



18

16

14

12

10

8

6

4

2

0

2

4

6

8

10

12

14

16

18

20

22

Government impose a Price
Floor at \$14

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

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

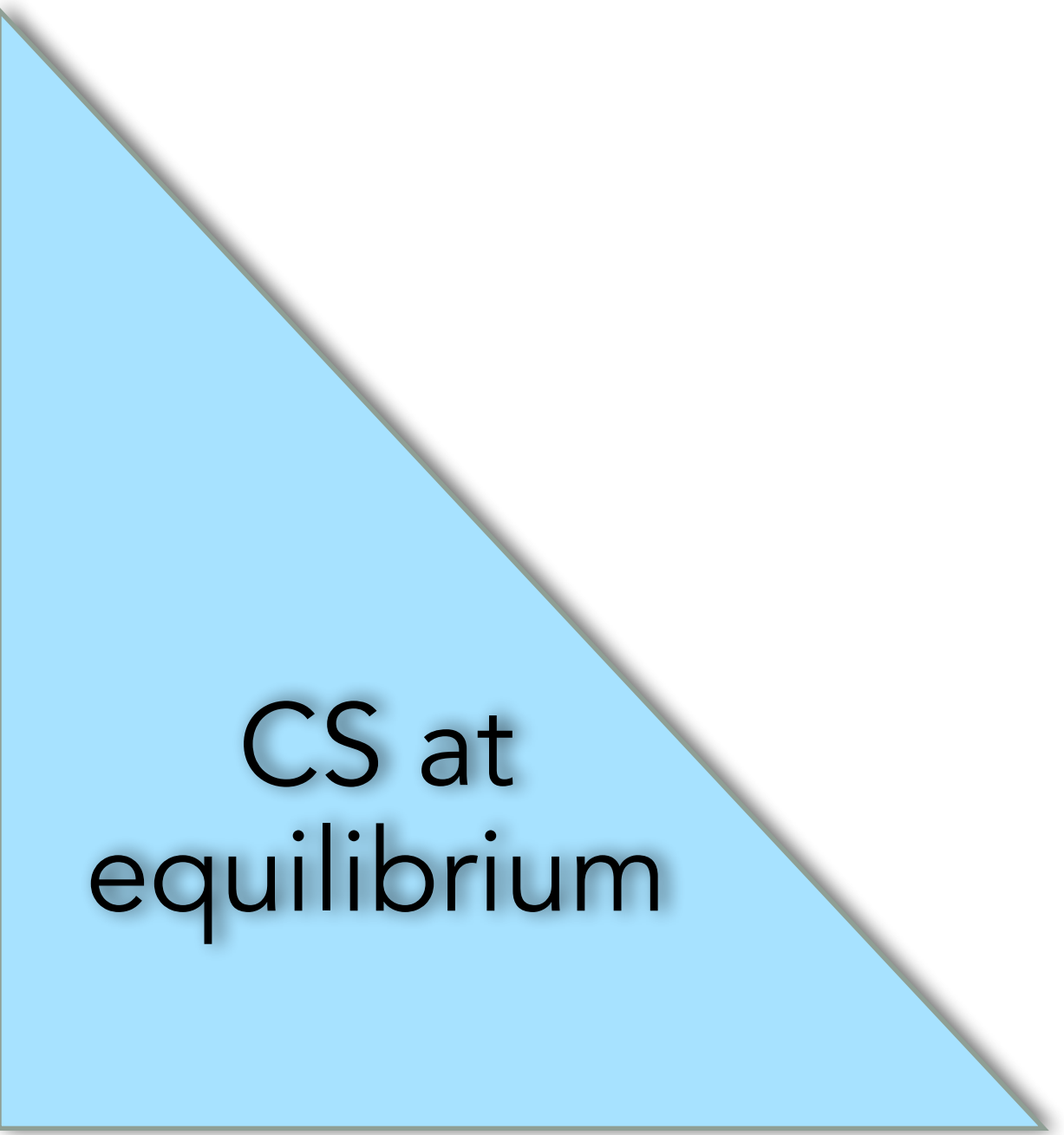


PS at
equilibrium

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

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





CS at
equilibrium

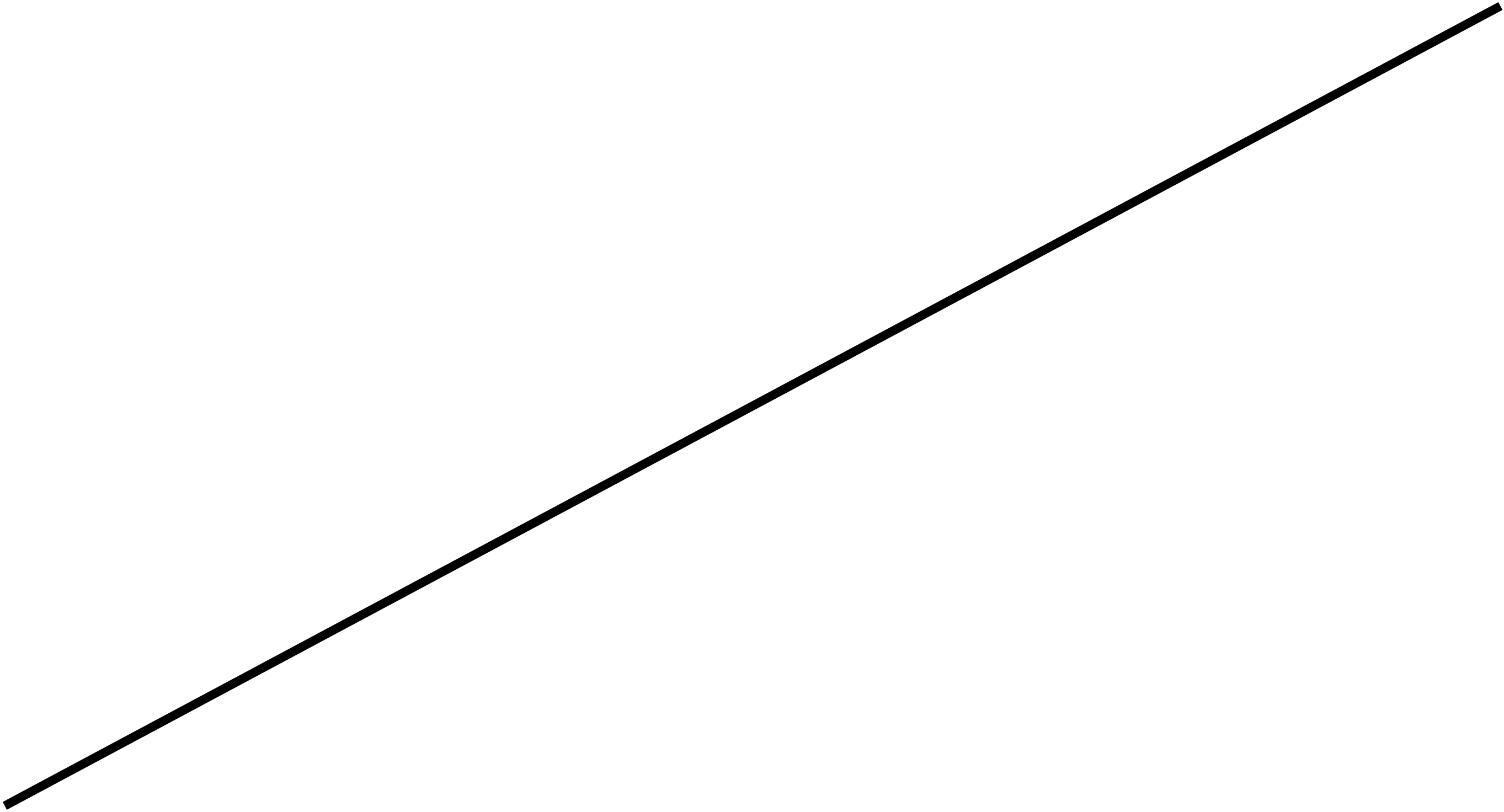


