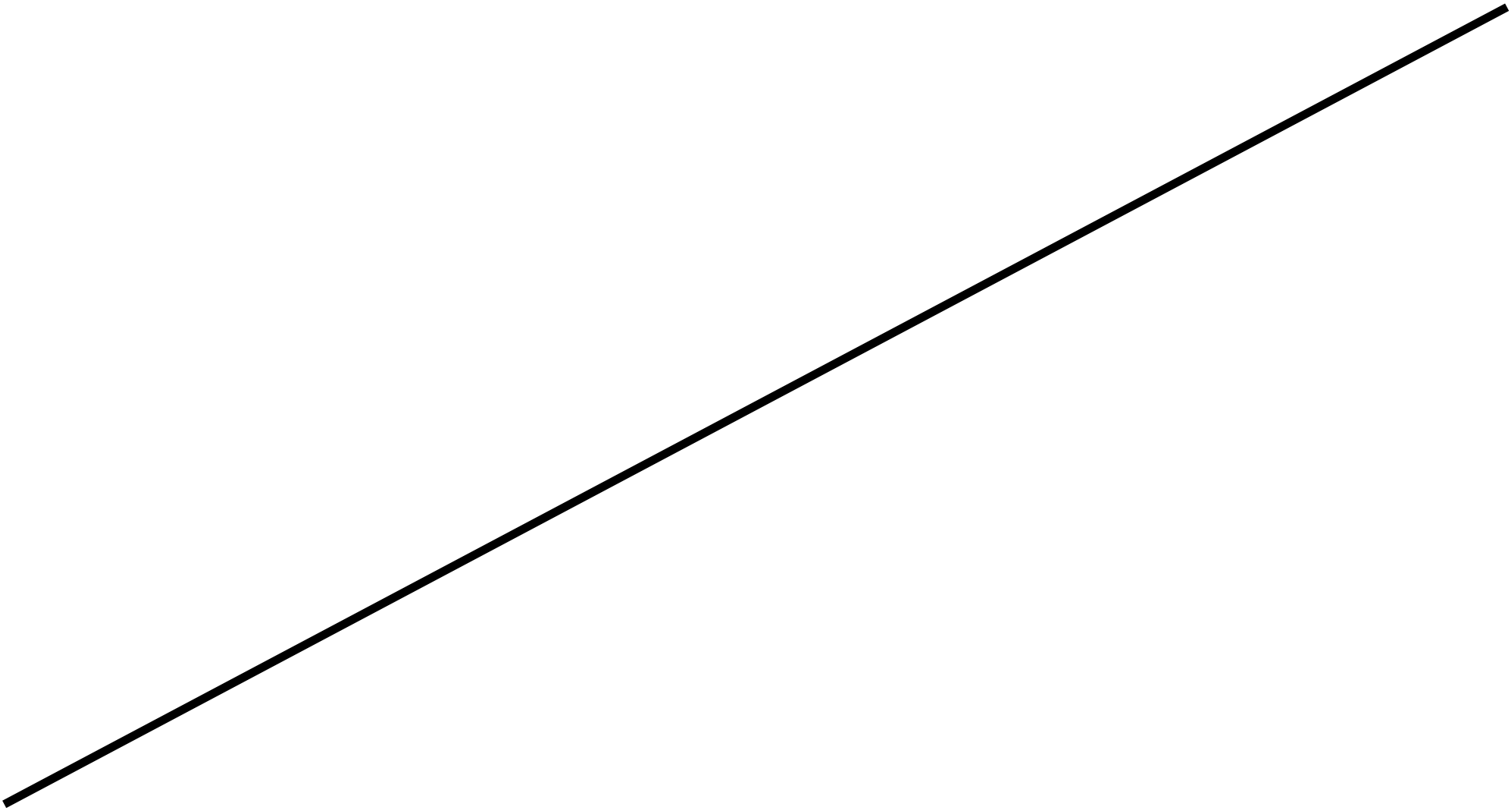






**D**

S





$$Q_e = 400$$

Floor: \$0.8







CS at  
Equilibrium

