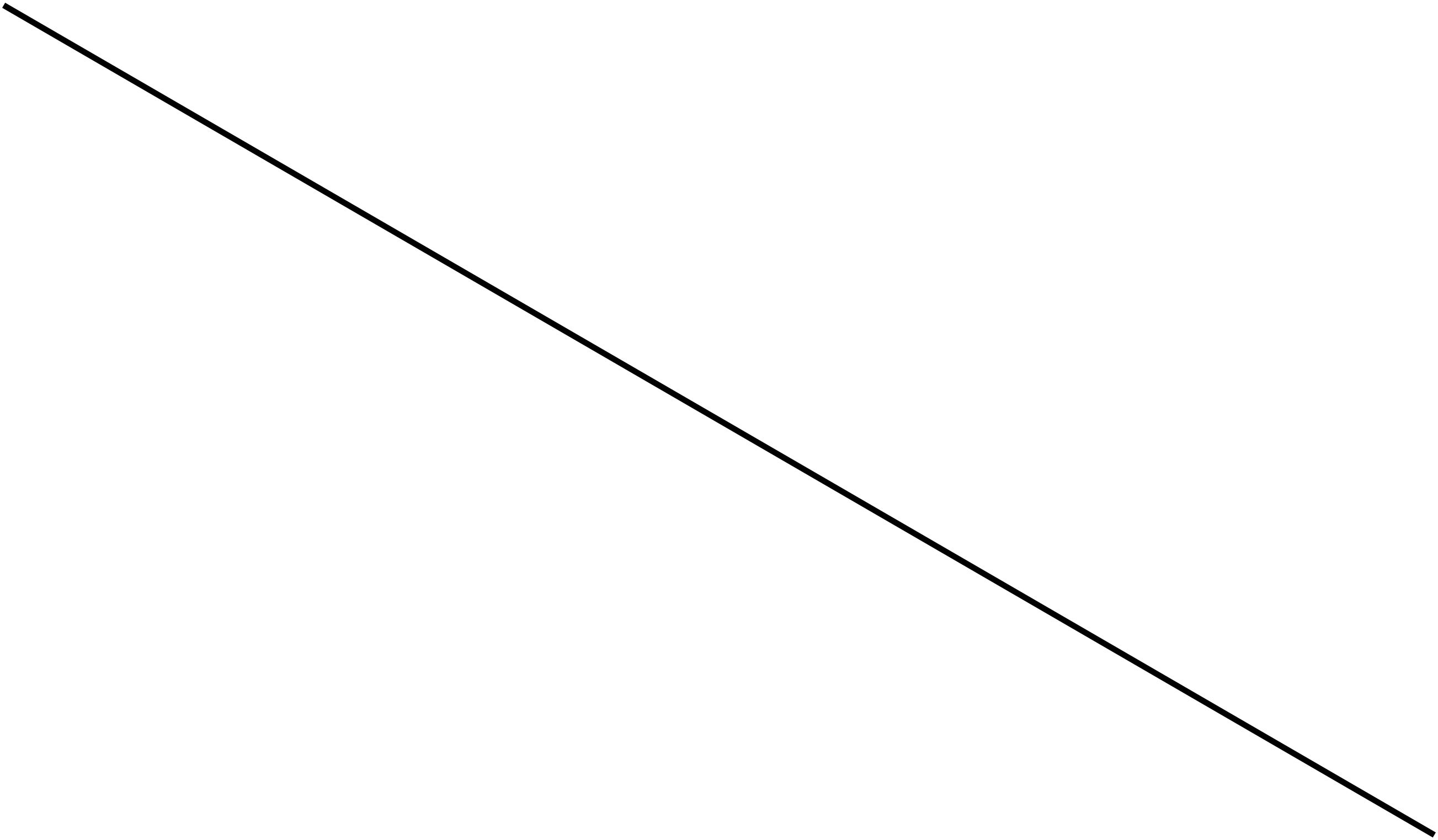




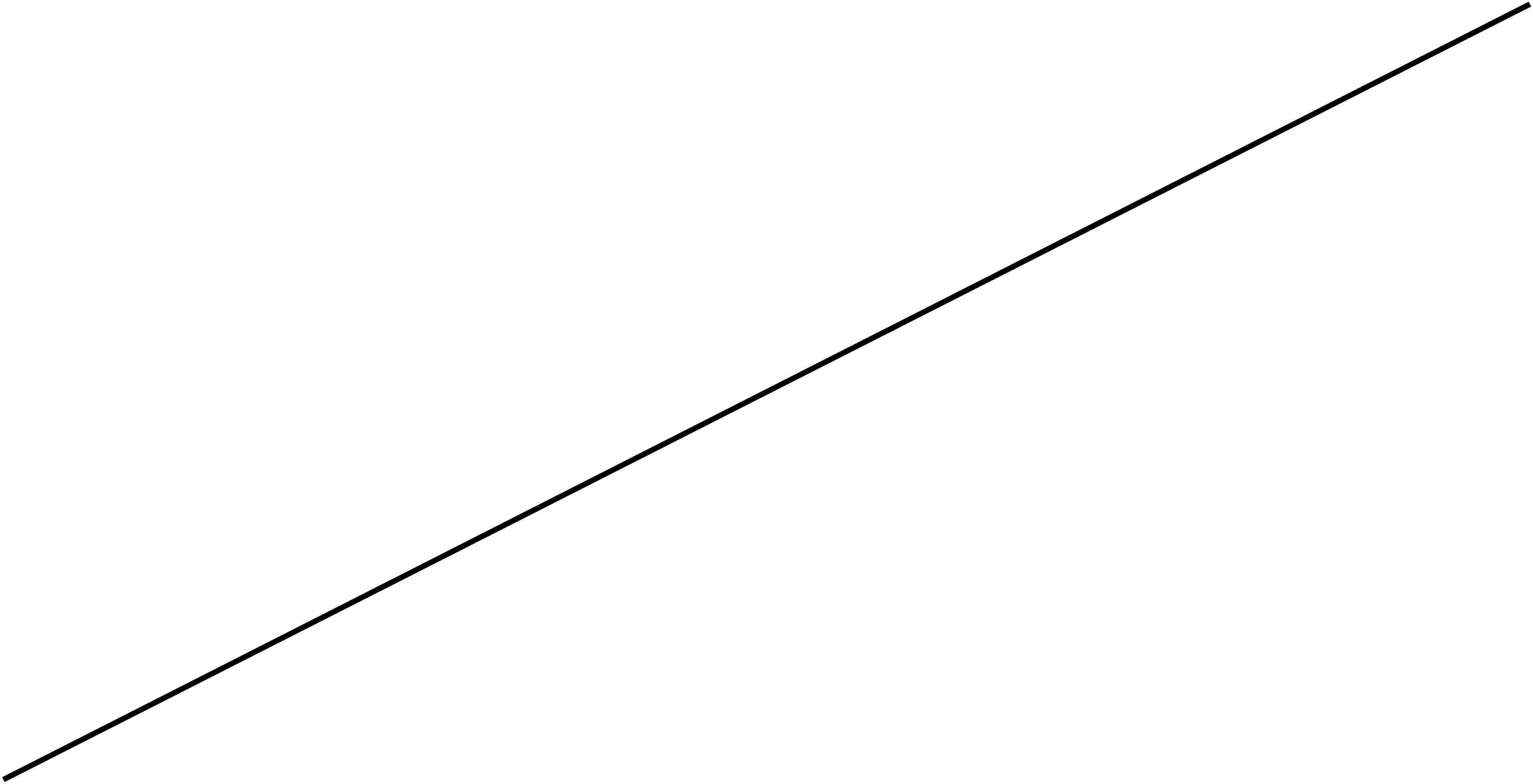
A price Floor prohibits prices below





S

Price Floor: 0.8











$$Q_e = 400$$

$$P_e = 0.50$$



Price Floor: The  
minimum price is  
\$0.80/pound



Price Floor



