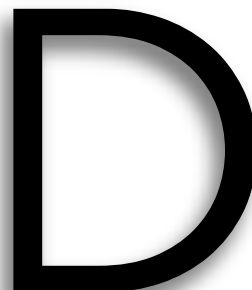
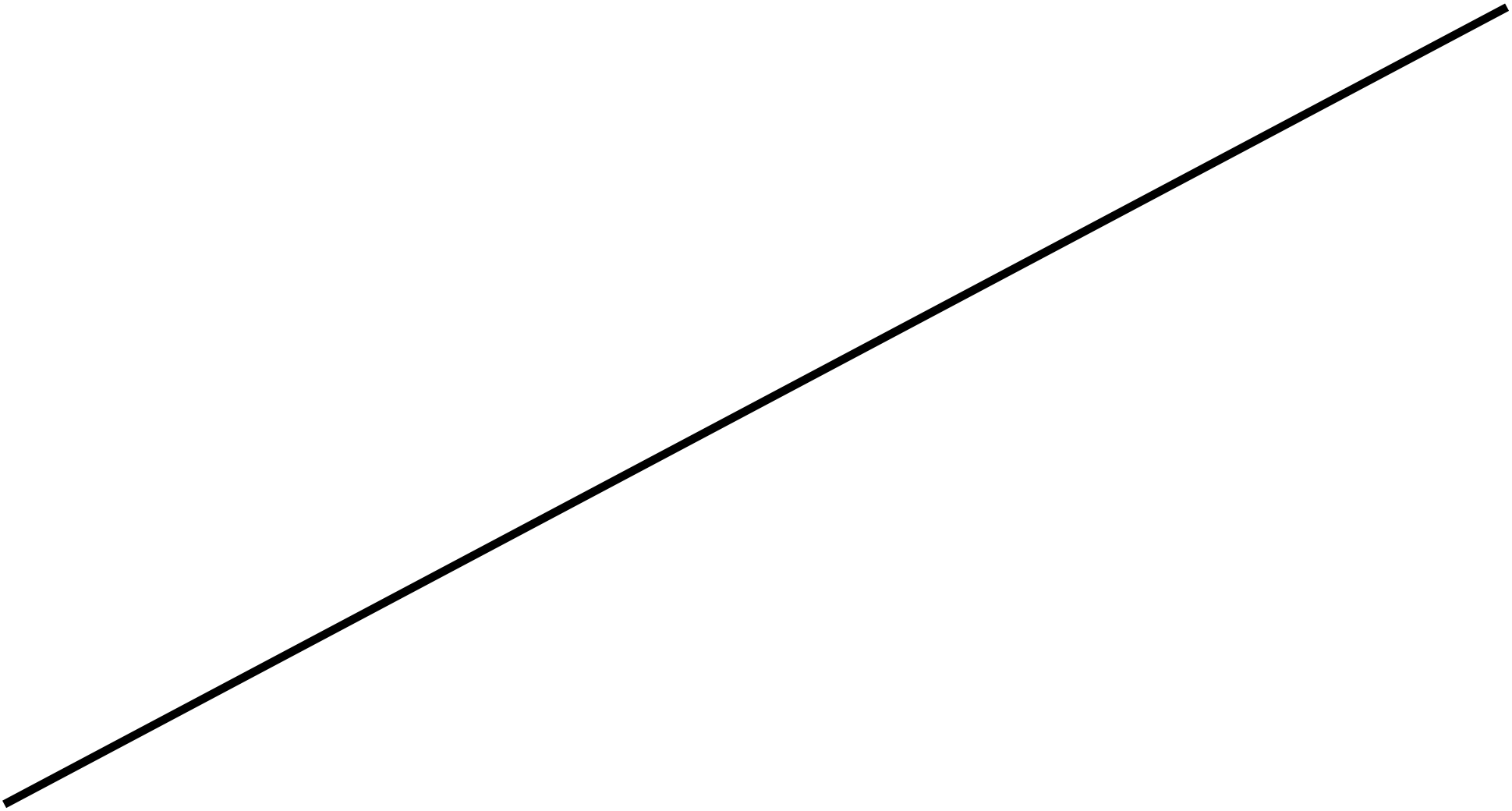
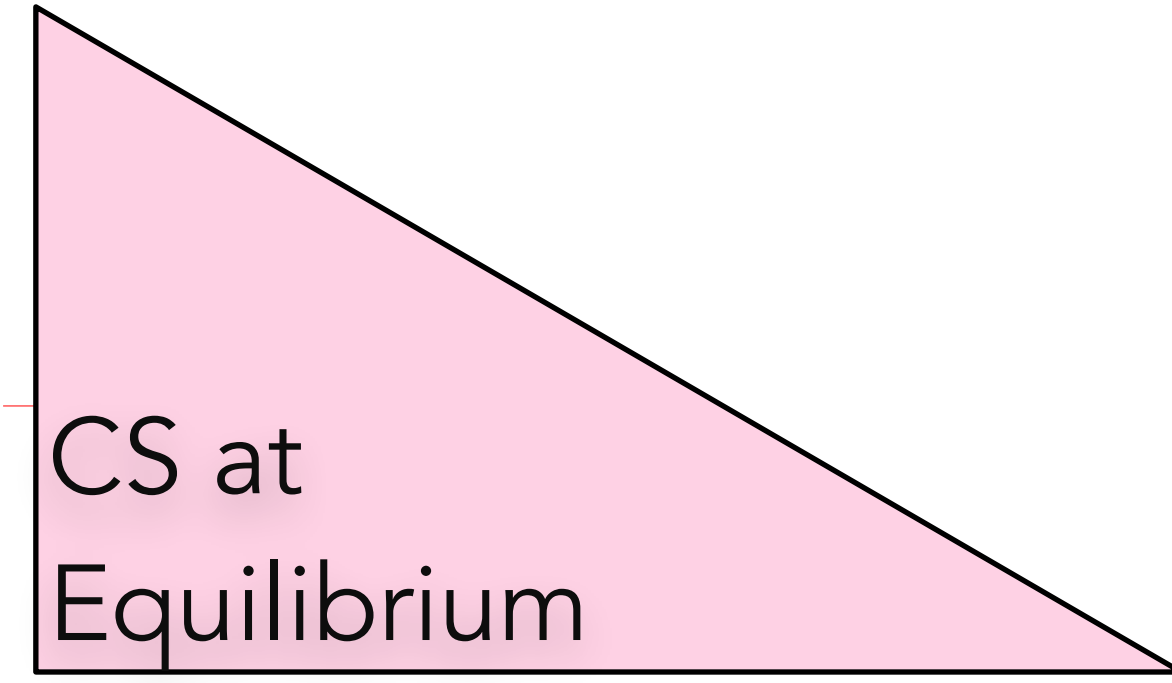


