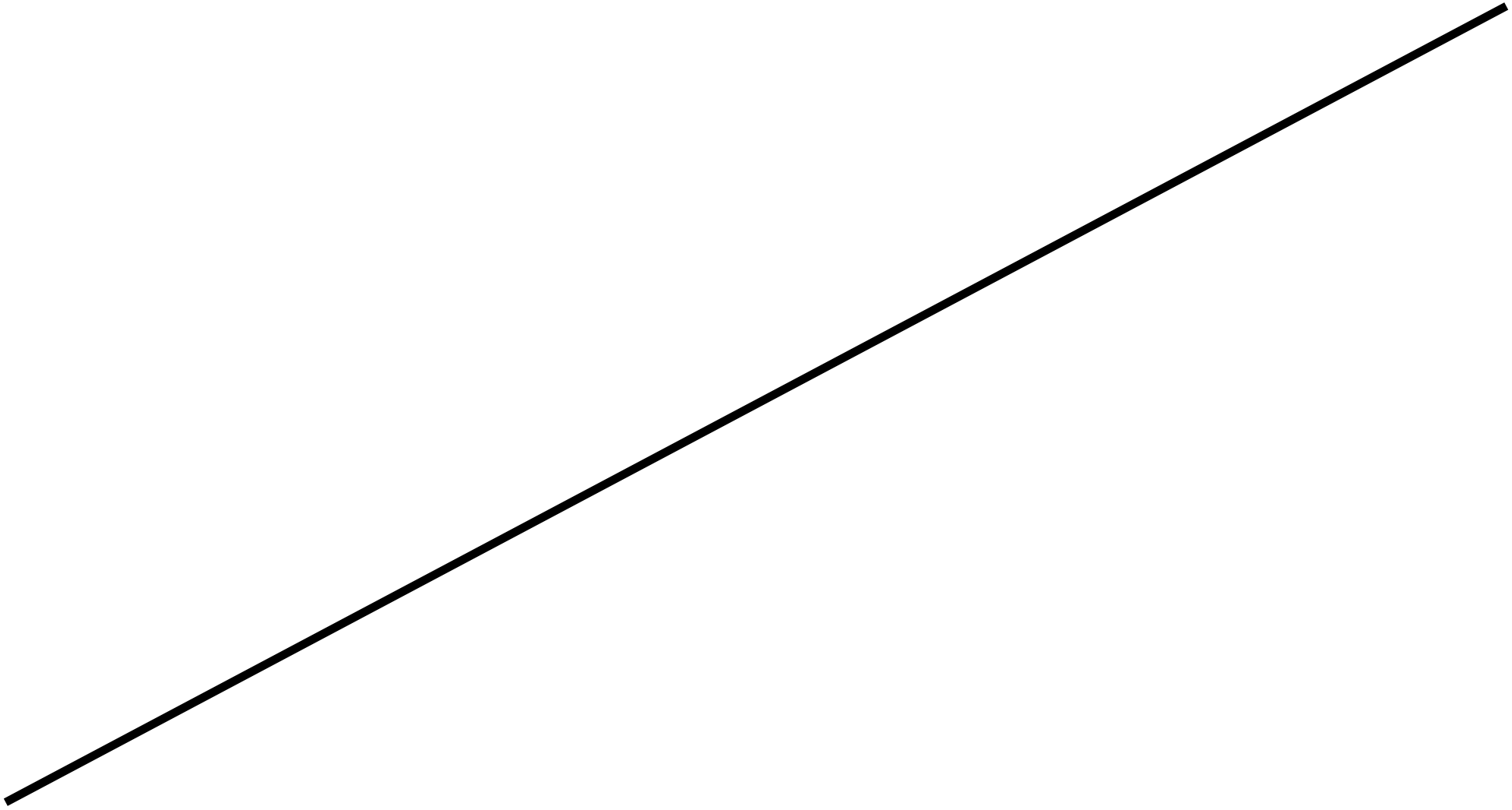




D

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$$Q_e = 4000$$

$$P_e = 0.50$$

Floor: \$0.8

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CS at
Equilibrium



after
floor is
