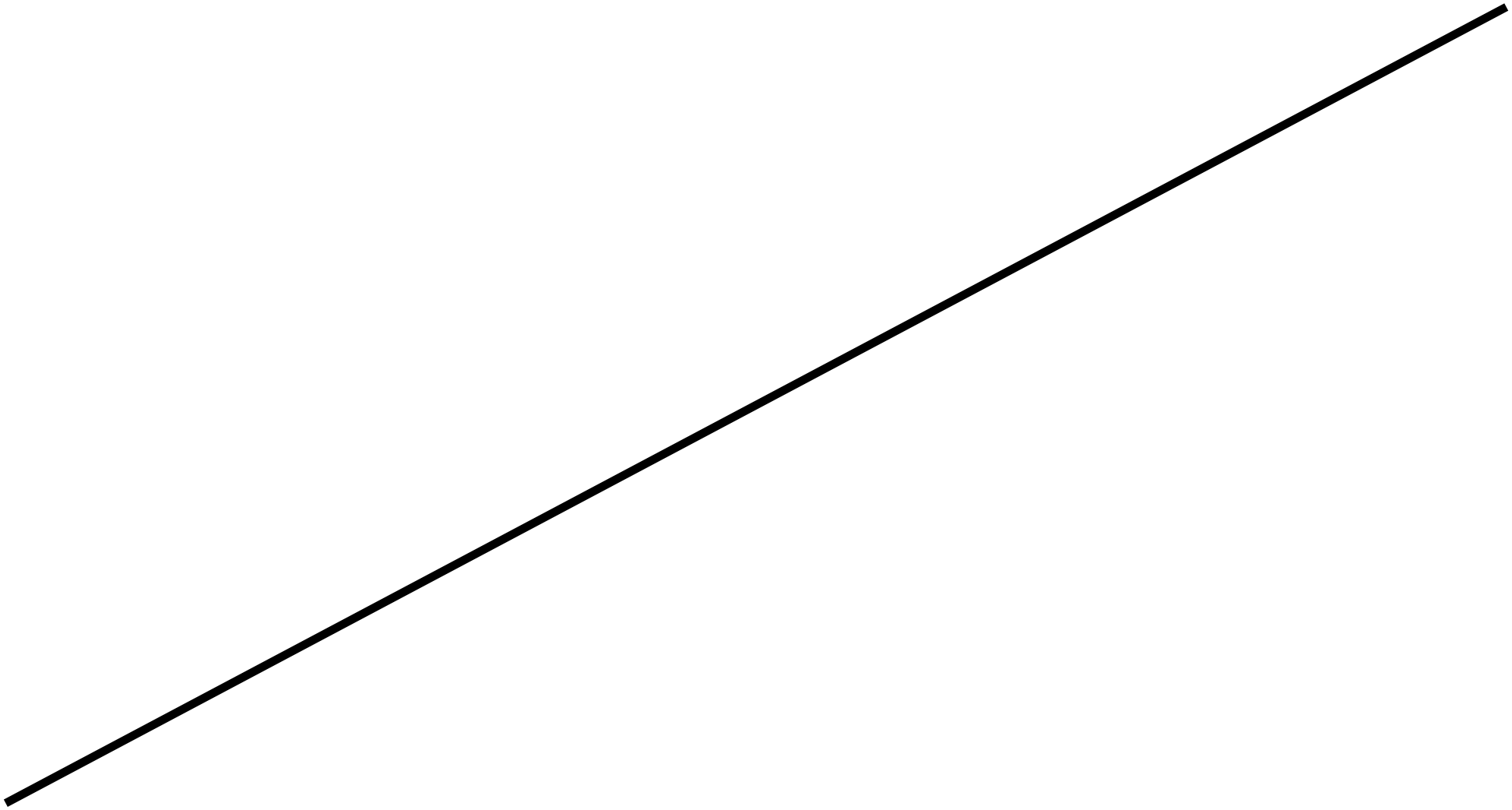




D

S





$$Q_e = 400$$

$$P_e = 0.50$$

Price Floor: 0.8

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



CS at
Equilibrium

