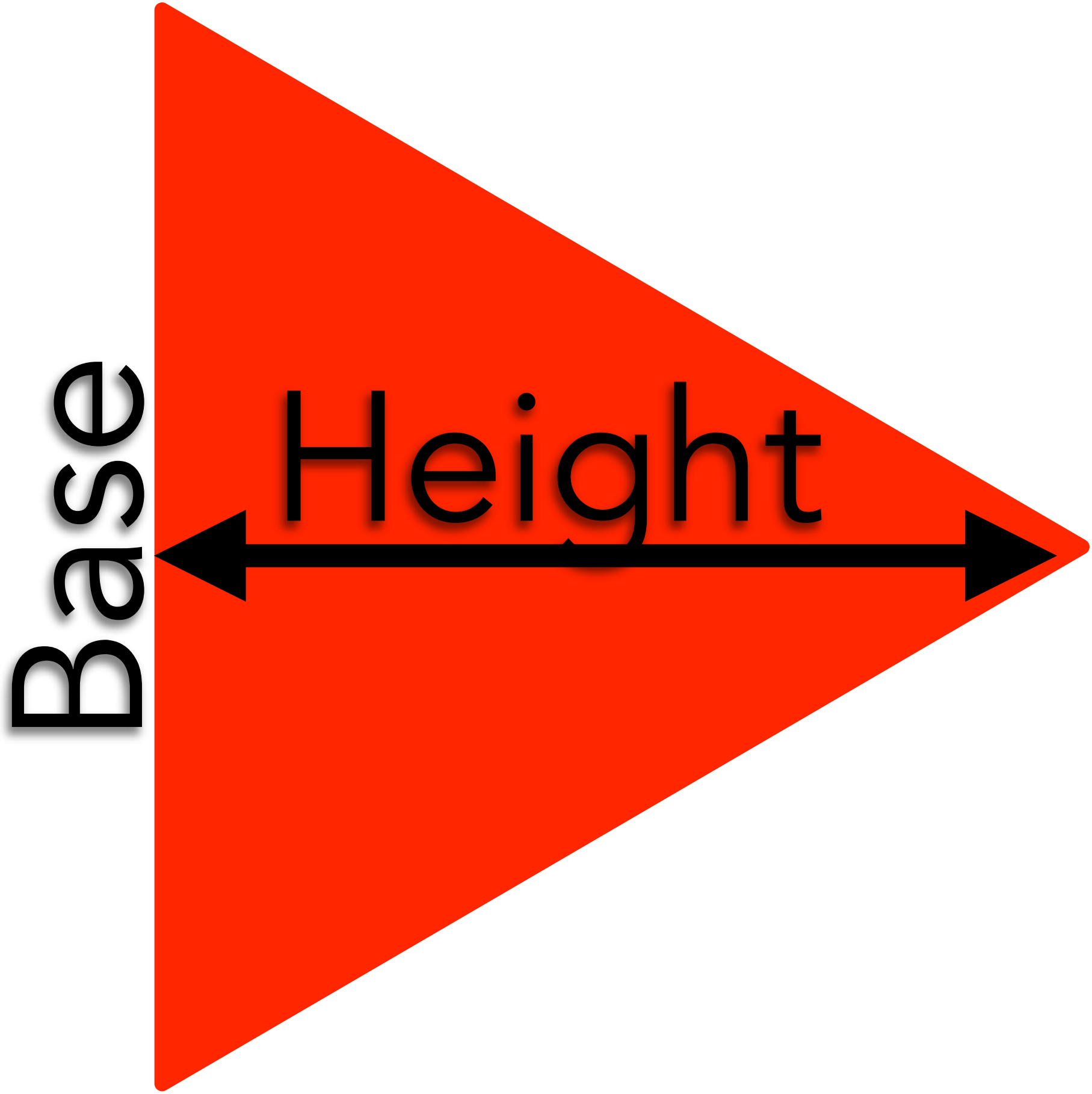
$$WL = (0.8 - 0.2) \times (600 - 100) \times 1/2$$