imposed
CS

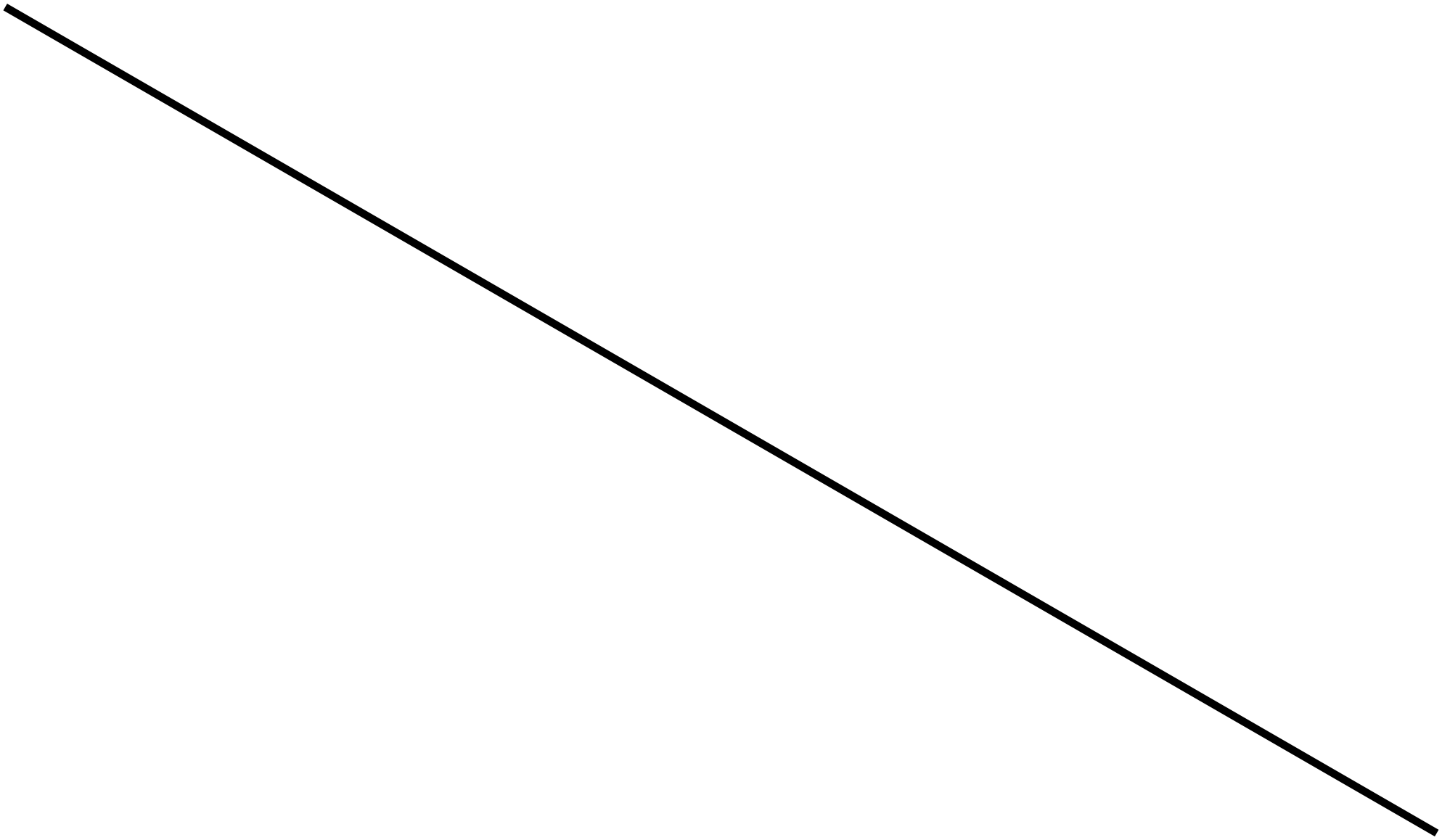




$$Q^d = 100$$

A large red right-angled triangle with a dark red outline, pointing towards the top-right corner of the image. The text "CS lost" is written in white inside the triangle.