$$Q^d = 1000$$



after
floor is
imposed
CS

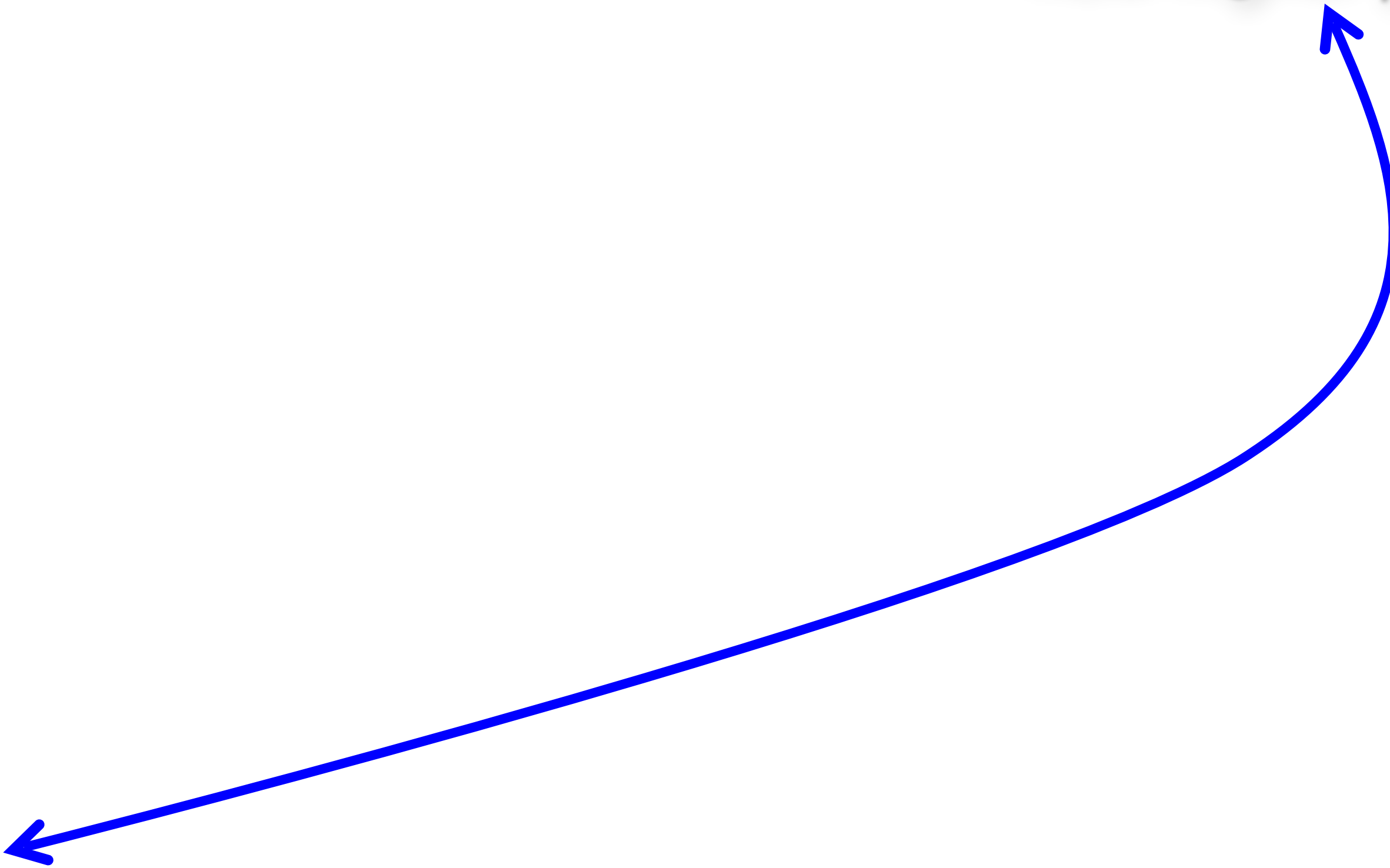




$$Q^s = 8000$$



Consumers can only afford
to buy 100 units at the
new higher price



