

2 4 6 8 10 12 14 16 18 20	22

Government impose a Price Floor at \$14





$$CS_{at Equilibrium} = \frac{(18-7) \times 10}{2}$$

$$CS_{after floor} = \frac{(18-14) \times 4}{2}$$



PS at equilibrium

$$PS_{at Equilibrium} = \frac{(7-2) \times 10}{2}$$

$$[(14-2)+(14-4)]_{x4}$$
PS after floor = $= 44$

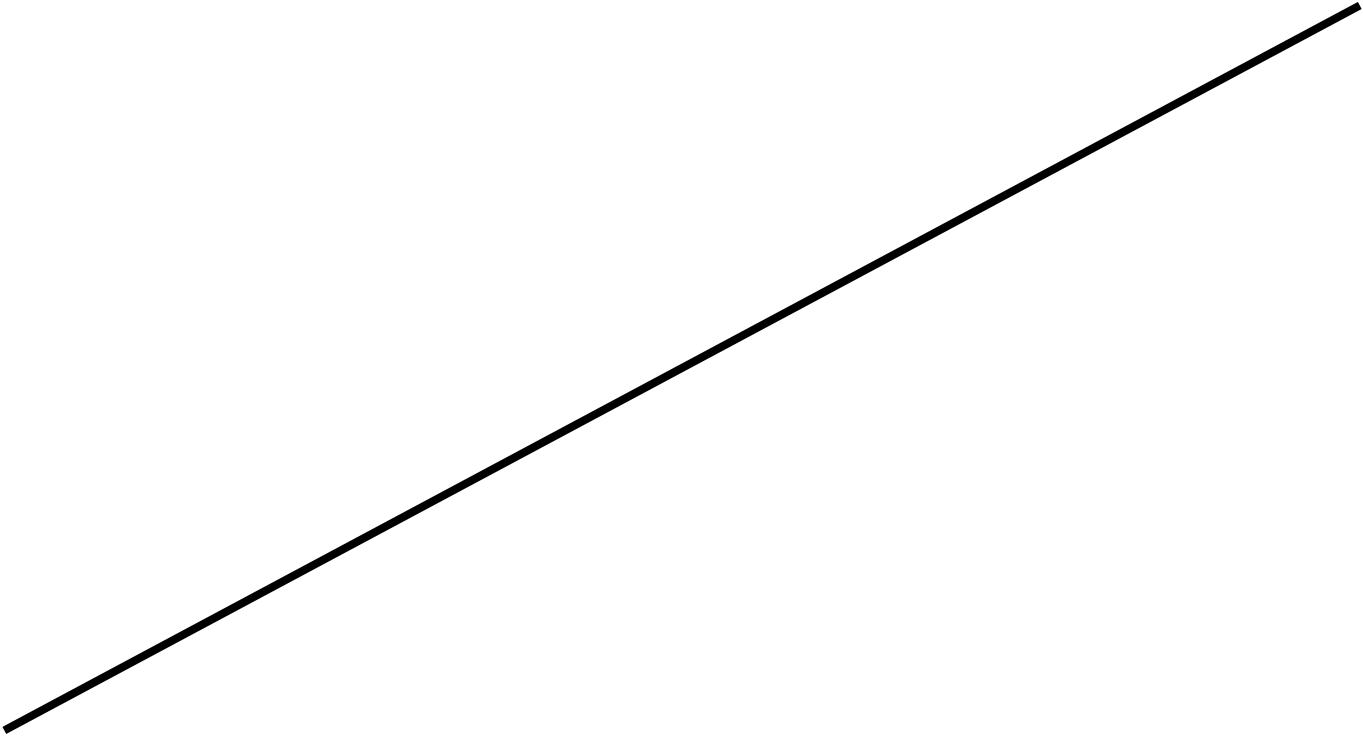


CS at equilibrium

CS after Floor

PS after floor





$$WL_{after floor} = \frac{(14-4)x(10-4)}{2}$$





Lost CS

Gained PS

Tax to

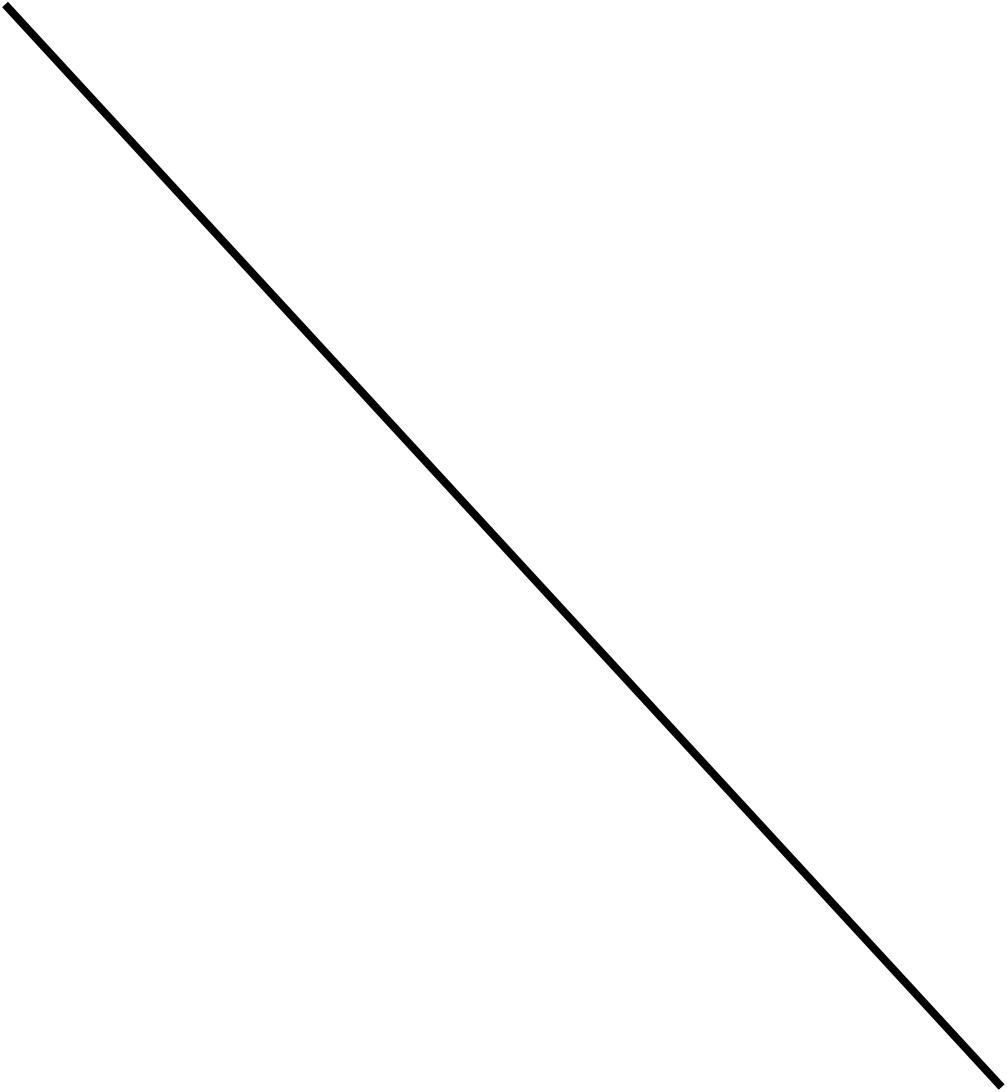