CS lost







D

S



$$Q_e = 400$$

$$P_e = 0.50$$

Floor: 0.8

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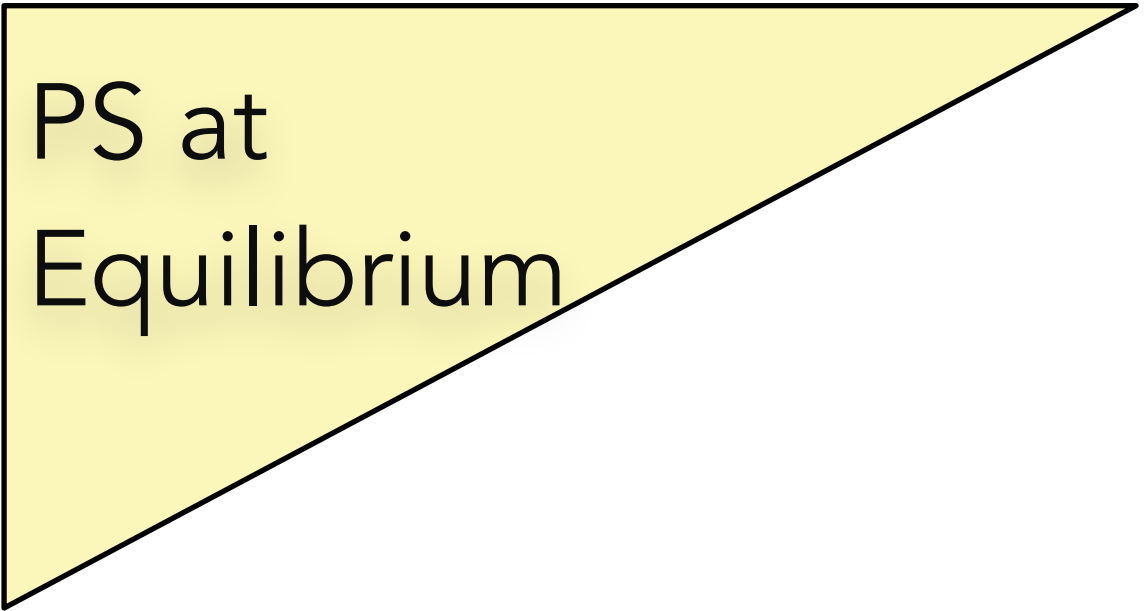
343

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PS at
Equilibrium





$$Q^d = 100$$

A red pennant with a light blue border. The text "PS lost" is written in white, sans-serif font across the center of the pennant.

PS lost

PS after
floor is
imposed



after
floor is
imposed
CS

CS lost

The imposition of a Floor

Results in a **net loss of surplus** to society as a whole: everyone loses

Society had a whole pie to
share between producers
and consumers

Society now has a **smaller**
pie to share between
producers and consumers

A large, solid pink arrow pointing from the left edge of the frame towards the right edge. The arrow is centered vertically and contains the text "Society's Surplus" in black.