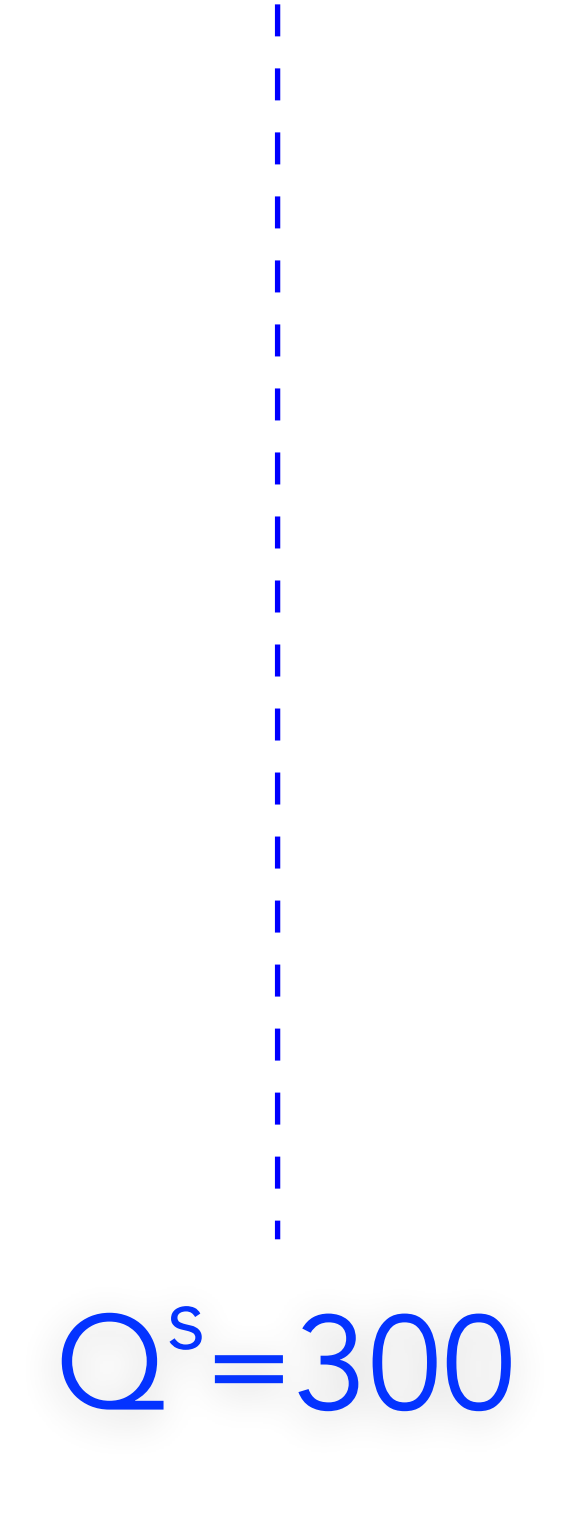


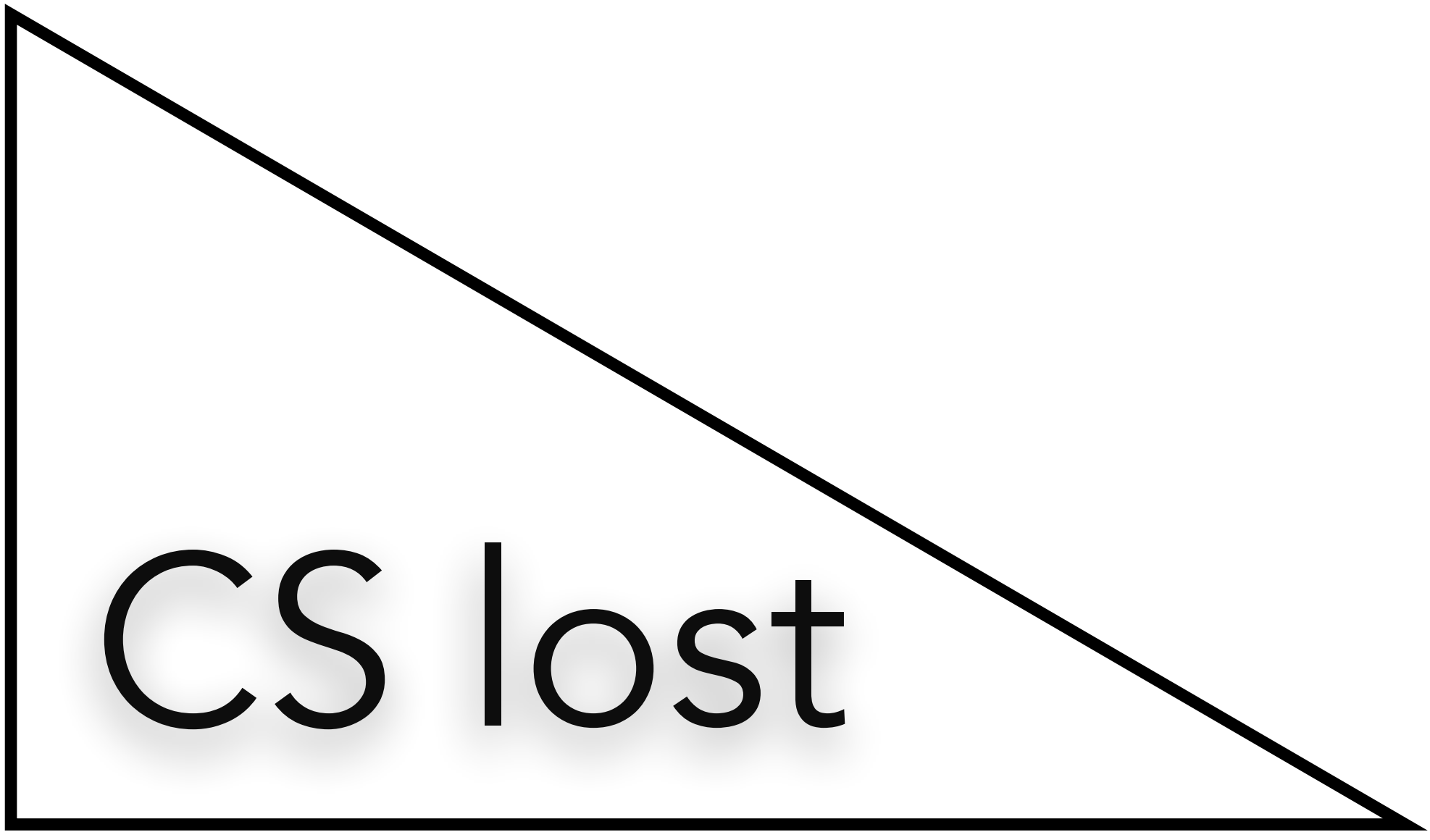
600

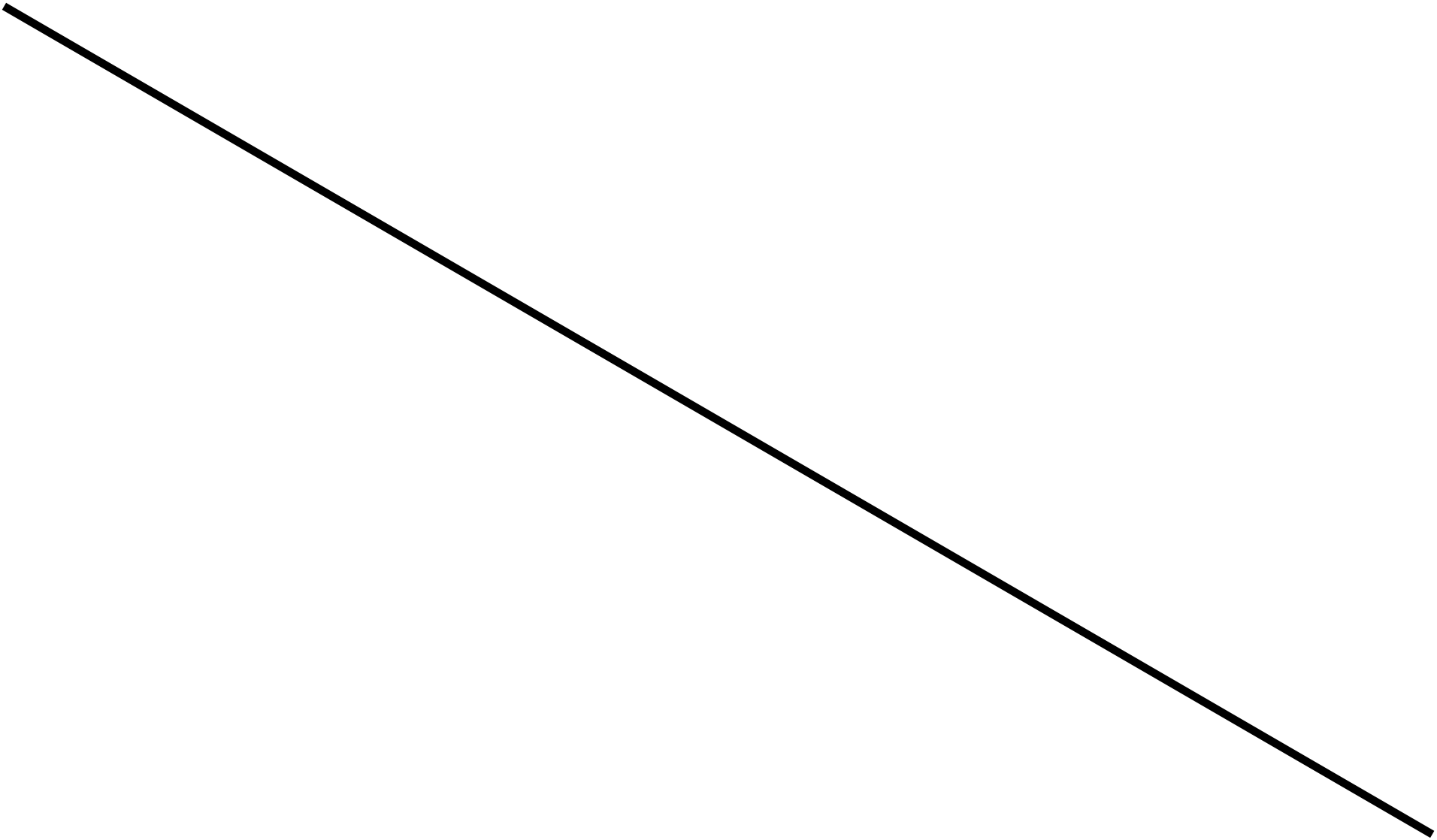