$$WL = (0.6 \times 500) \times \frac{1}{2} = \$150$$


0.8 - 0.2

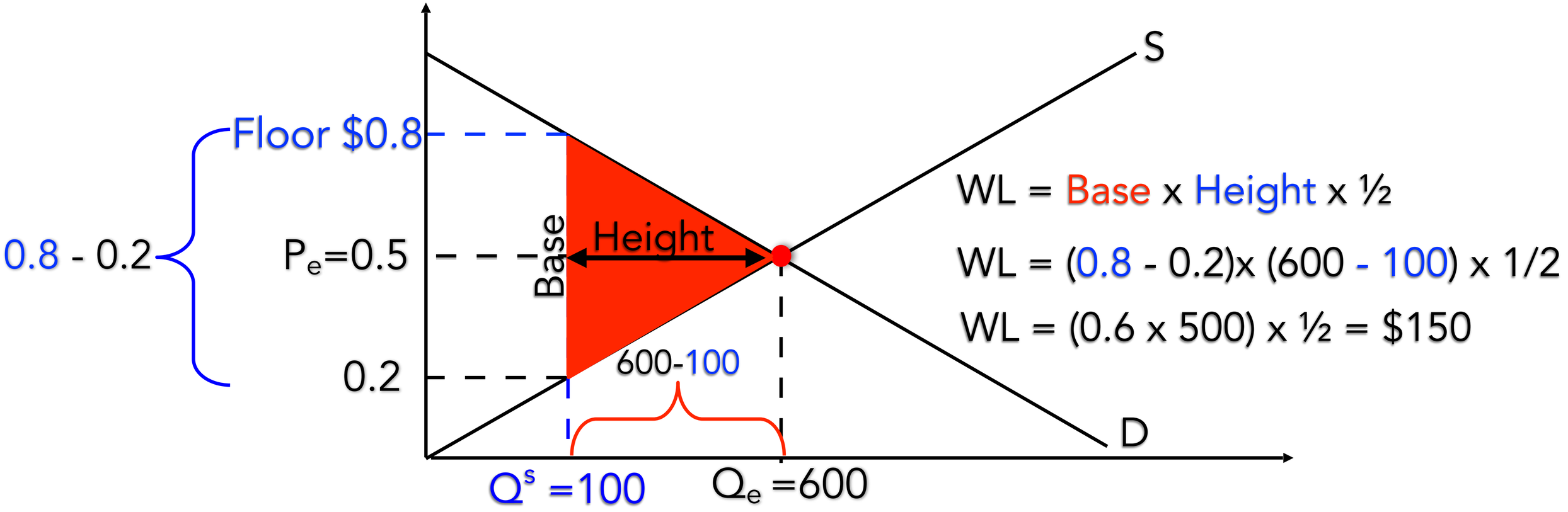
600-100

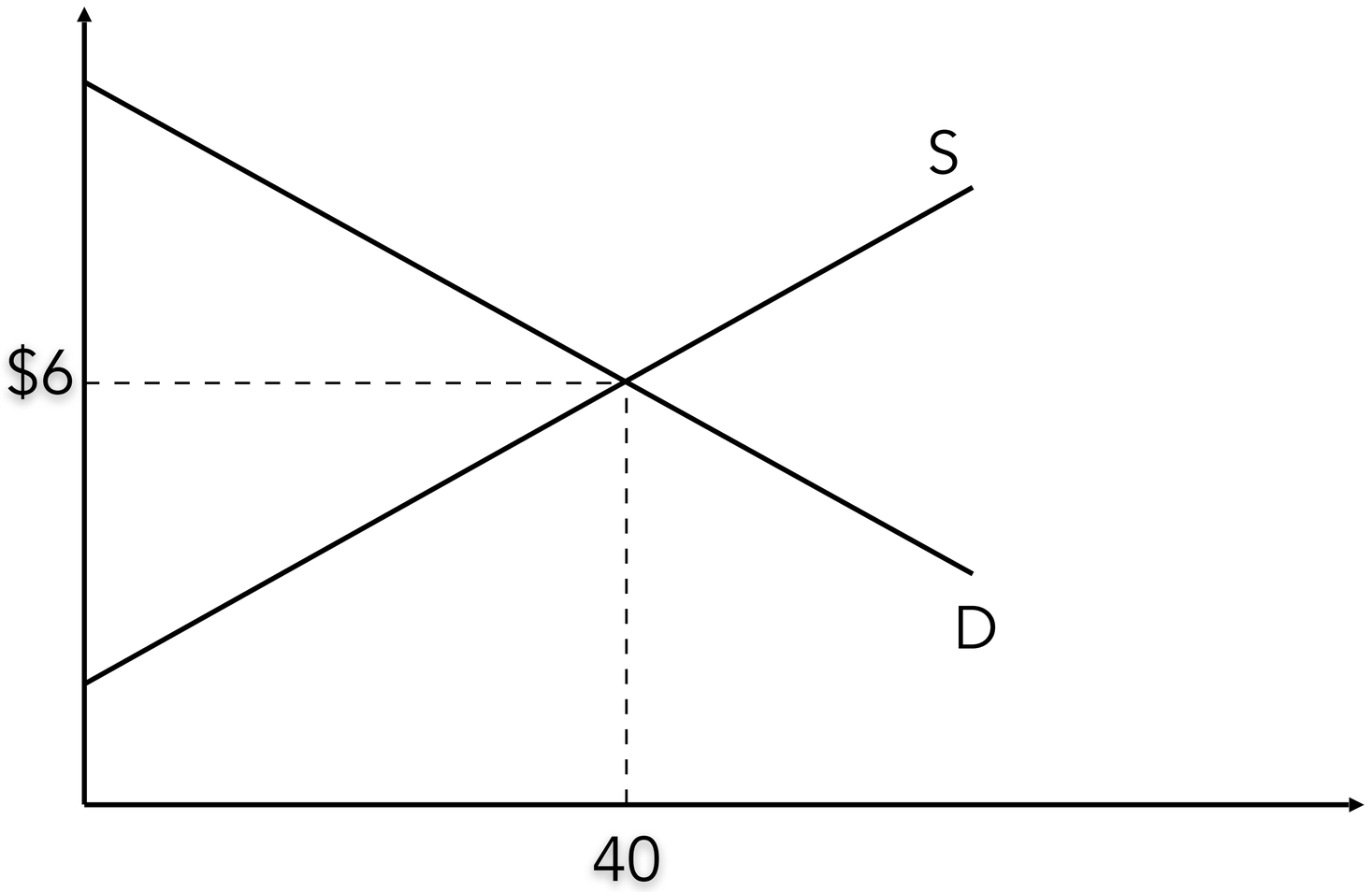



Base
Height

0.2

Calculating the Size of the Welfare Loss




S
$6
D
40