Society's
Surplus

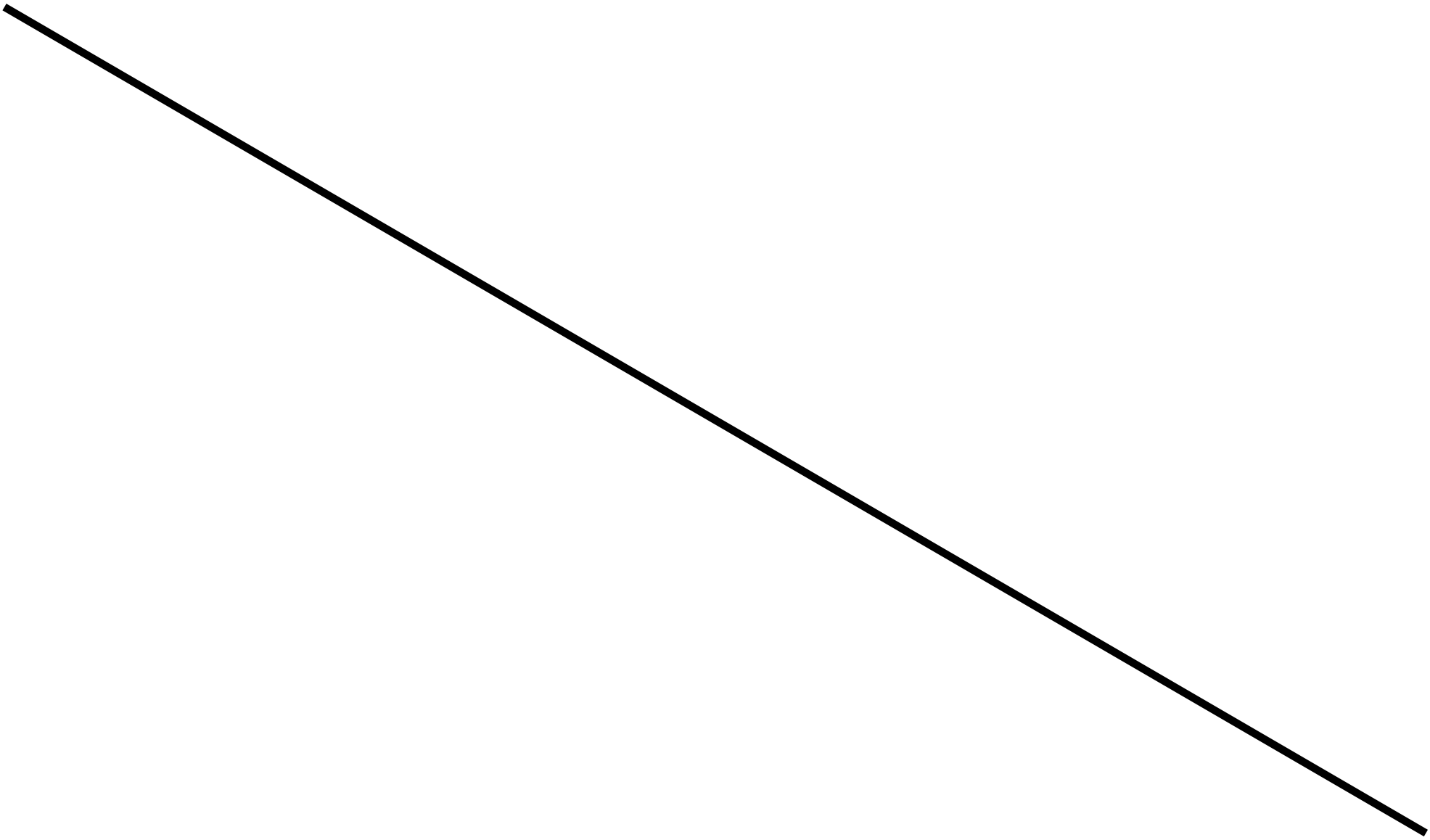


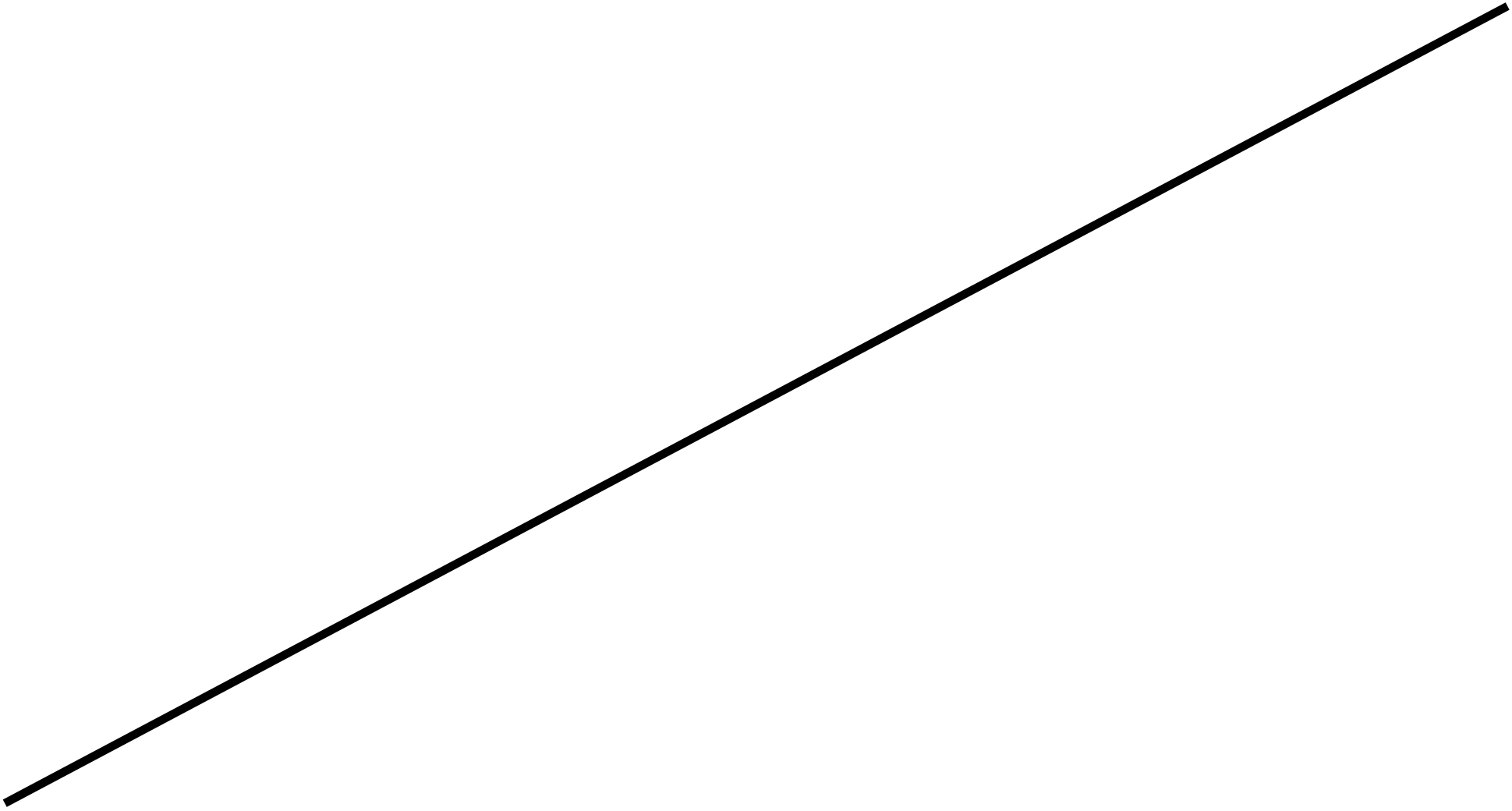
Society's
Surplus

A large, solid red triangle pointing to the right, serving as a background for the text.