Ceiling: 2,200


CS at
Equilibrium

CS after ceiling


$Q^s=300$

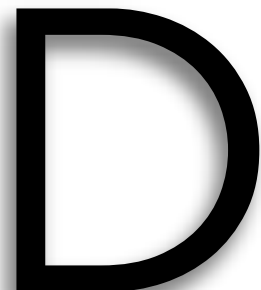

CS lost

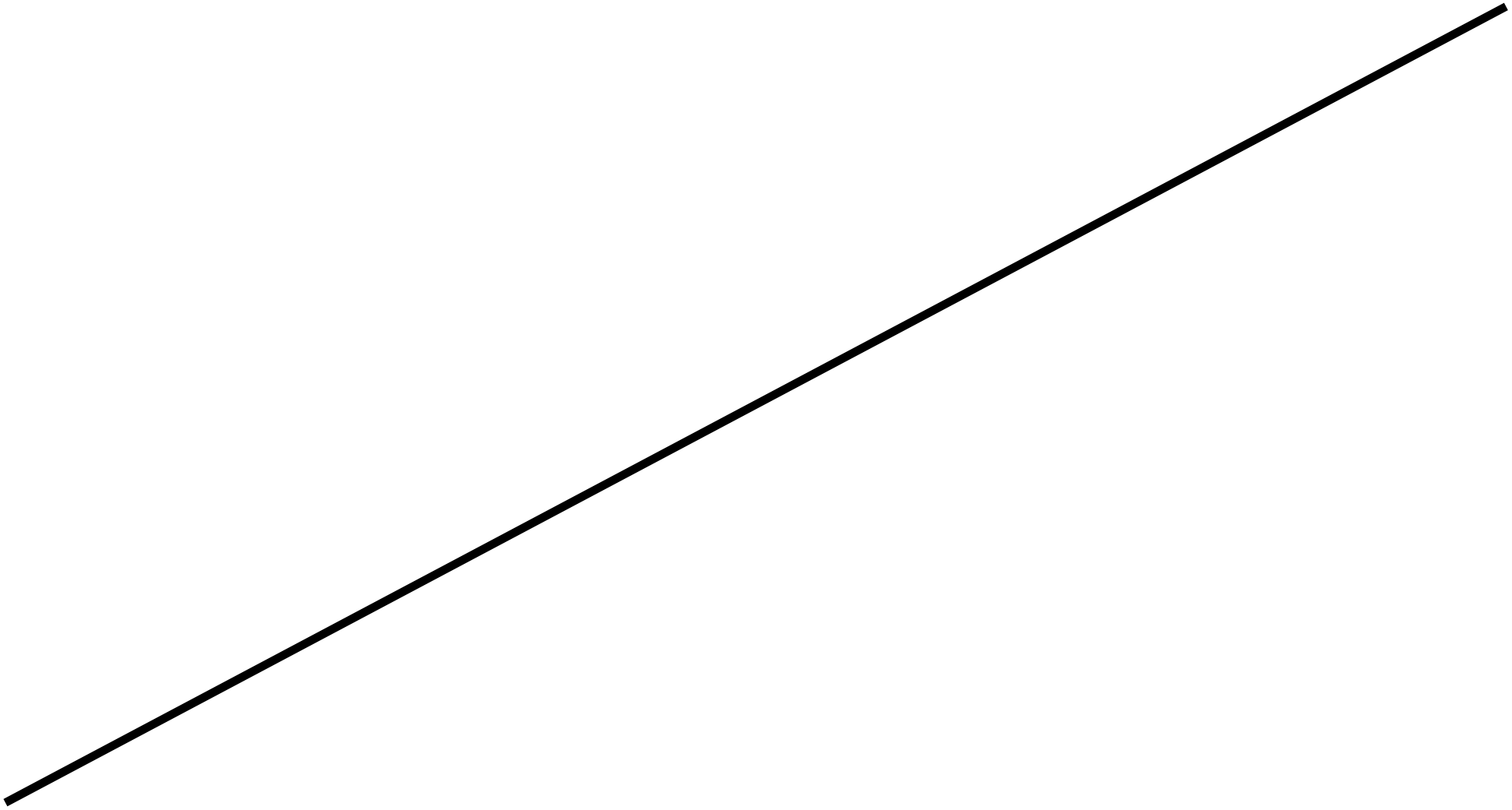


CS

gained

3,900



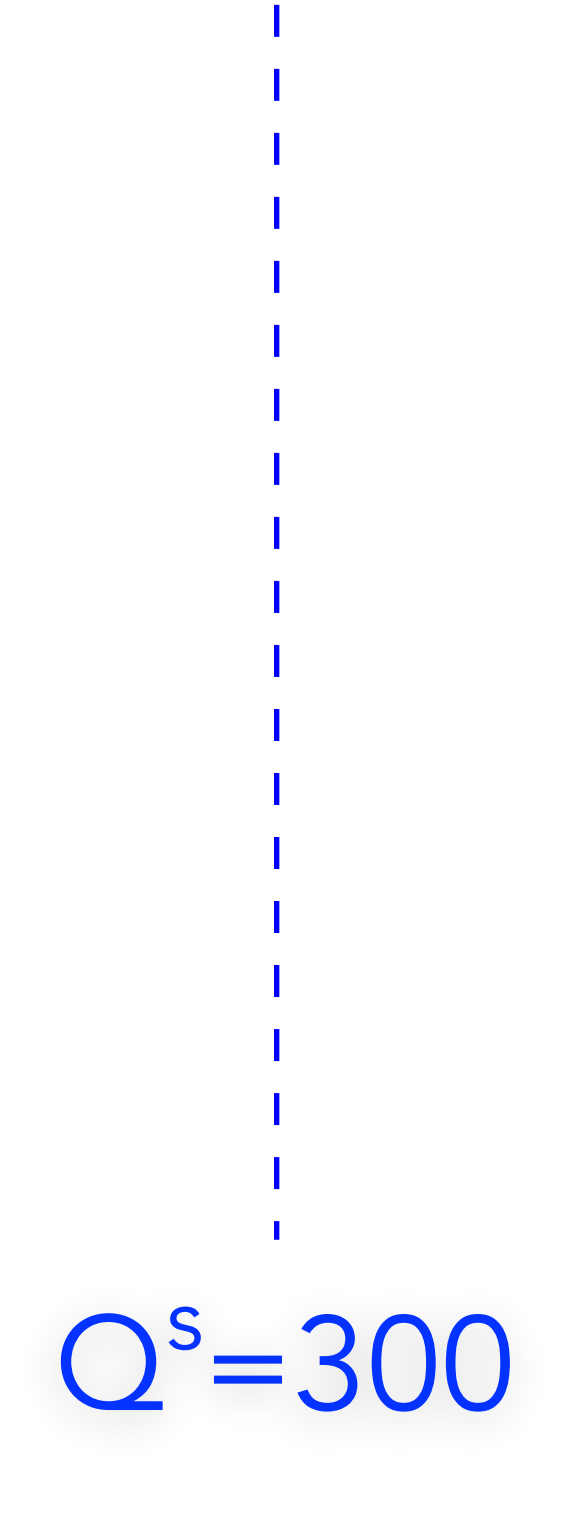


