

**D**

S

1

2

3

4

5

6

7

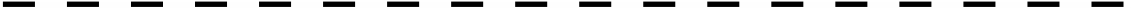
8

$$Q_e = 4000$$

$$P_e = 0.50$$

Price Floor: 0.8





PS at

Equilibrium

$$Q_d = 100$$





Qs = 8000





The quantity sold  
drops to 100



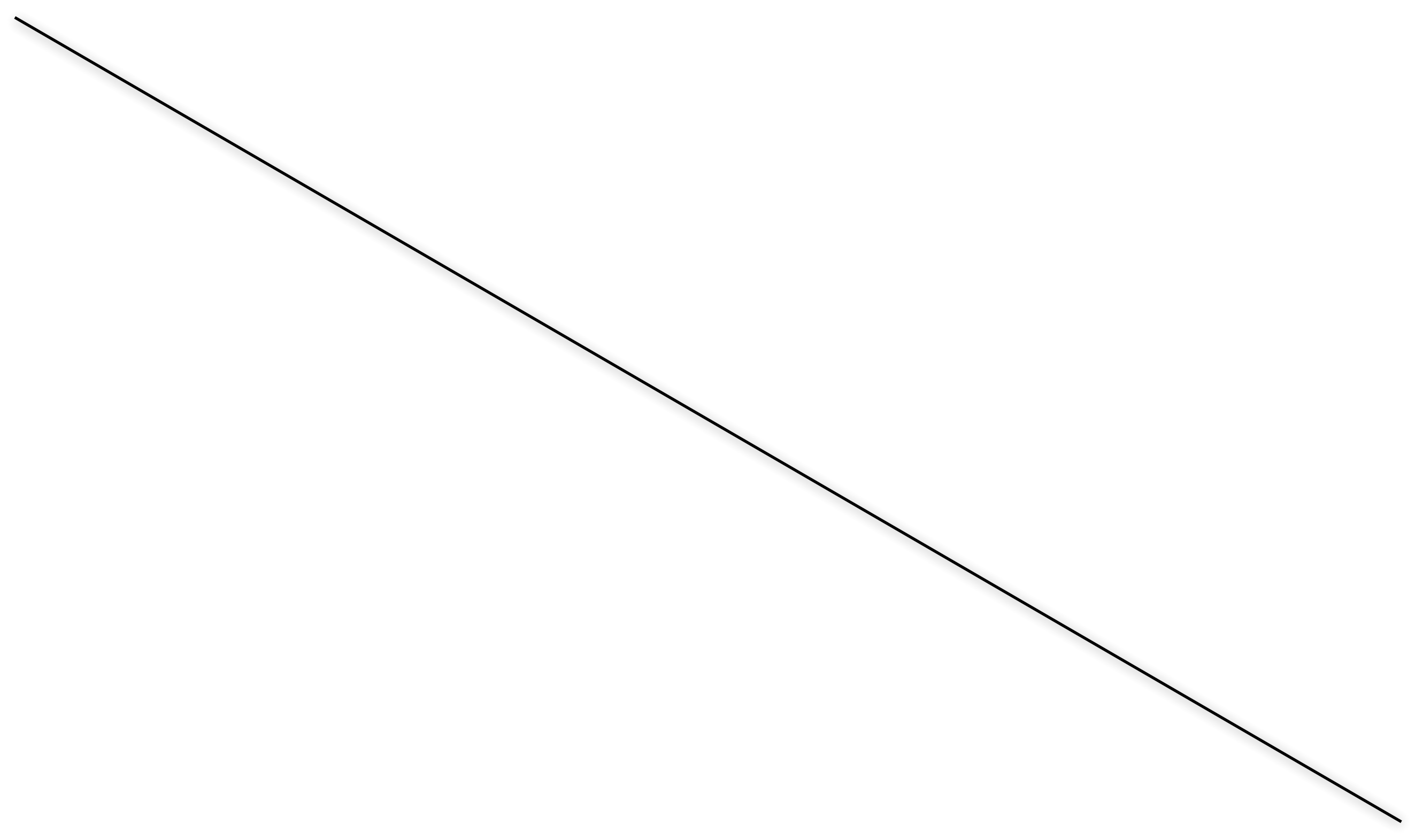
Producers can **only** get  
Producer Surplus on  
**100 units**