CS
after
Floor

PS
after
floor



WL



$$WL_{\text{ after floor }} = \frac{(14-4) \times (10-4)}{2} = 30$$



Lost CS

Gained PS

Tax to
Consumer
Subsidy to
Producer

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

7

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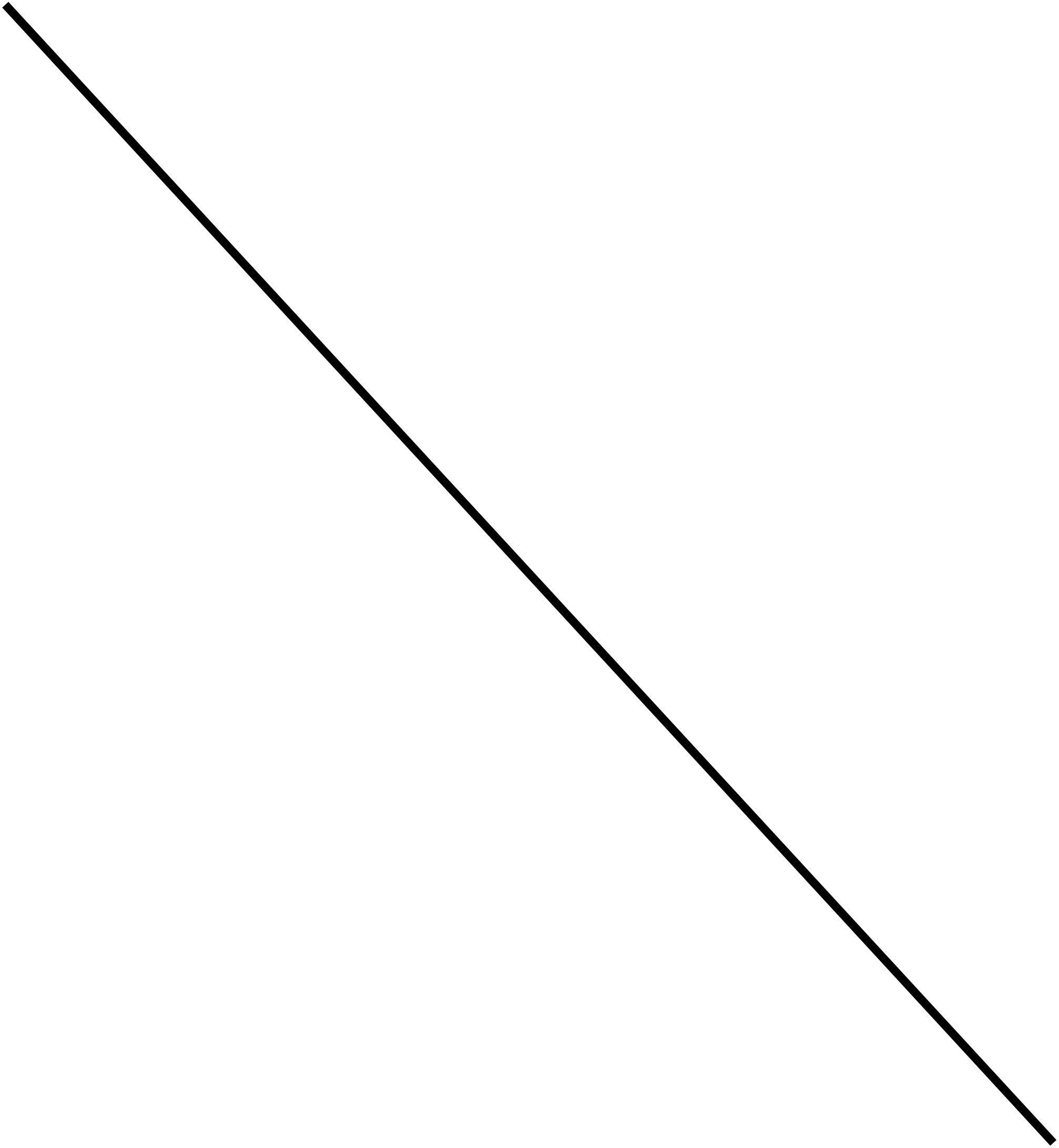
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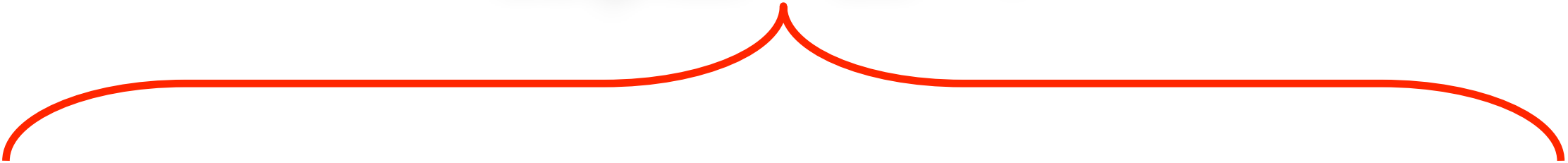
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$$\text{Surplus} = 23 - 4$$





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

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

Government impose a Price
Floor at \$14

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

$$PS \text{ after floor} = \frac{[(14-2)+(14-4)] \times 4}{2} = 44$$

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

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