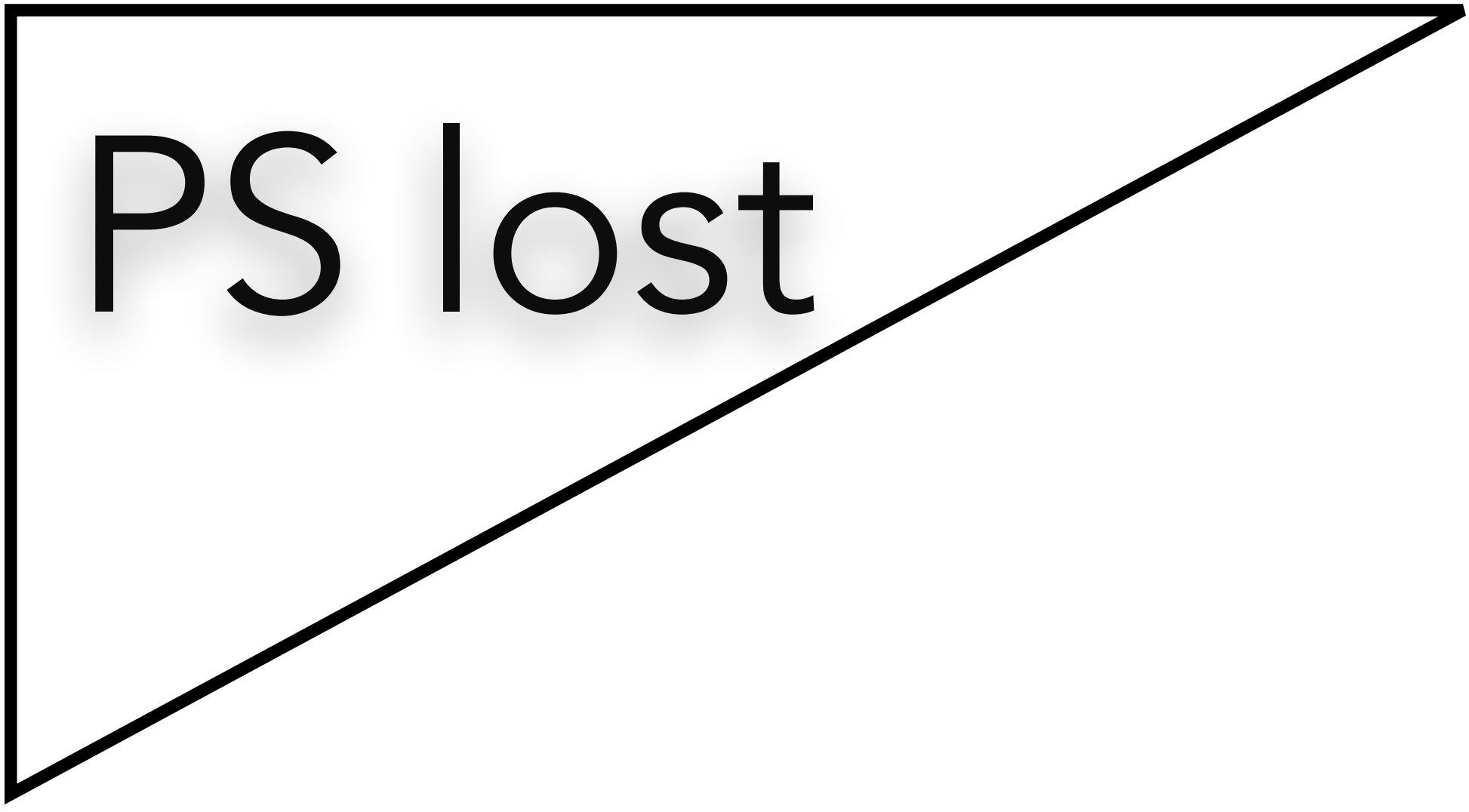
600

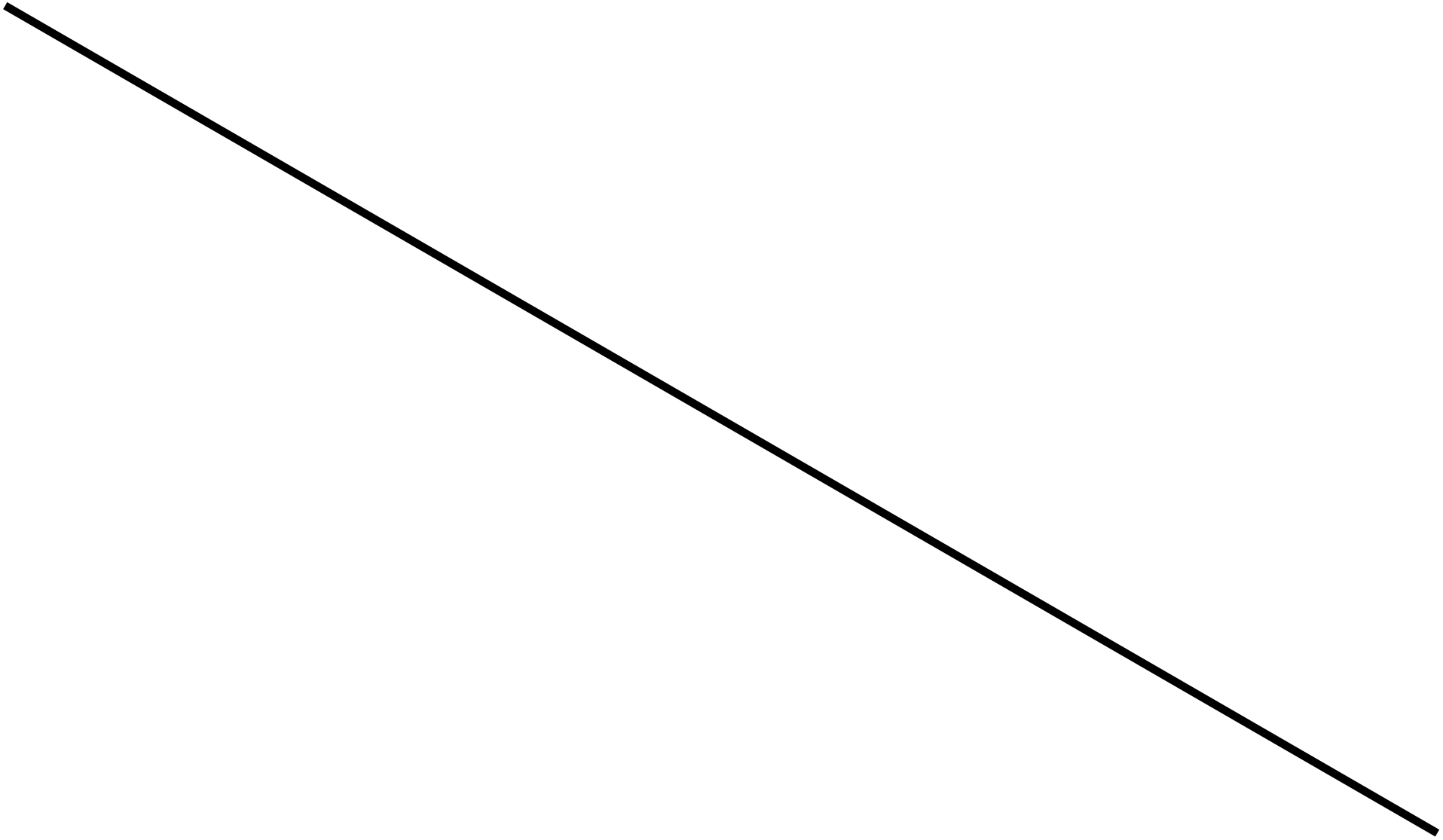
3,900

2,200

PS at Equilibrium


$Q^s=300$