$$Q^d = 100$$

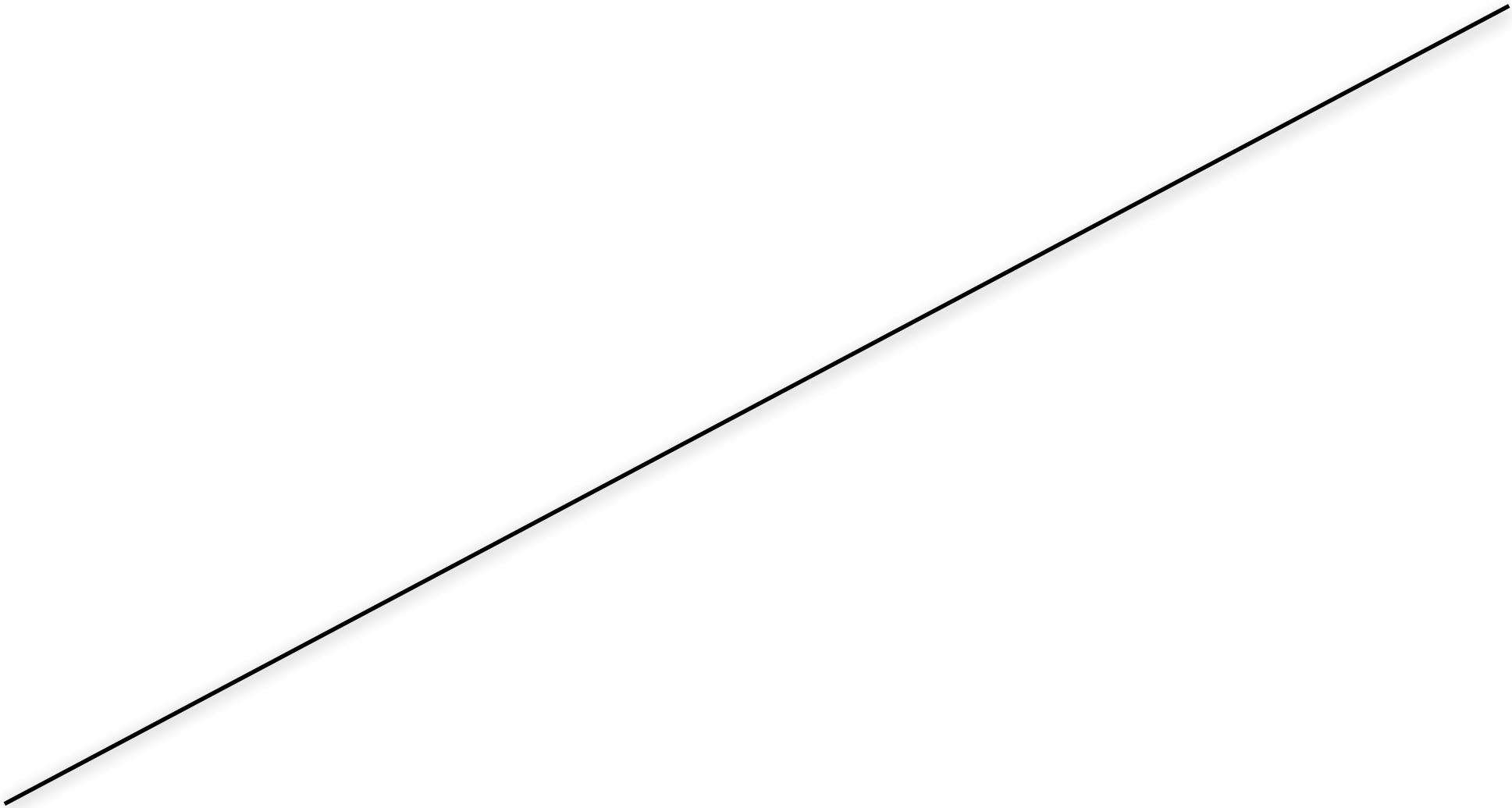


PS lost





PS after  
floor is  
imposed



PS

gained



The imposition of a Floor

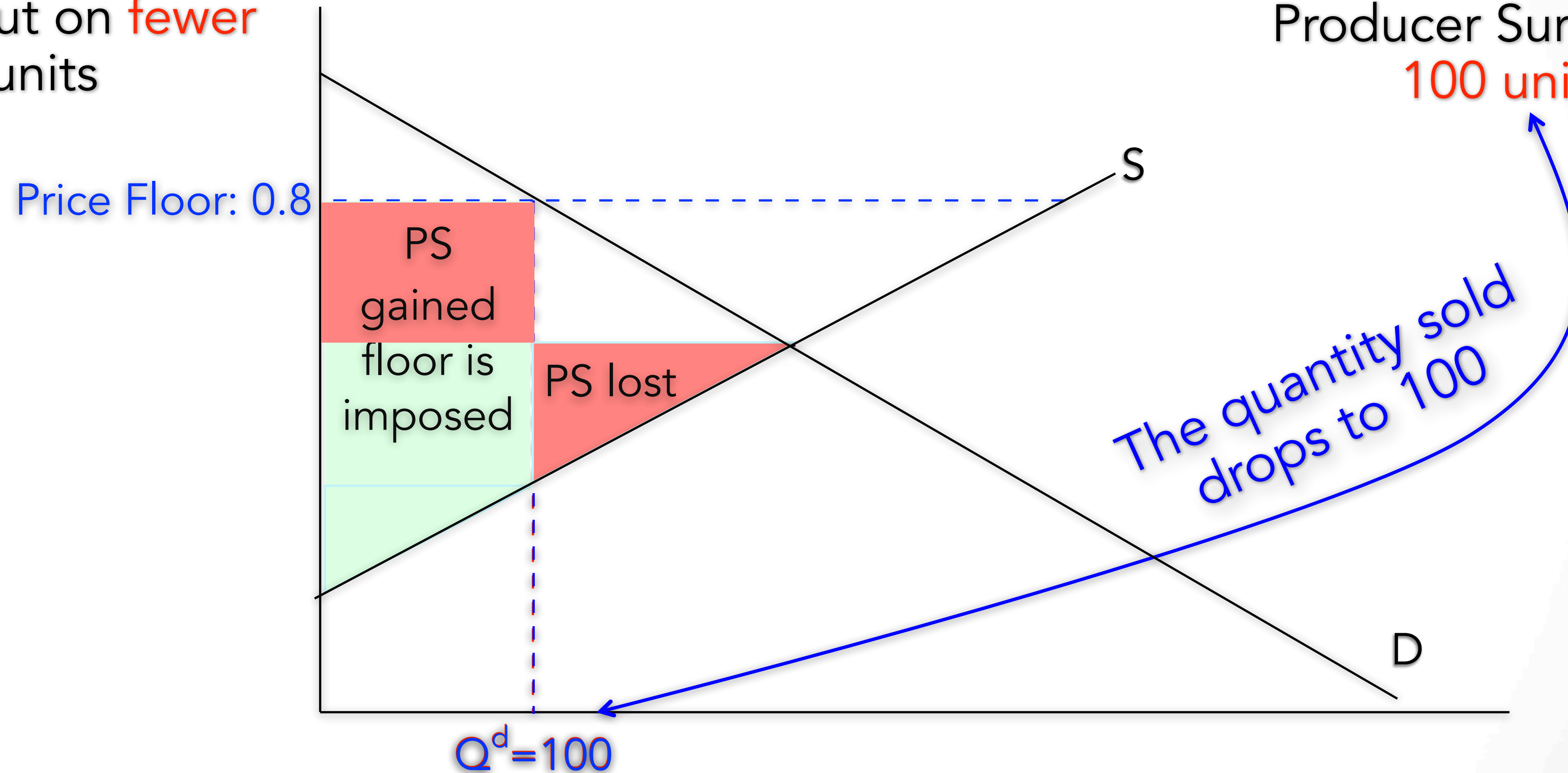
Results in a decrease in the number of units sold by producers

Producers get a higher  
price but on fewer  
units

# The imposition of a Floor

Producers get a **higher price** but on **fewer units**

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



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

