



D

S



$$Q_e = 400$$

$$P_e = 0.50$$

Price Floor: 0.8

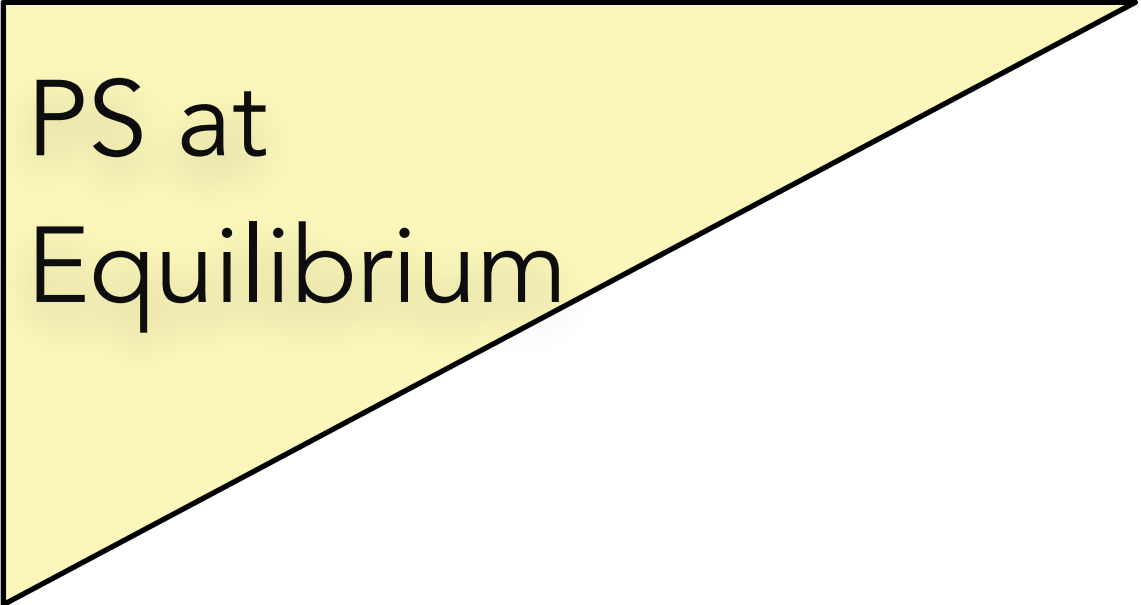
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



PS at
Equilibrium

$$Q^d = 1000$$





$$Q^s = 8000$$





The quantity sold
drops to 100

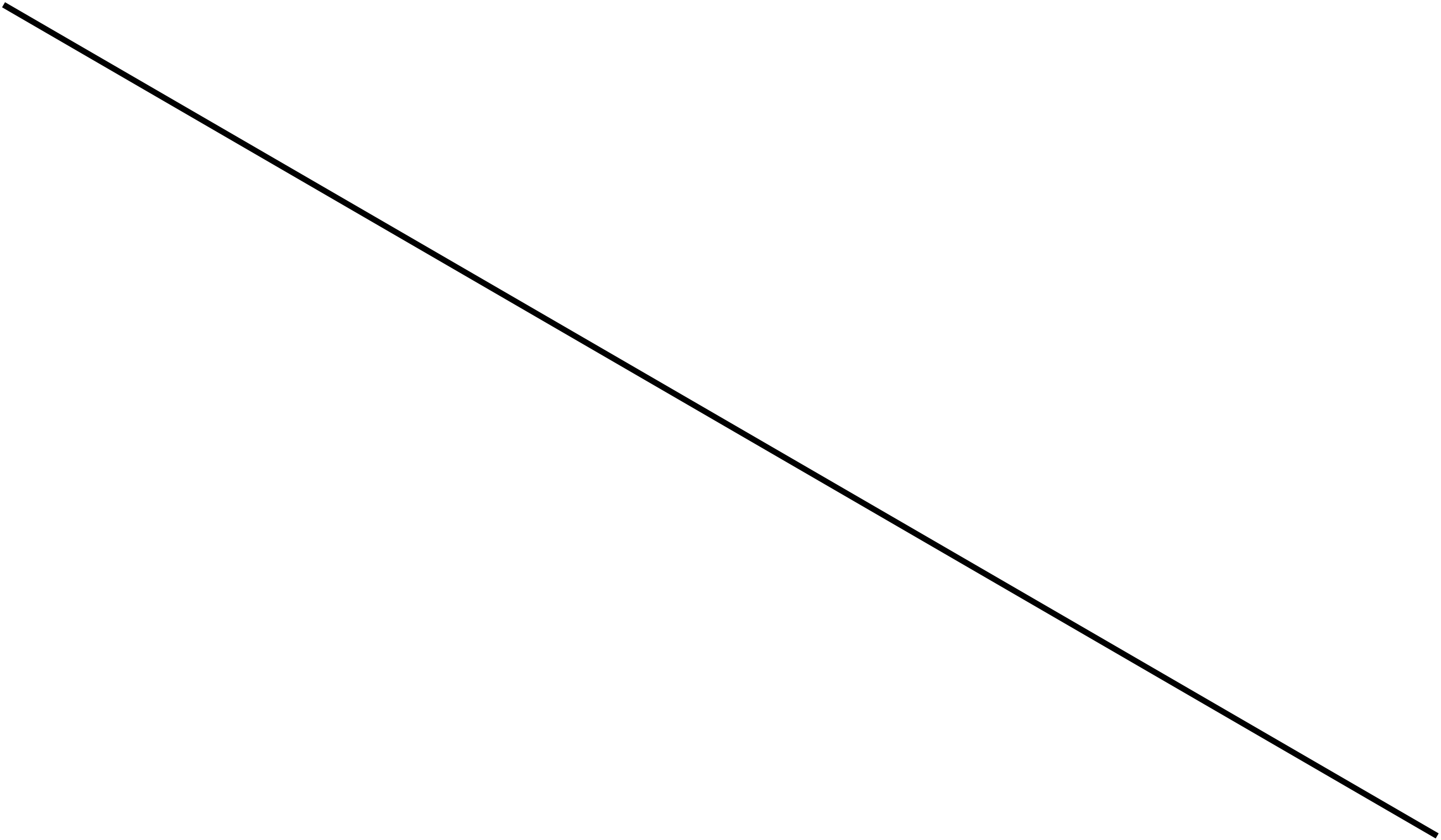
Producers can **only** get
Producer Surplus on
100 units