PS lost



PS lost

PS after ceiling

PS lost

Lost PS

CS

gained

Subsidy

Tax

Consumers

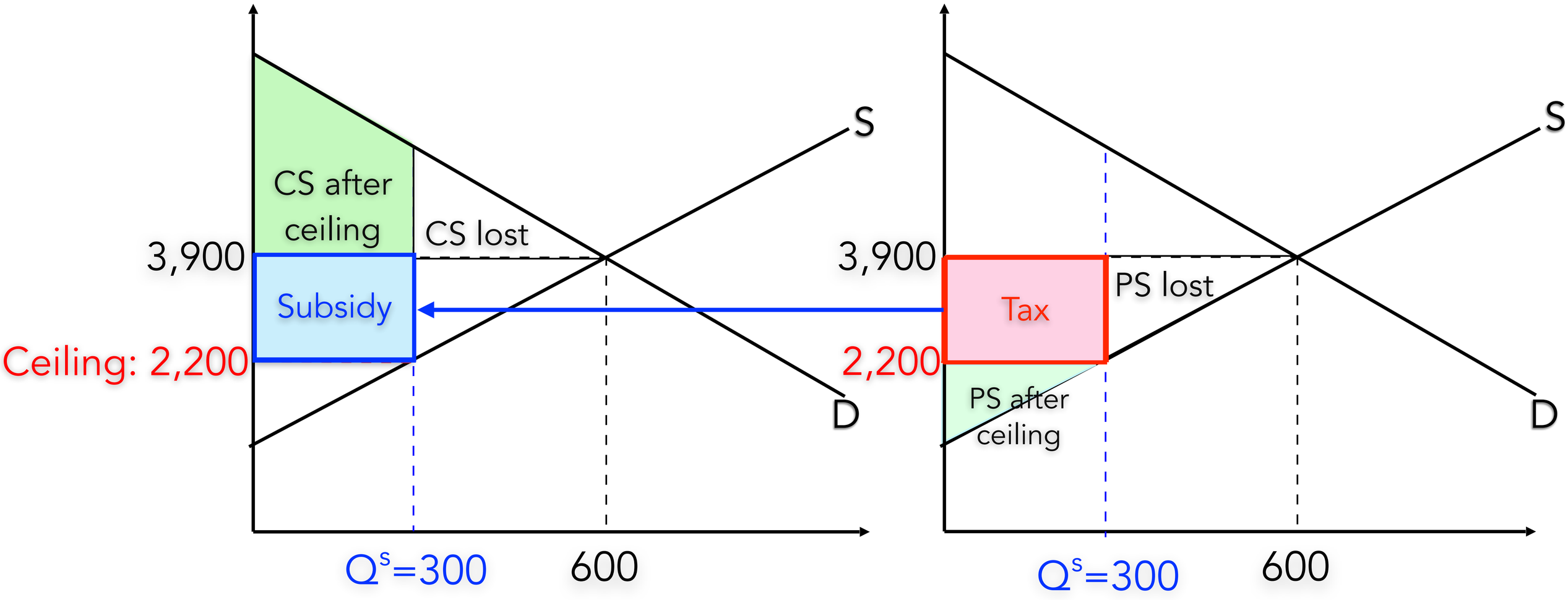
Producers

Ceiling results in taking money from producers (a tax) and giving it to consumers (a subsidy)