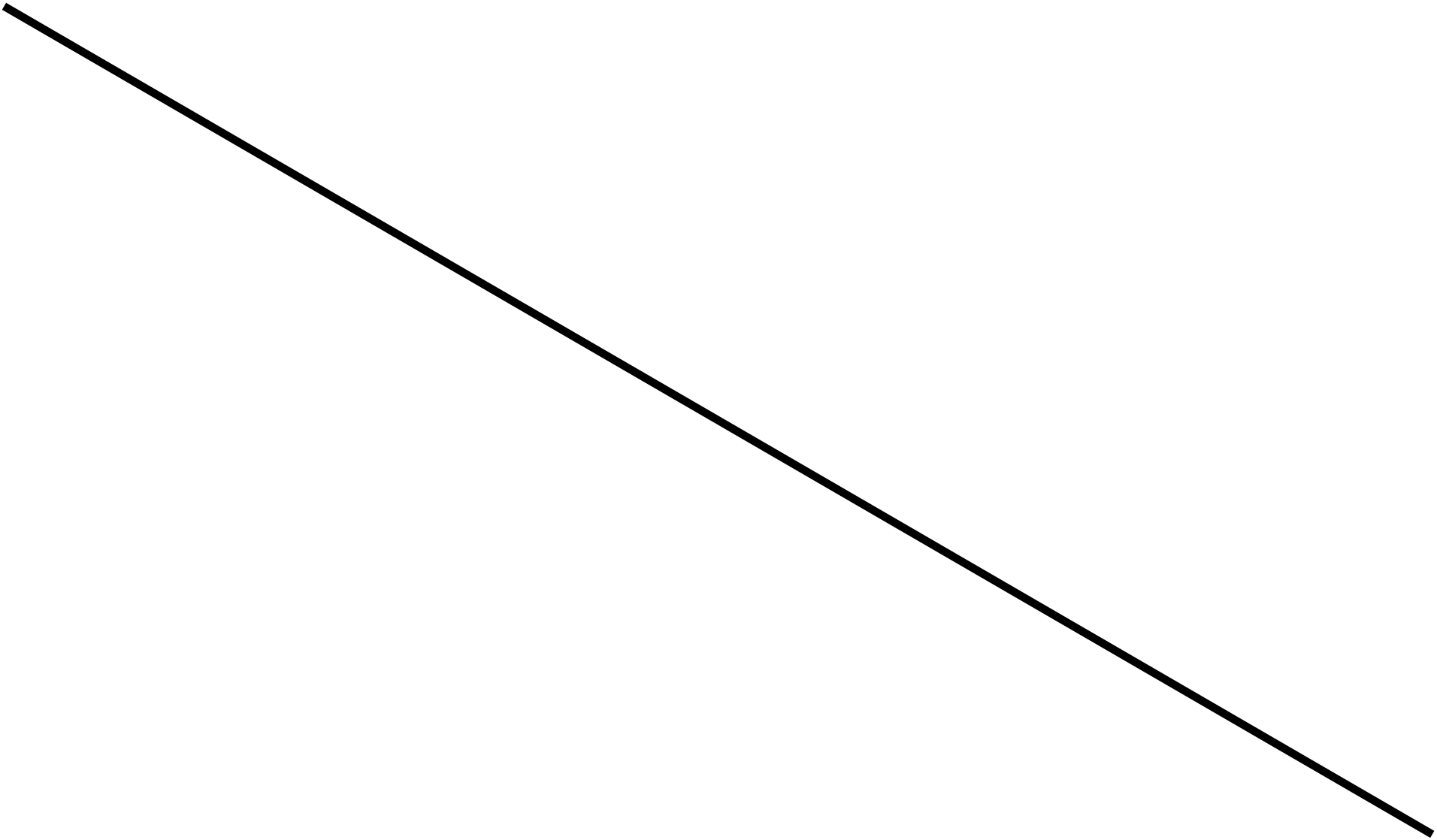




$$Q^s = 100$$



CS lost



$$P_e = 0.50$$





**D**

S

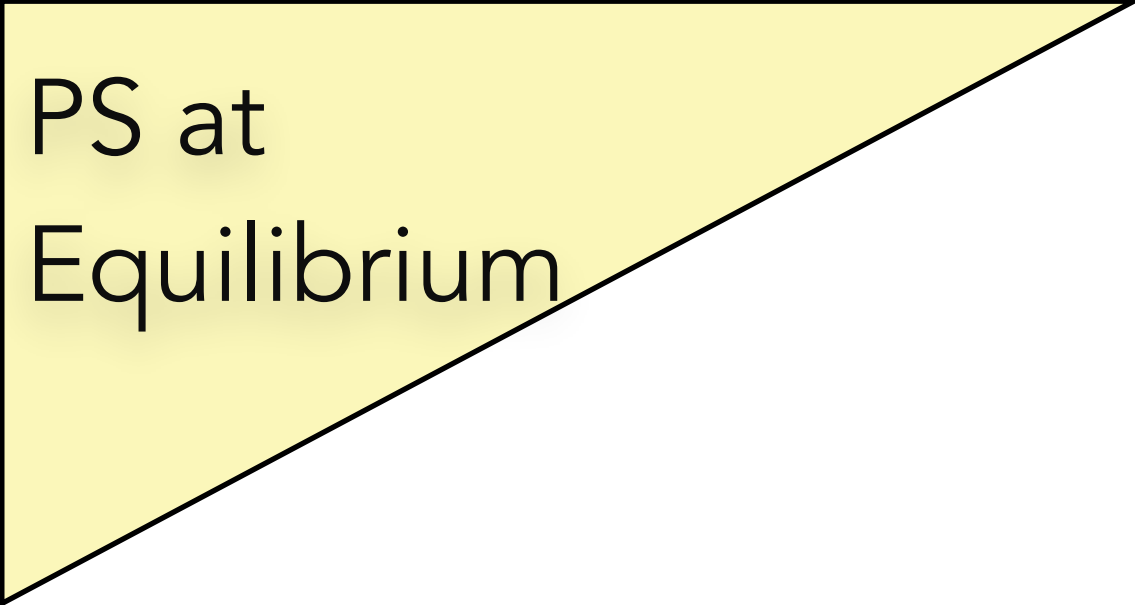


