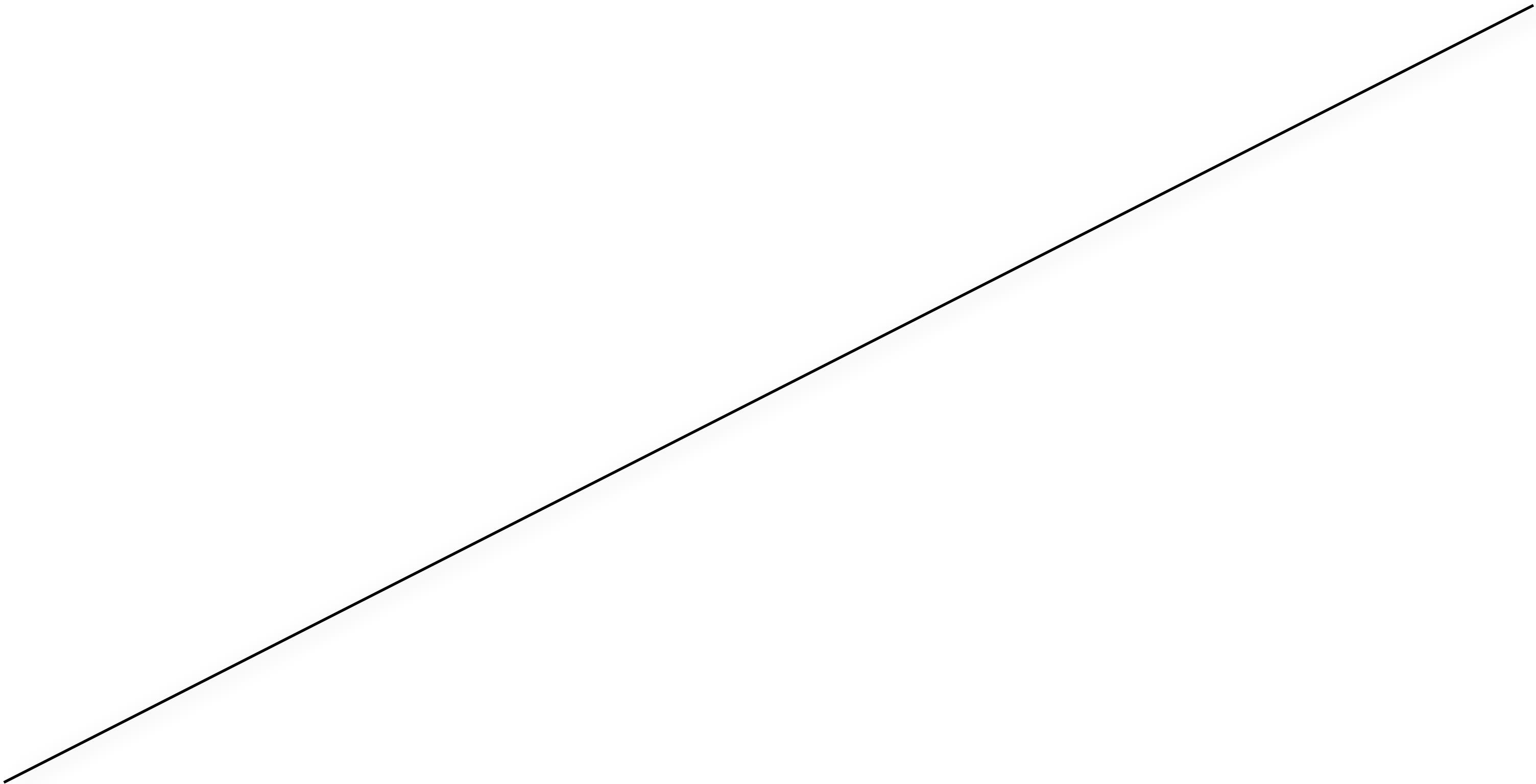


S

Price Floor: 0.3











$$Q_e = 400$$

$$P_e = 0.50$$



Price Floor: "The price can  
not be lower than \$0.30/  
pound"



Price Floor

This price floor **does not** prevent  
(prohibit) price from being the  
equilibrium price