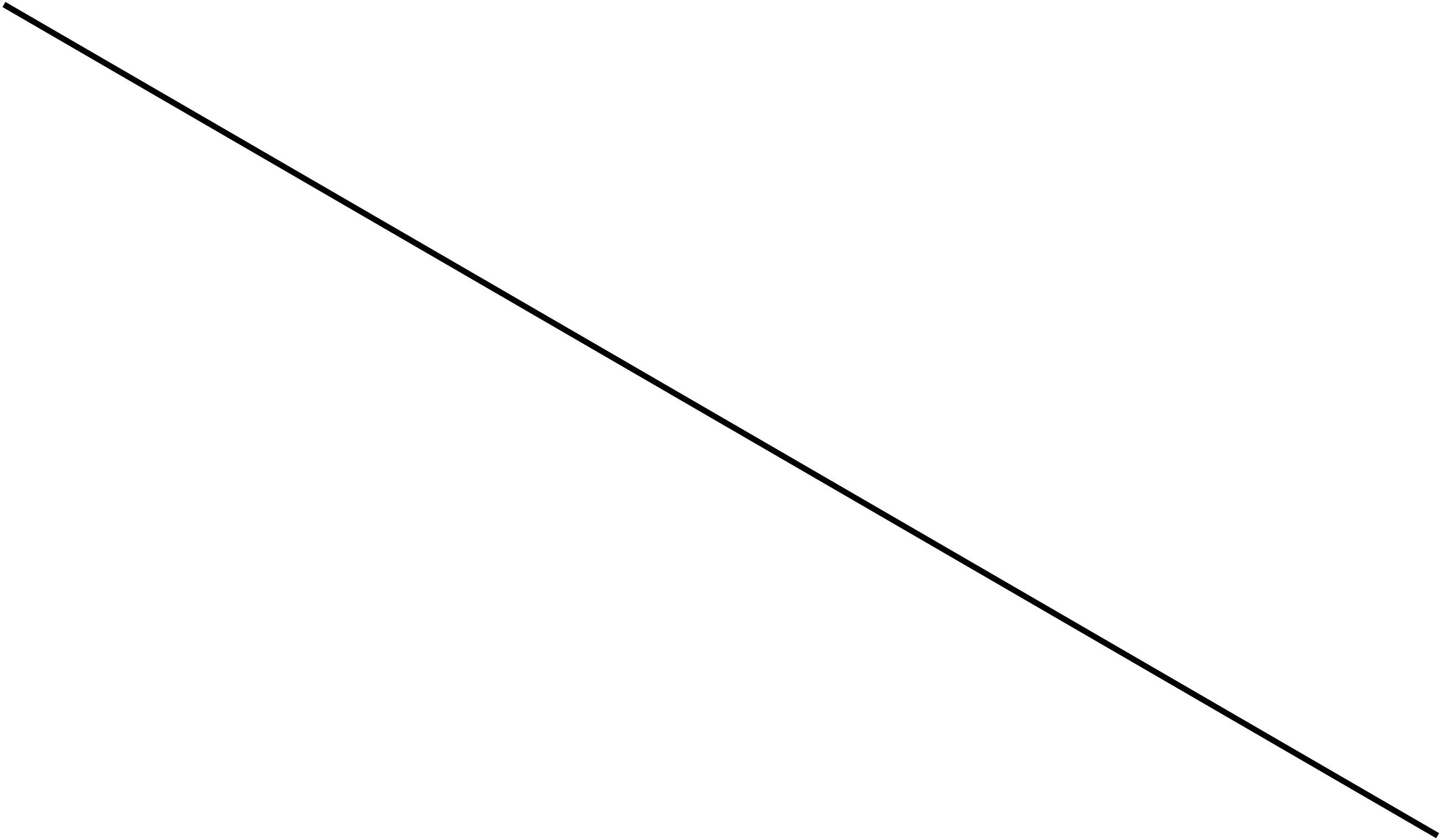
Consumers can only
get Consumer Surplus
on 100 units



$$Q^d = 100$$



CS lost



CS lost



The imposition of a Floor (for example price supports)