$$Q_e = 400$$

$$P_e = 0.50$$

Floor: \$0.8





PS at  
Equilibrium



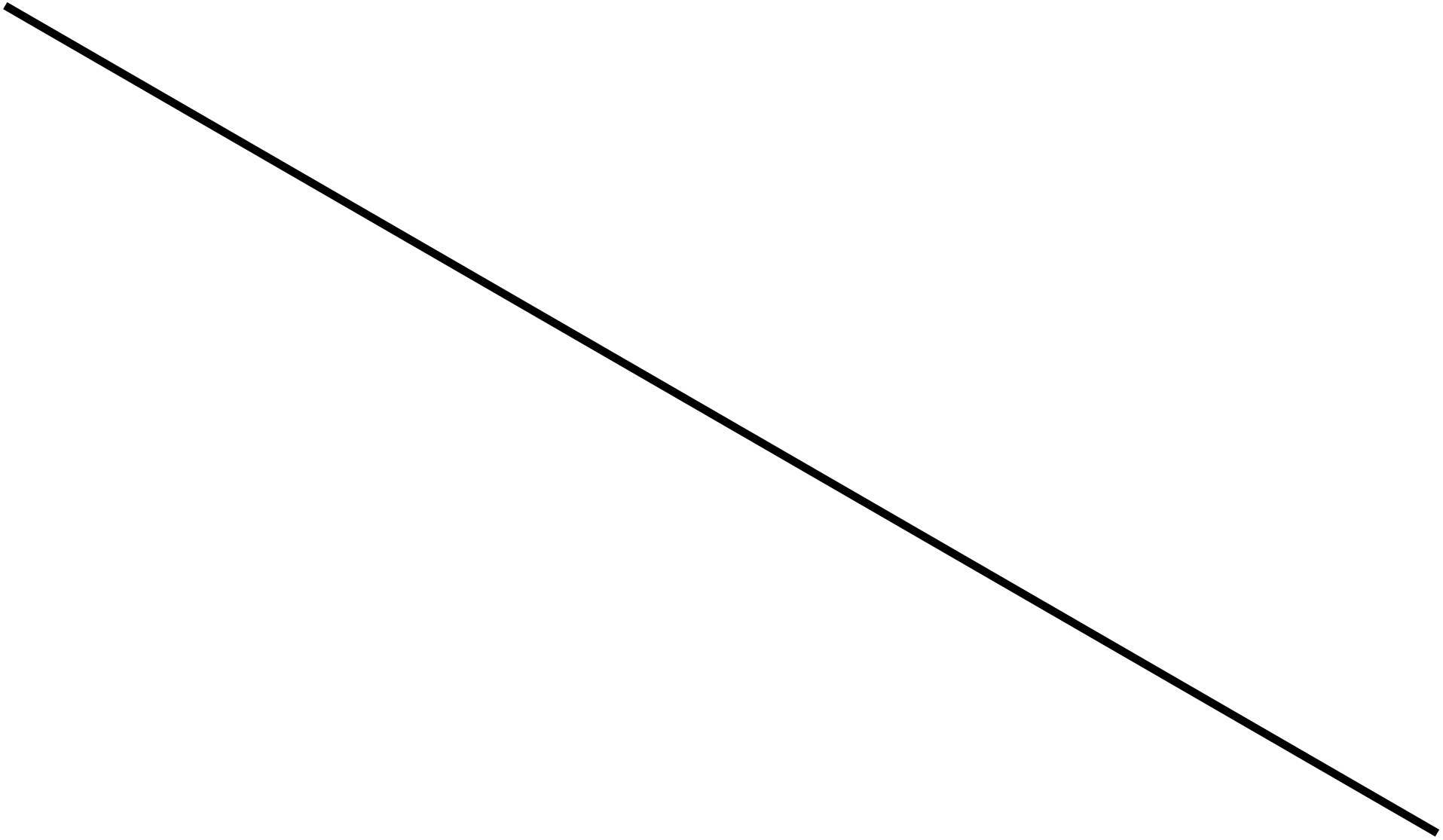




