





Ceiling: 2,200

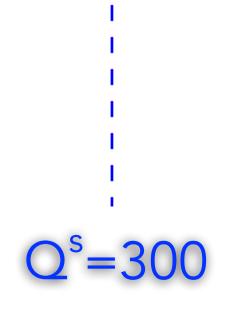


CS at

Equilibrium

CS after ceiling





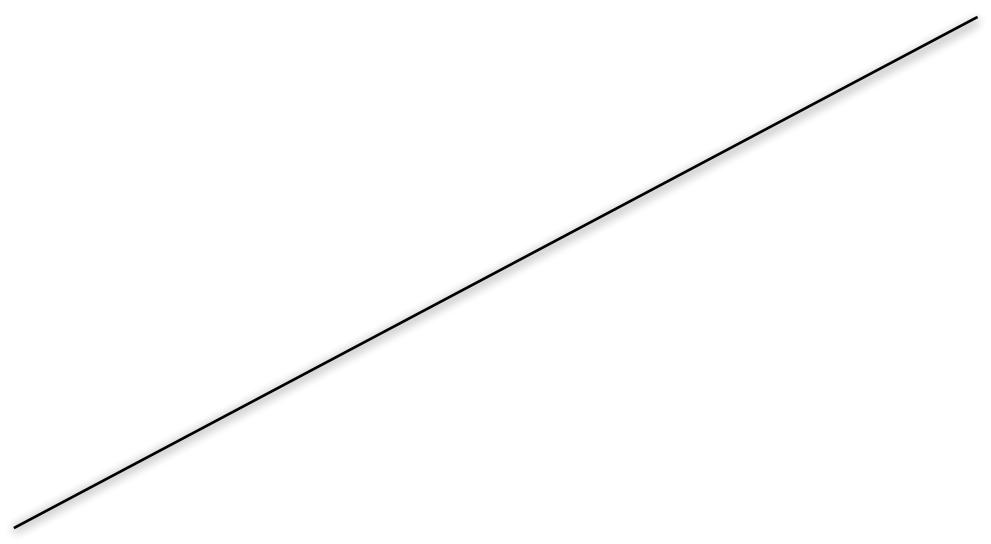


3,900





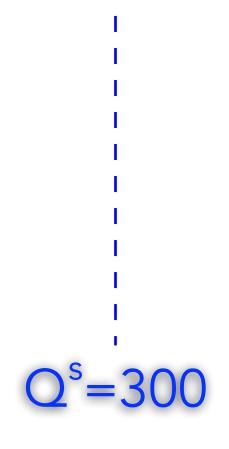




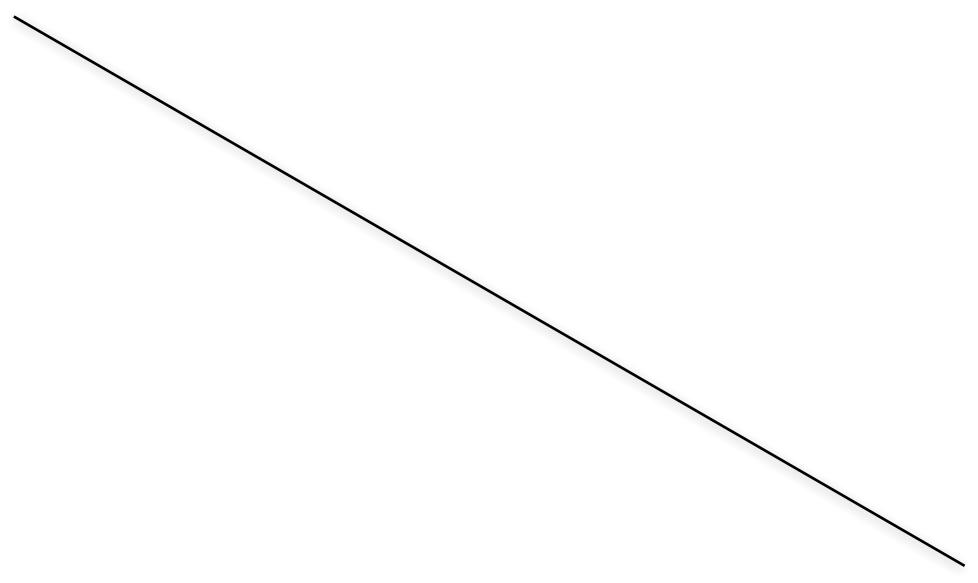


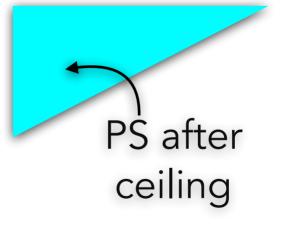
3,900

PS at Equilibrium











Consumers

Producers

PS lost



Welfare Loss

The imposition of a Ceiling (for example rent control)