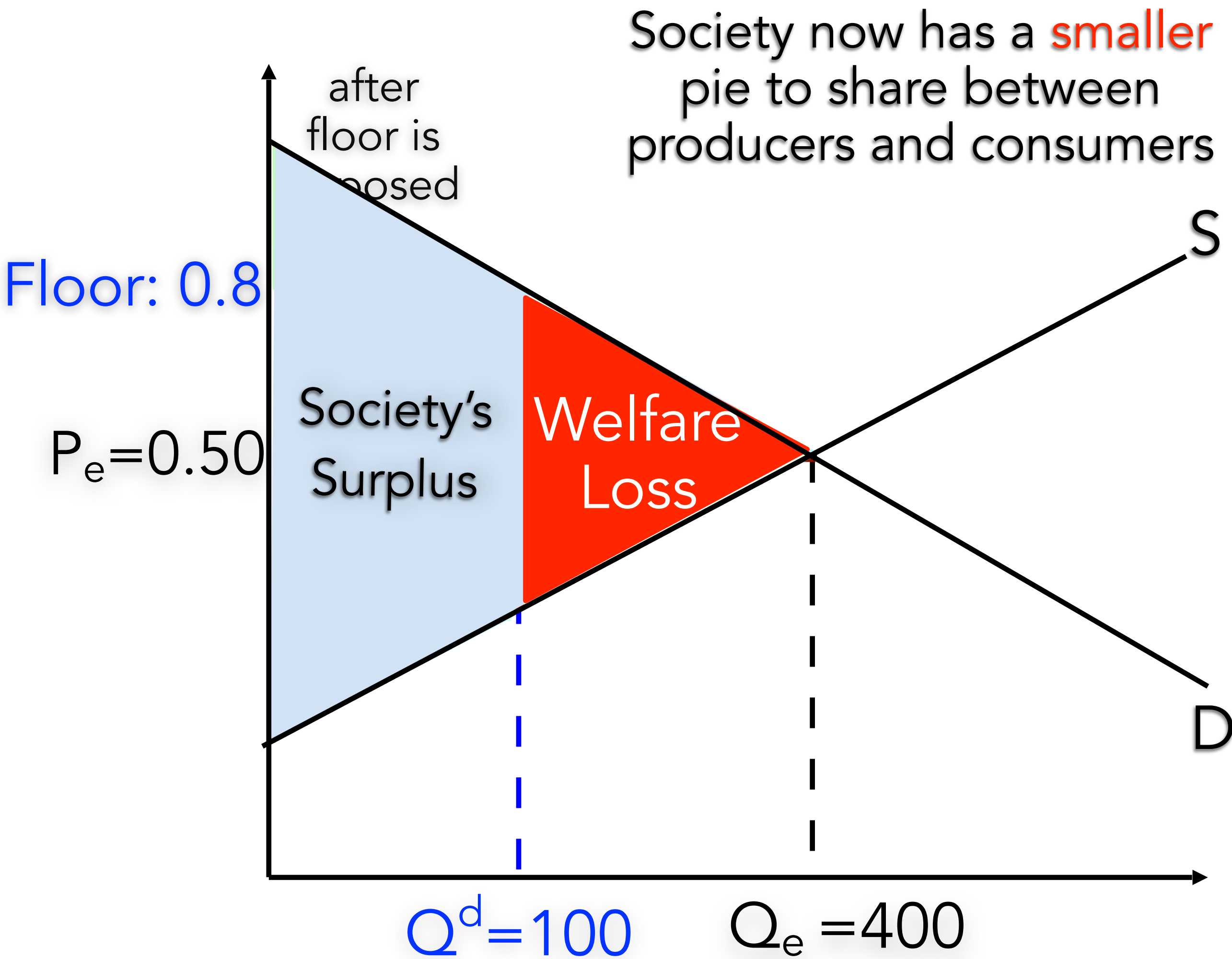
Welfare
Loss







The imposition of a Floor



Results in a **net loss of surplus** to society as a whole: everyone losses

Calculating the Size of the Welfare Loss

