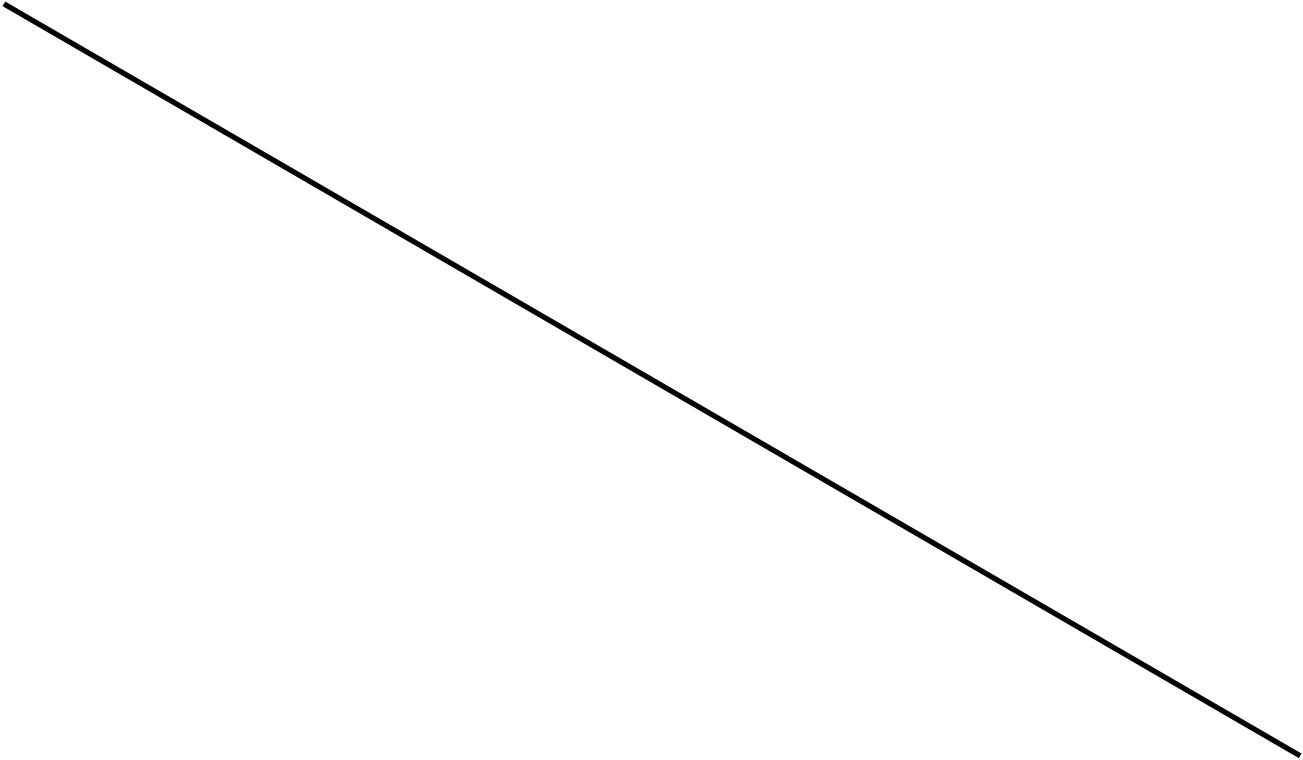