$$Q^d = 100$$

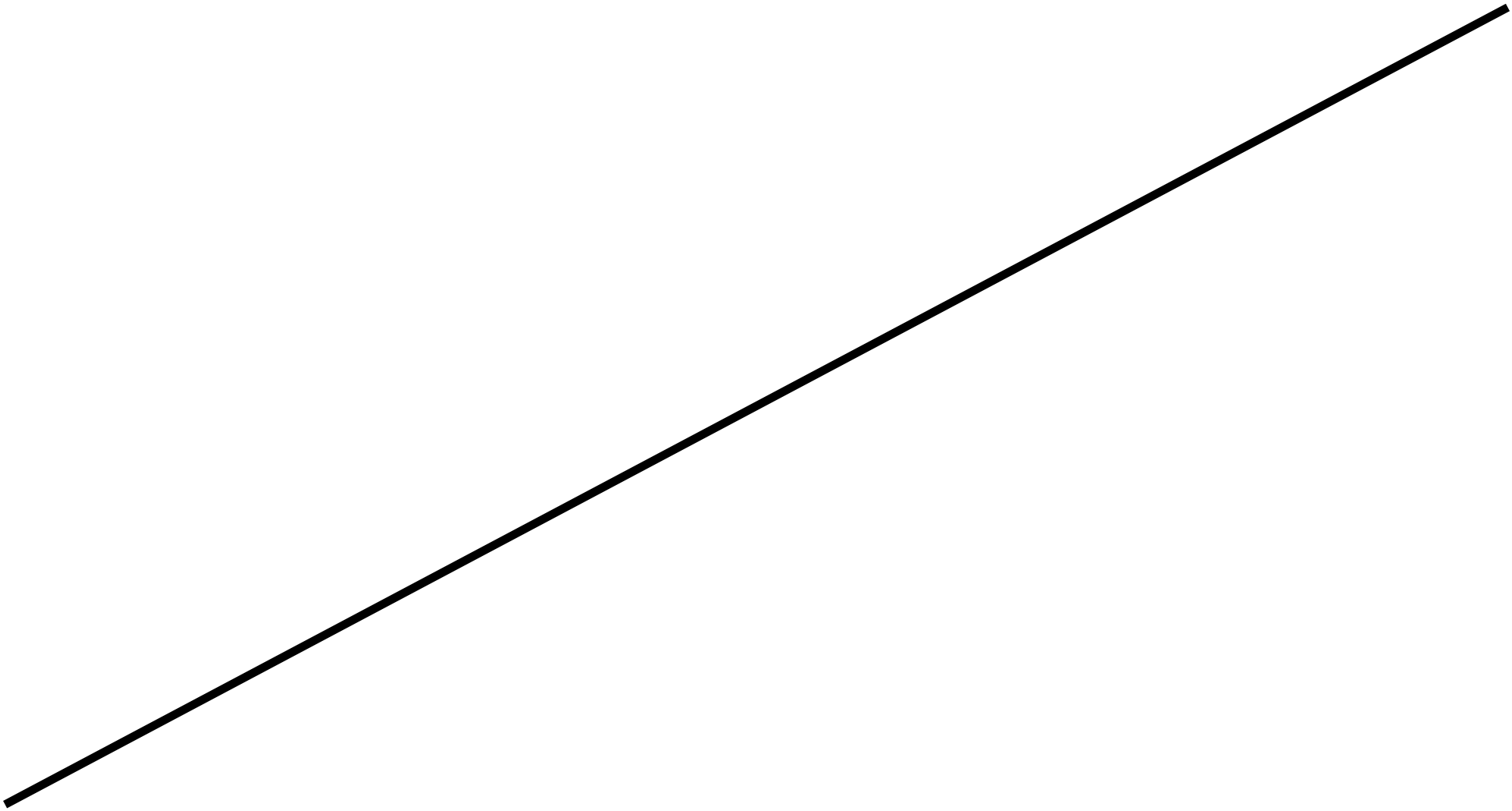


PS lost





PS after
floor is
imposed



PS

gained

The imposition of a Floor

Results in a decrease in the number of units sold by producers

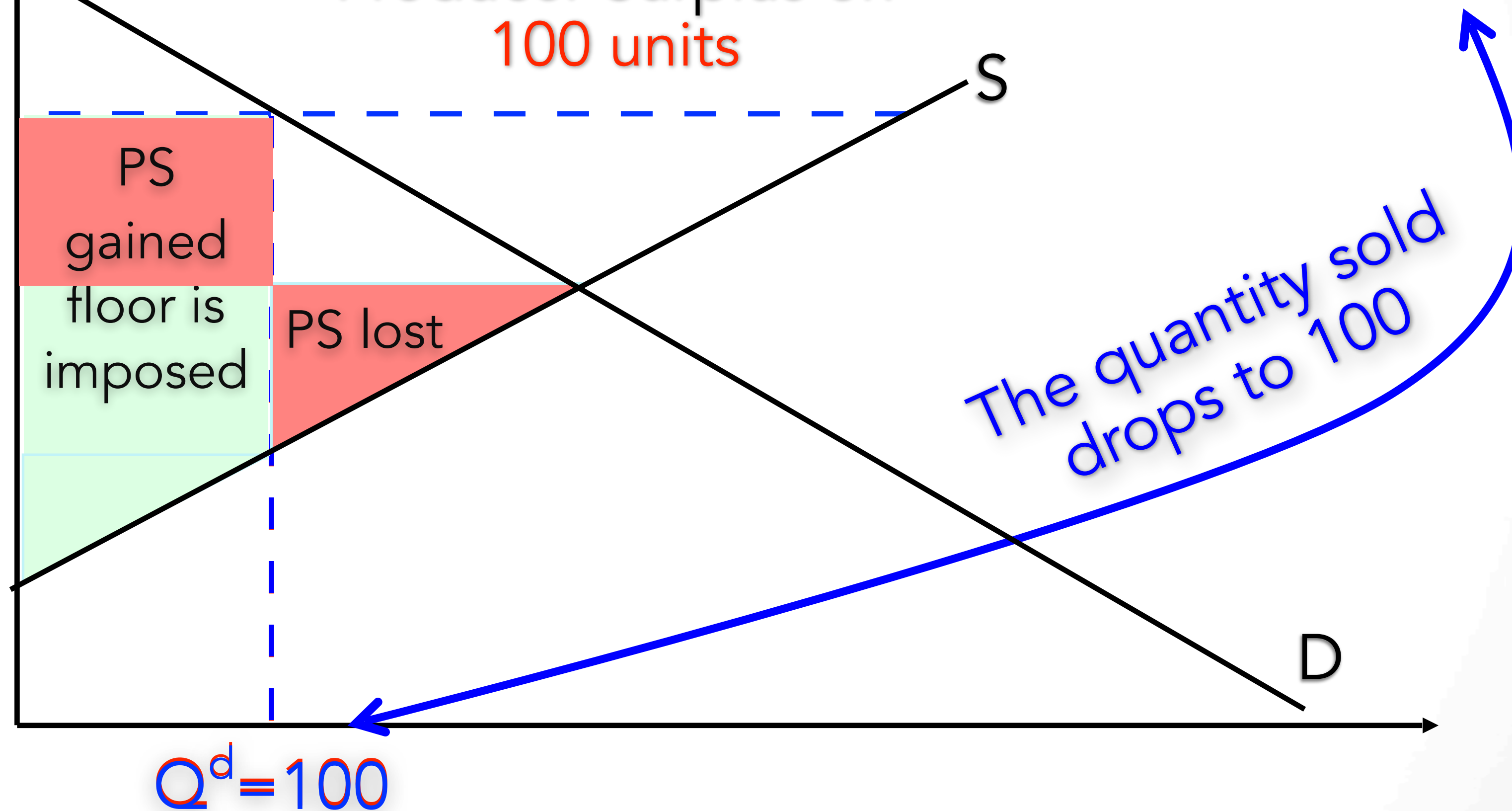
Producers get a **higher price** on the fewer units they sell

The imposition of a Floor

Producers get a **higher price** on the fewer units they sell

Producers can **only** get Producer Surplus on **100 units**

Price Floor: 0.8



Results in a **decrease** in the number of units sold by producers