$$Q^s = 100$$



PS lost



CS lost





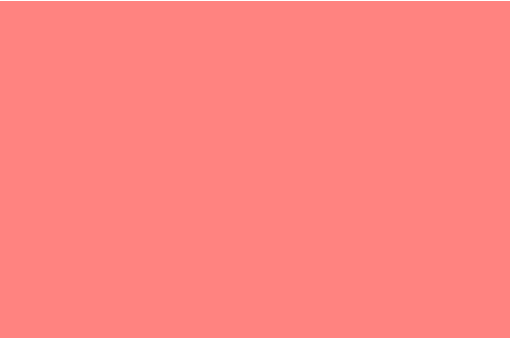




CS lost









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



CS

PS after  
floor is  
imposed

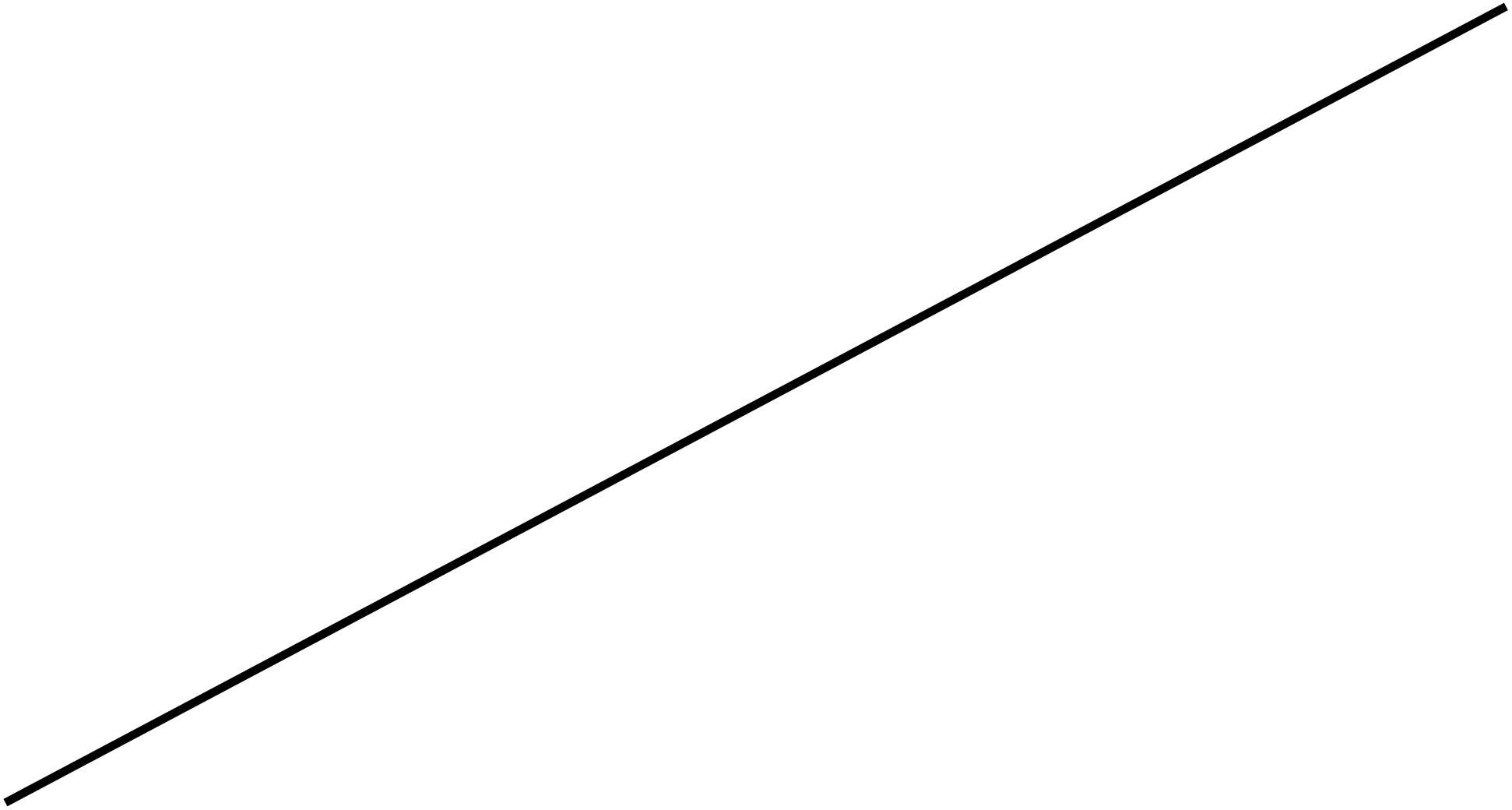
CS lost

PS