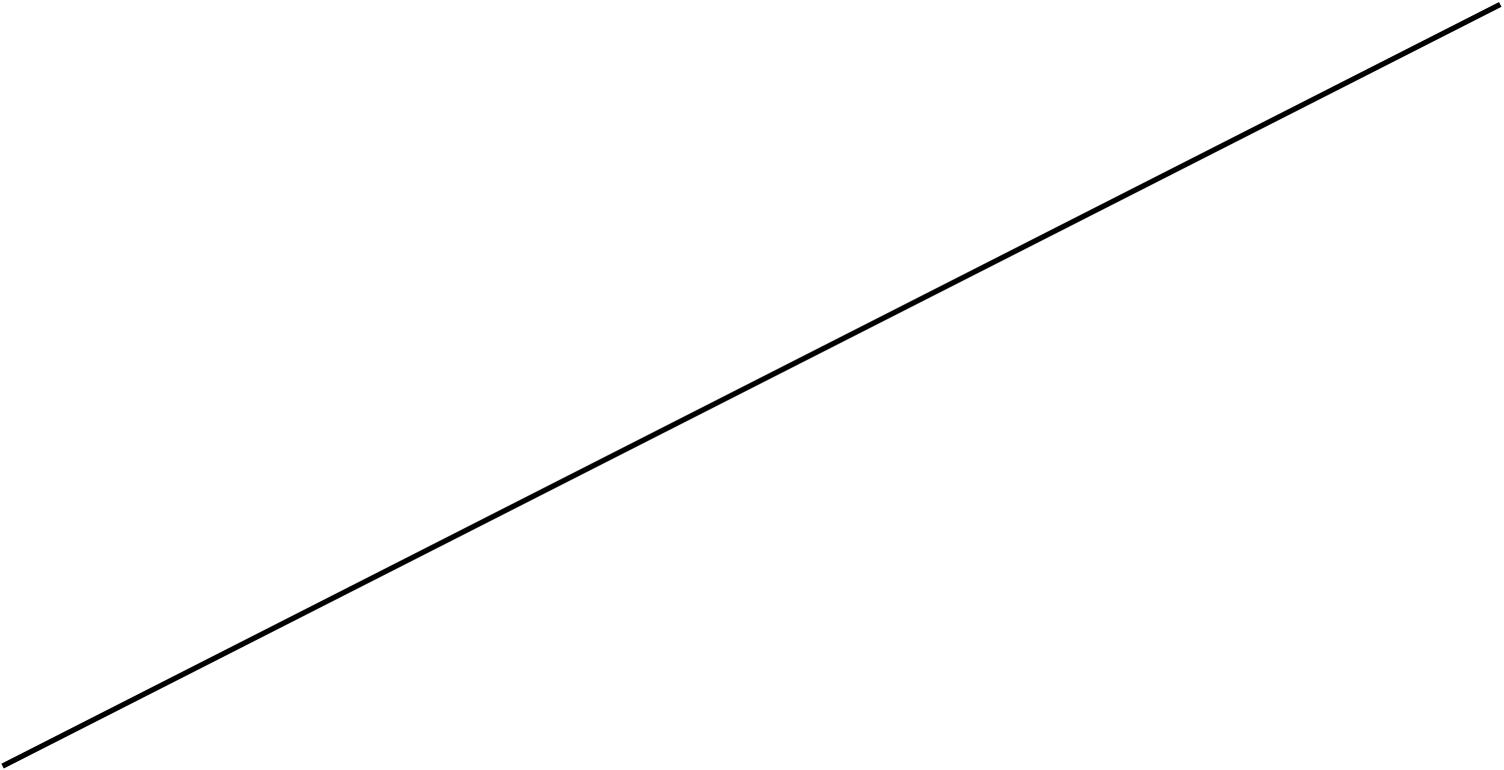
Consider the Corn Market