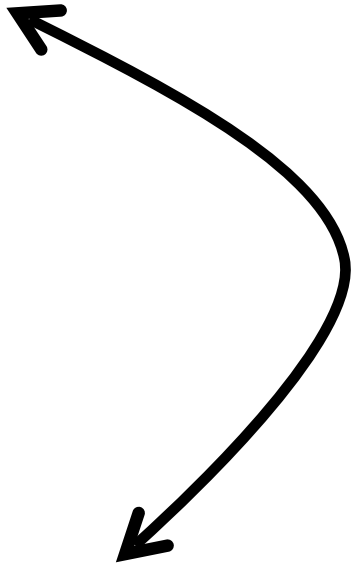
All these prices are  
now prohibited

Prevents price  
from reaching  
equilibrium





The  
equilibrium price  
is no longer  
allowed



Price Floor: The minimum price is \$0.80/pound

A price Floor prohibits prices **below**

Price Floor: 0.8

Price Floor

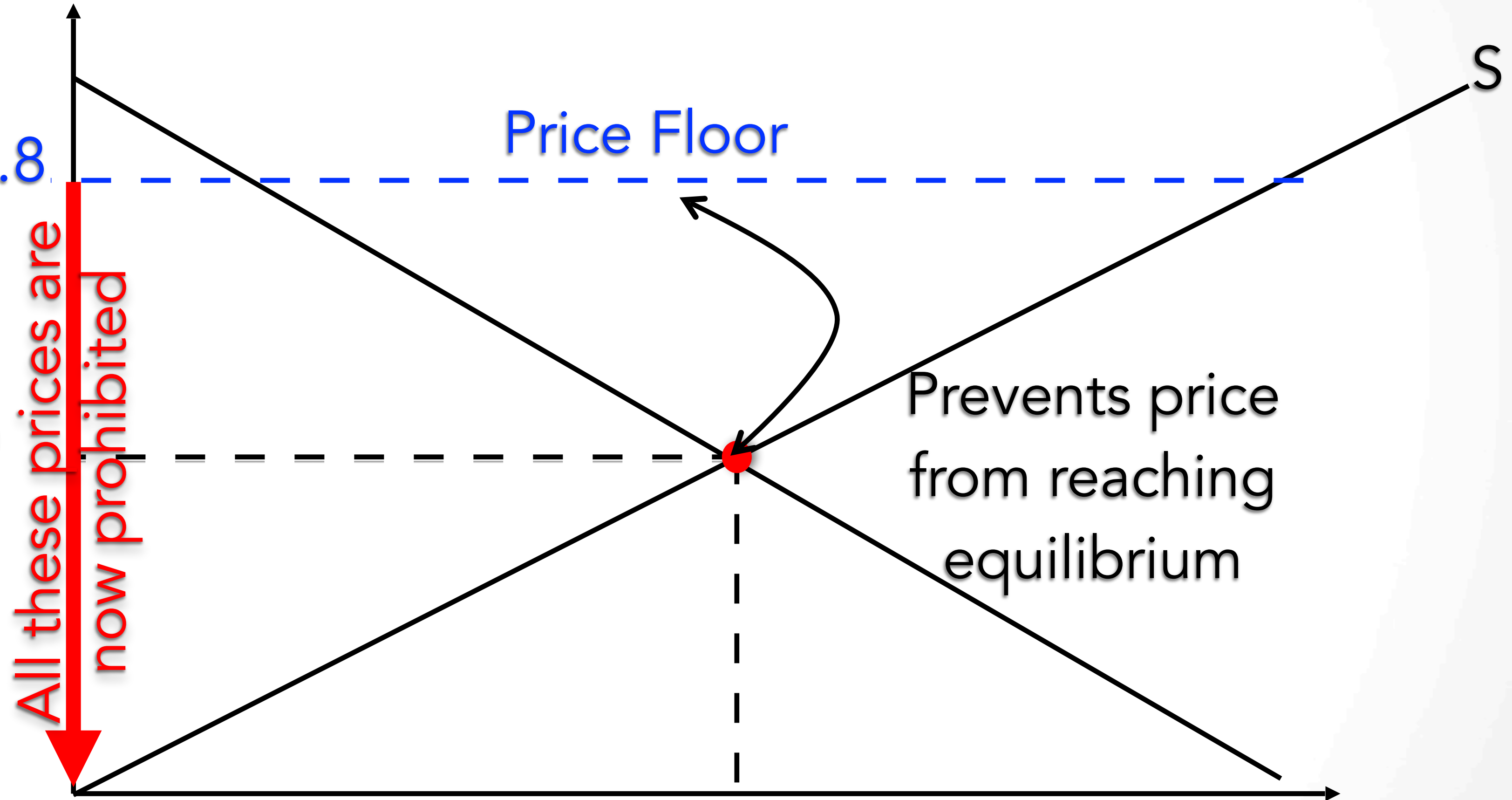
$P_e = 0.50$

All these prices are now prohibited

Prevents price from reaching equilibrium

The equilibrium price is no longer allowed

$Q_e = 400$



To be effective, a price **Floor** must prohibit **the equilibrium price**