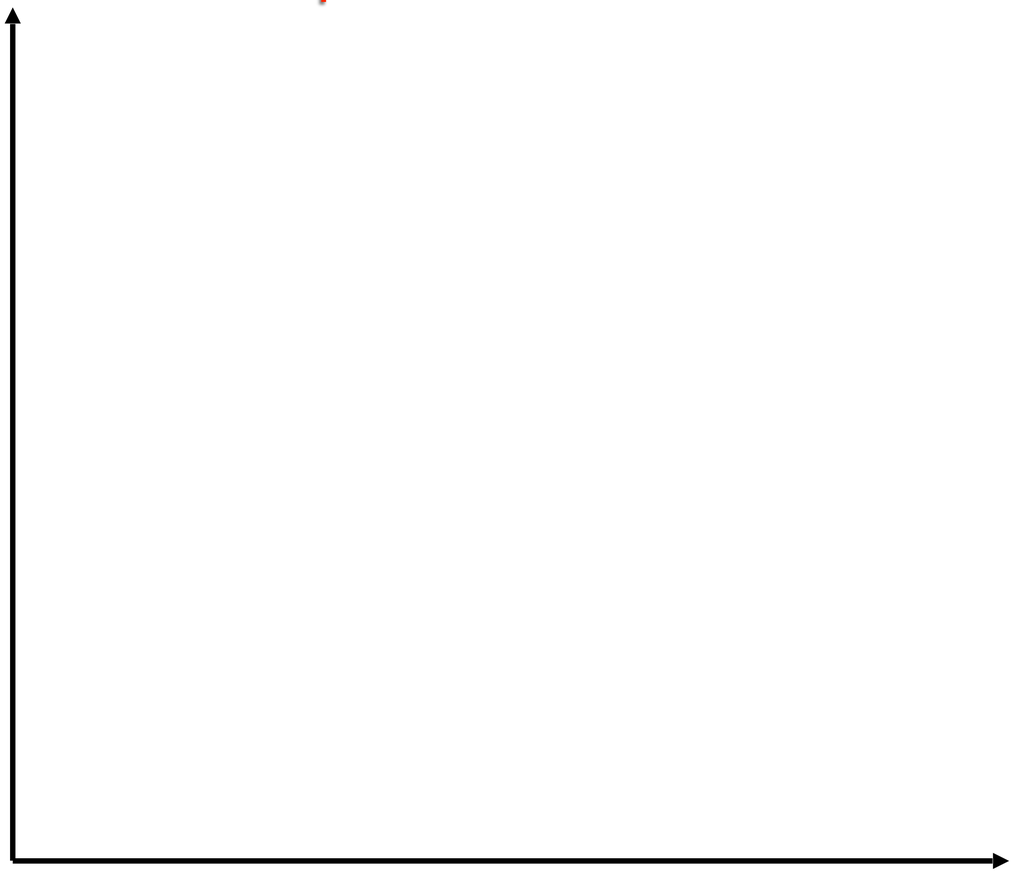
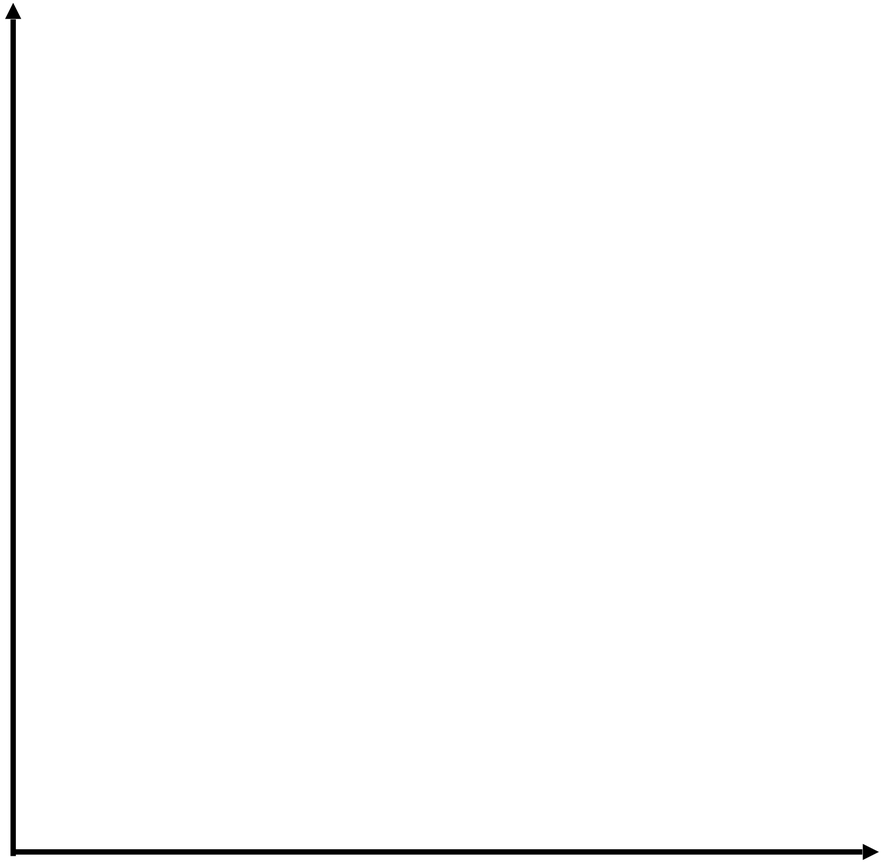
Effect of the Ceiling on:

Ceiling has the same effect of imposing a tax on producers and giving a subsidy to consumers

Ceiling has the same effect of imposing a tax on producers and giving a subsidy to consumers



Consumers

Producers

Ceiling has the same effect of imposing a tax on producers and a subsidy to consumers