Subsidy to

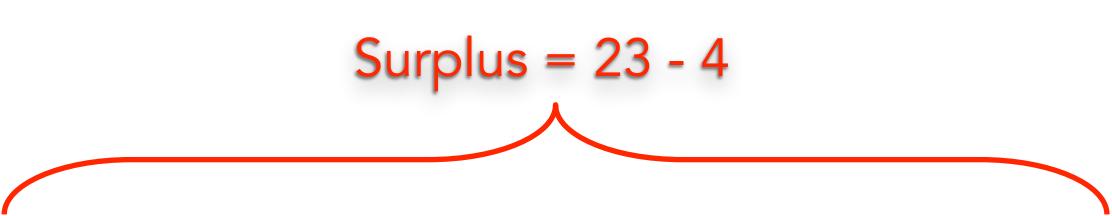
Producer

Consumer

Tax/Subsidy = $(14 - 7) \times 4 = 28$

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$$CS_{at Equilibrium} = \frac{(18-7) \times 10}{2} = 55$$

$$PS_{at Equilibrium} = \frac{(7-2) \times 10}{2} = 25$$

Government impose a Price Floor at \$14

$$CS_{after floor} = \frac{(18-14) \times 4}{2} = 8$$

$$PS_{after floor} = \frac{[(14-2)+(14-4)]_{x}4}{2} = 44$$

WL after floor =
$$\frac{(14-4)x(10-4)}{2} = 30$$

Tax/Subsidy =
$$(14 - 7) \times 4 = 28$$