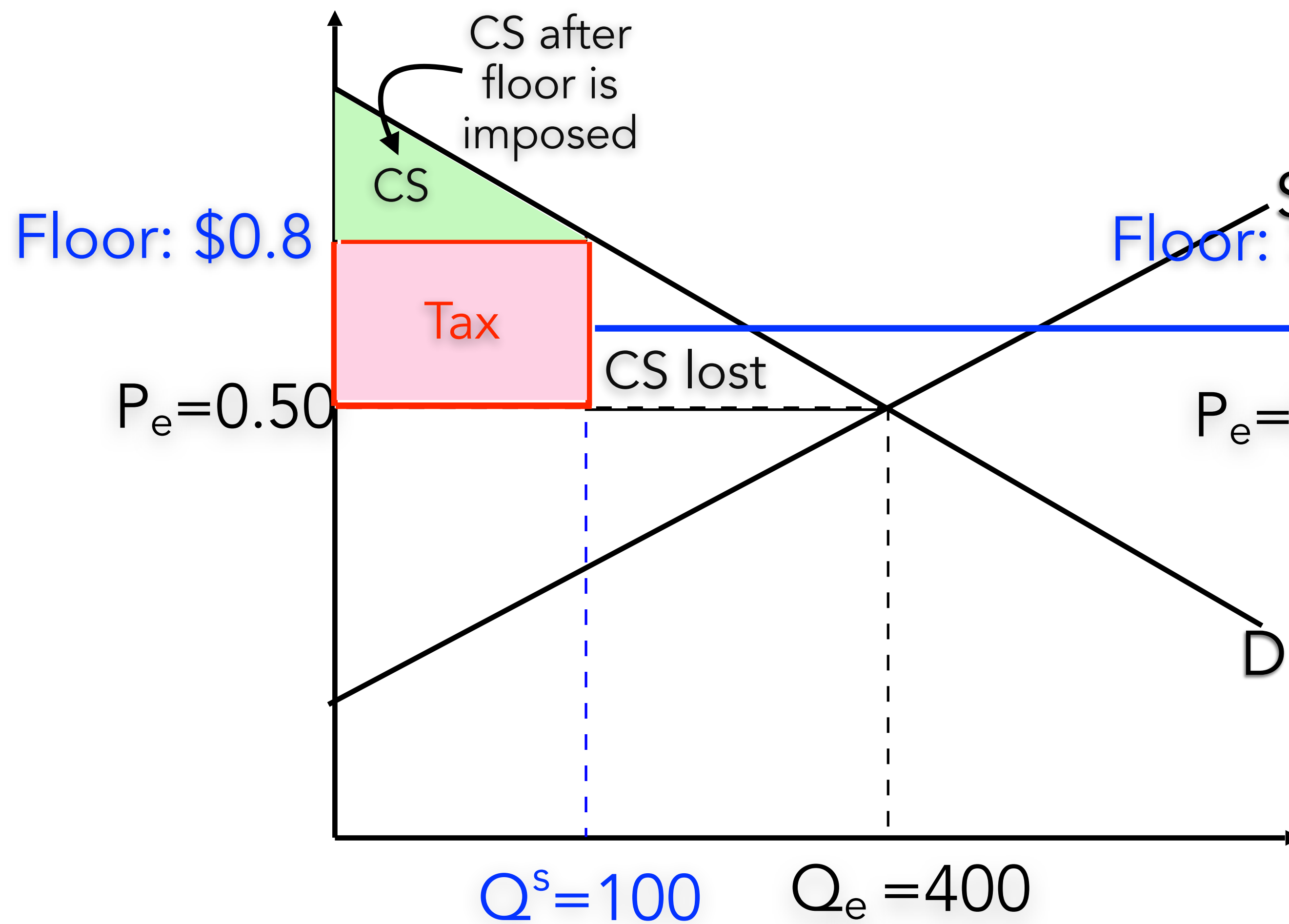
gained

# Subsidy

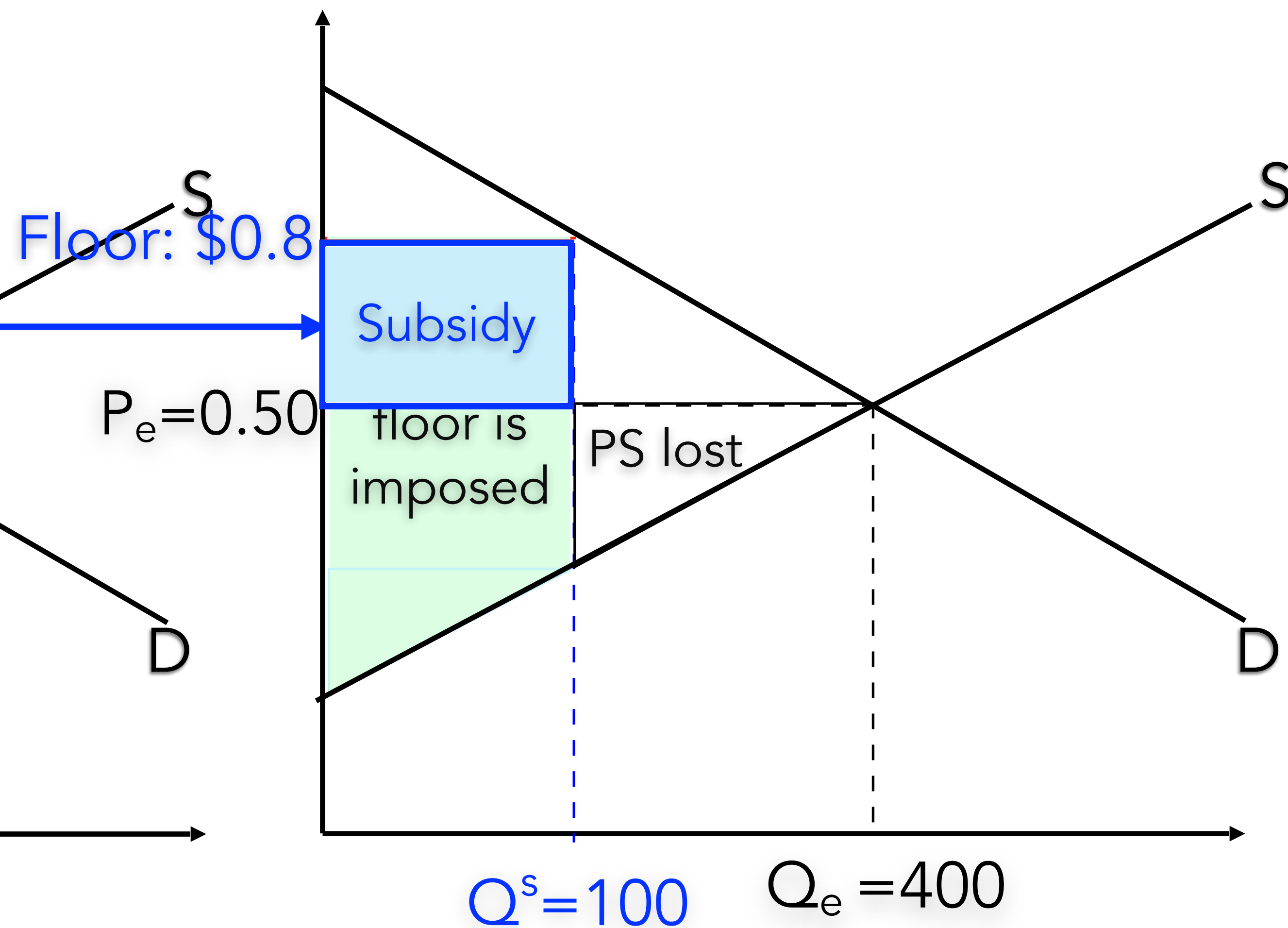




Floor has the same effect of imposing a tax on consumers and a subsidy to producers



Consumers



Producers

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