The  
equilibrium price  
is still allowed

**T**





**b**

e

e





f

e

C

t





e





a

p

**r**



C

e

F









**r**

m

u

S

t



p

**r**



h



**b**



t



t

h

e

e

9

u









**b**

**r**



u

m

p

**r**





C

e

All these  
prices are now  
prohibited



A Price Floor placed below the equilibrium price is not effective

D



To be **effective**, a price **Floor** must be placed **above** the  
equilibrium price

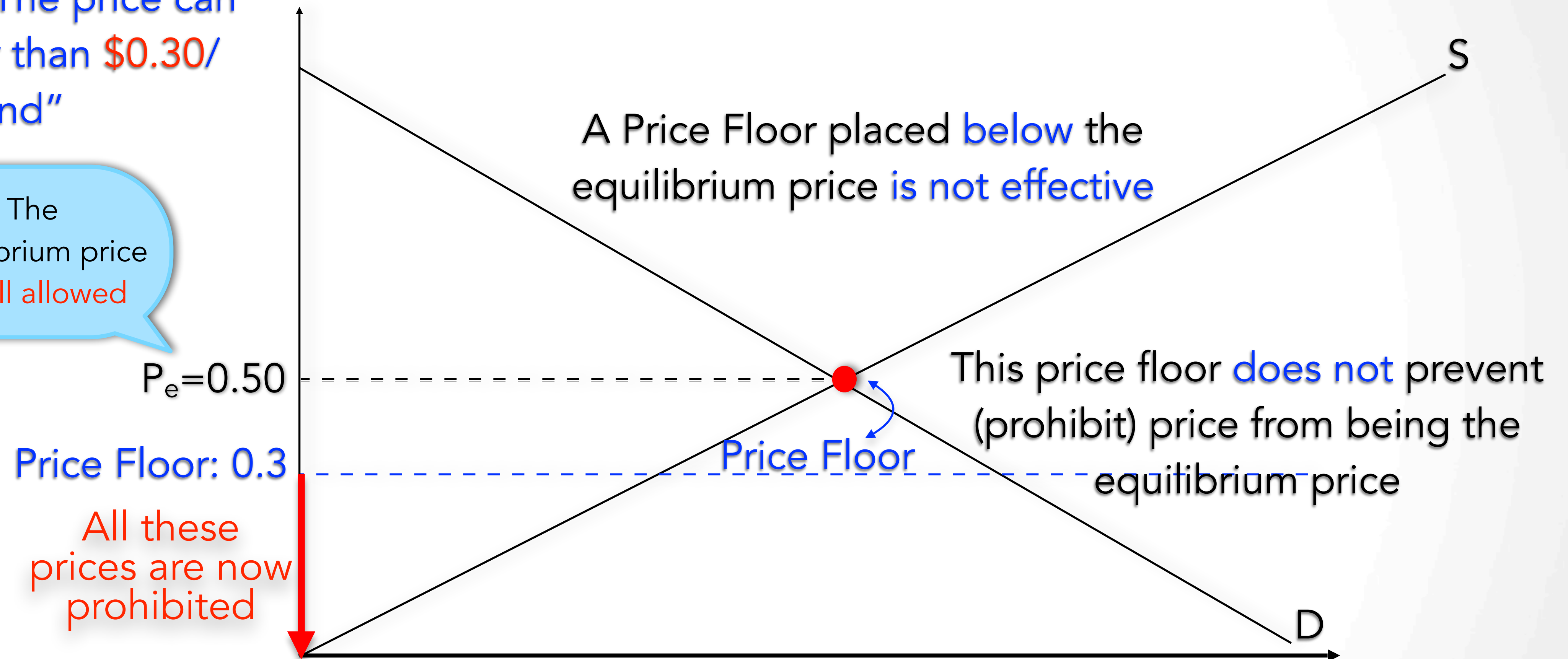


To be effective, a price Floor must prohibit the equilibrium price

To be **effective**, a price **Floor** must **prohibit the equilibrium** price

Price Floor: "The price can not be lower than **\$0.30/** pound"

The equilibrium price is still allowed



To be **effective**, a price **Floor** must be placed **above** the equilibrium price