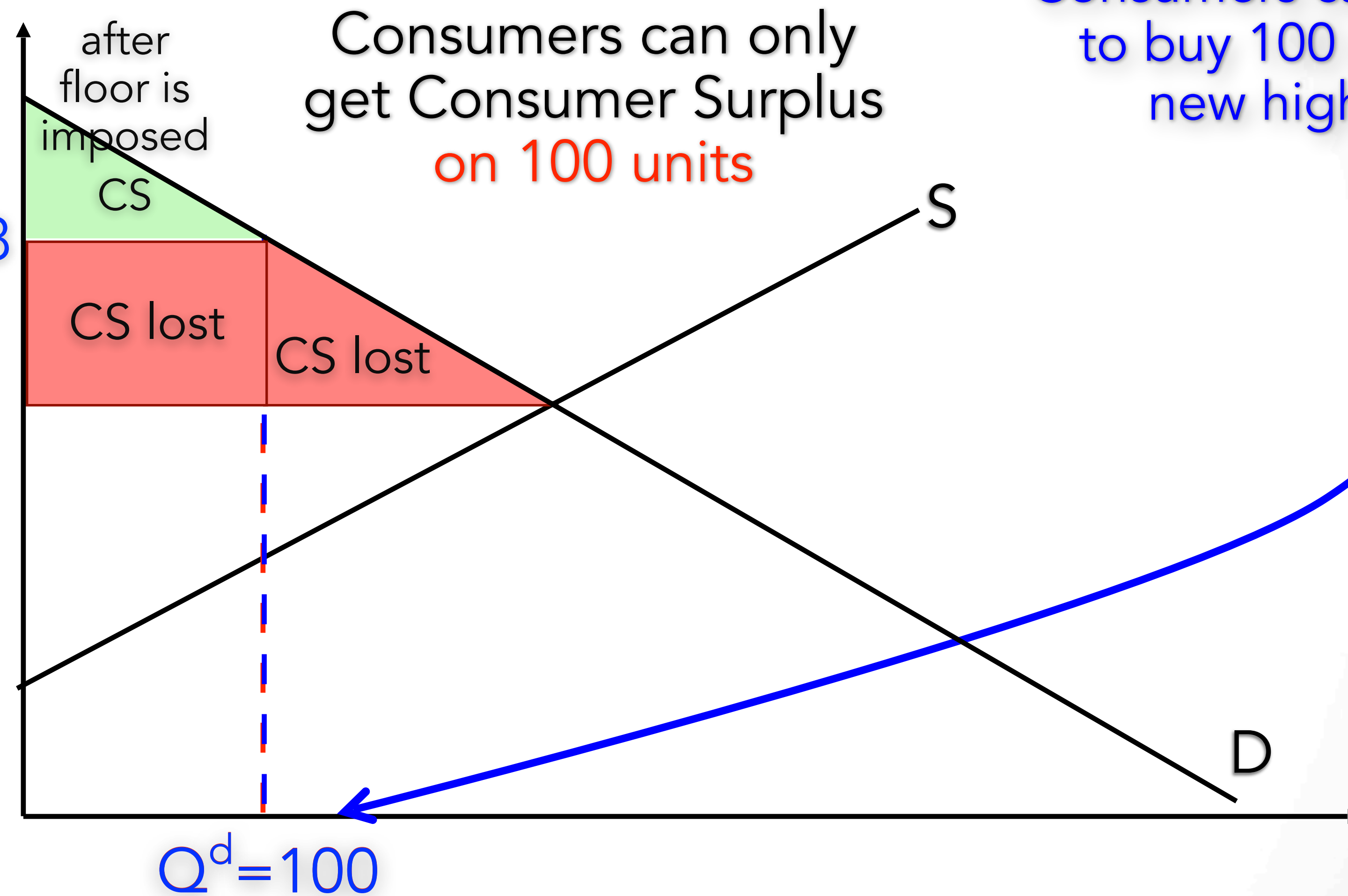
Results in a decrease in the number of units purchased by
consumers

Consumers pay a higher price on the fewer units they can afford to buy

The imposition of a Floor (for example price supports)

Consumers **pay a higher price** on the fewer units they can afford to buy

Price Floor: 0.8



Consumers can only get Consumer Surplus **on 100 units**

Consumers can only afford to buy 100 units at the new higher price

Results in a **decrease** in the number of units purchased by consumers