Price Floor:0.8









=800





 $Q_{e} = 400$

 $P_{e} = 0.50$



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



Price Floor

a D D

Prevents price from reaching equilibrium



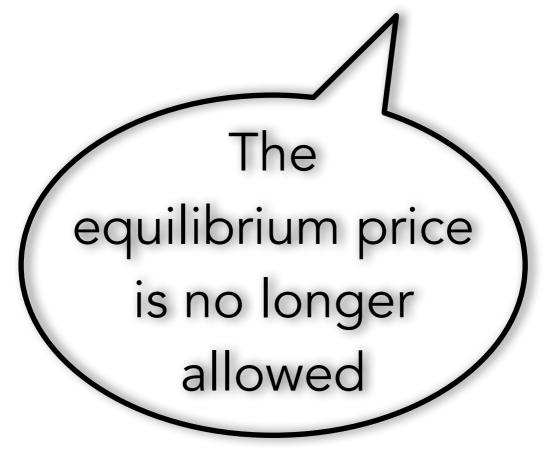


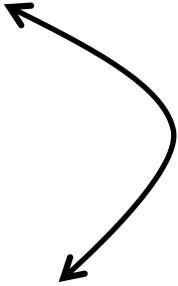


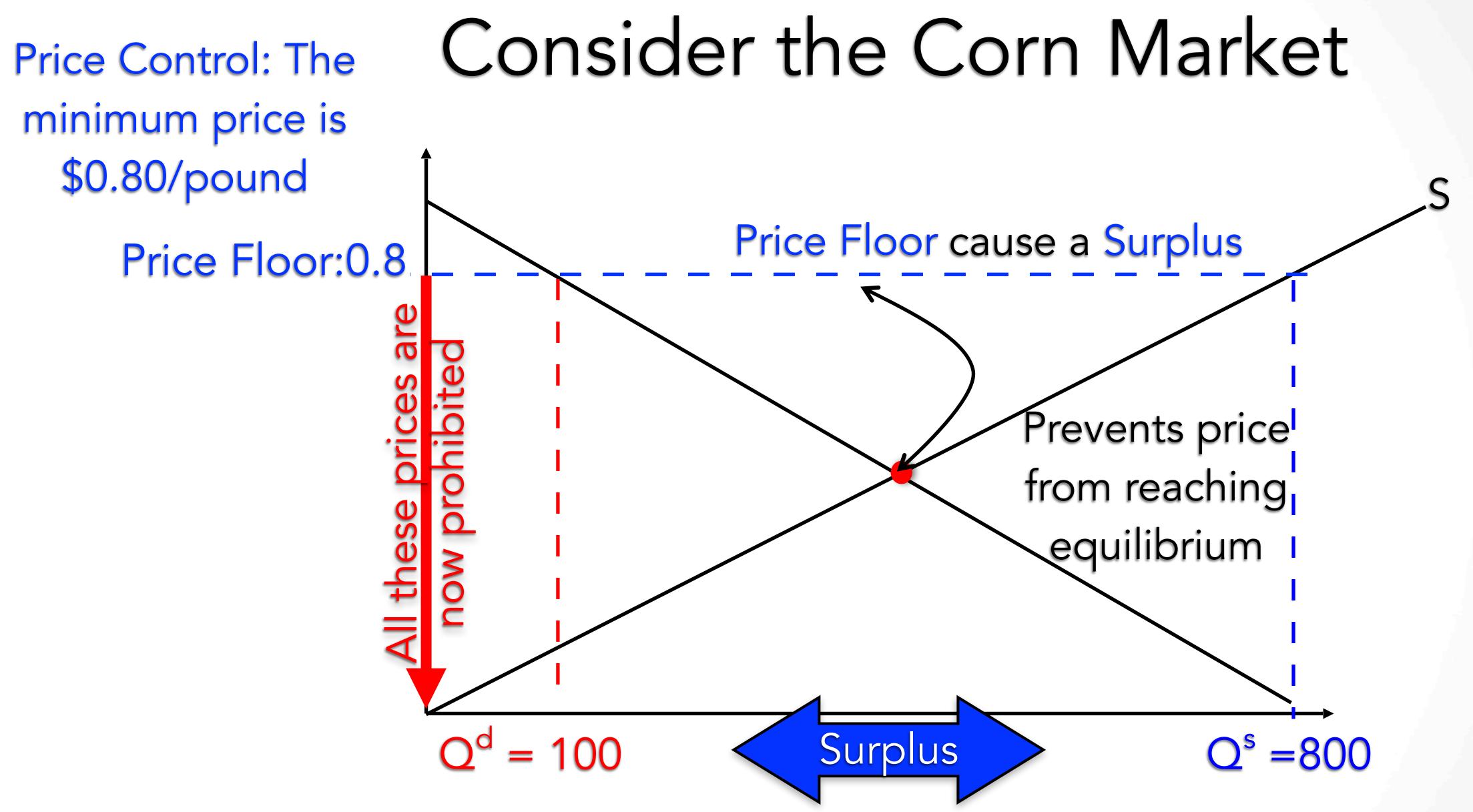
If the market is allowed to clear, farmers will get 50 cents/pound

cause a Surplus

Suppliers (farmers) ask the government to impose price support







Suppliers (farmers) ask the government to impose price support