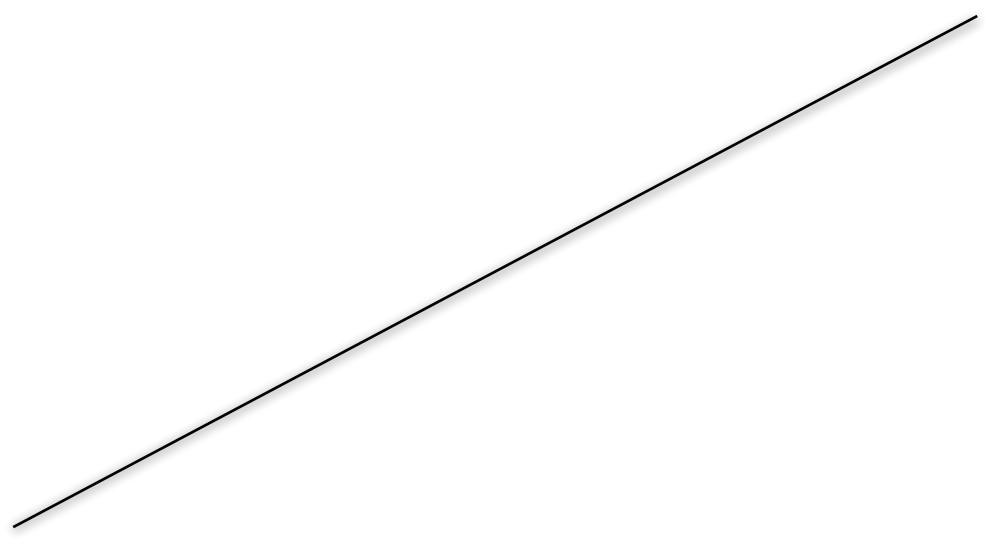
Results in a net loss of surplus to society as a whole: everyone losses

Society had a whole pie to share between producers and consumers

After the ceiling society has a smaller pie to share between producers and consumers

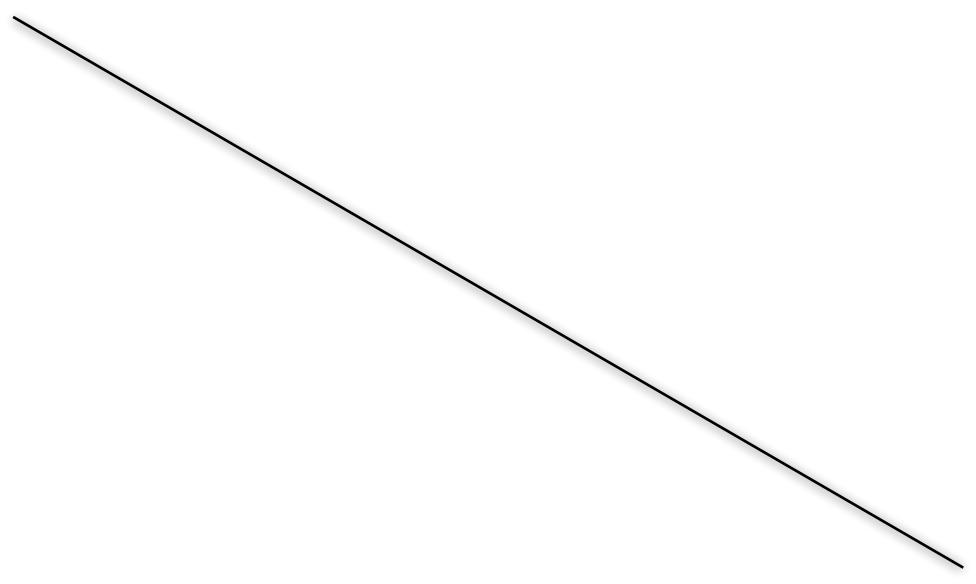
Society's Surplus

Society's Surplus

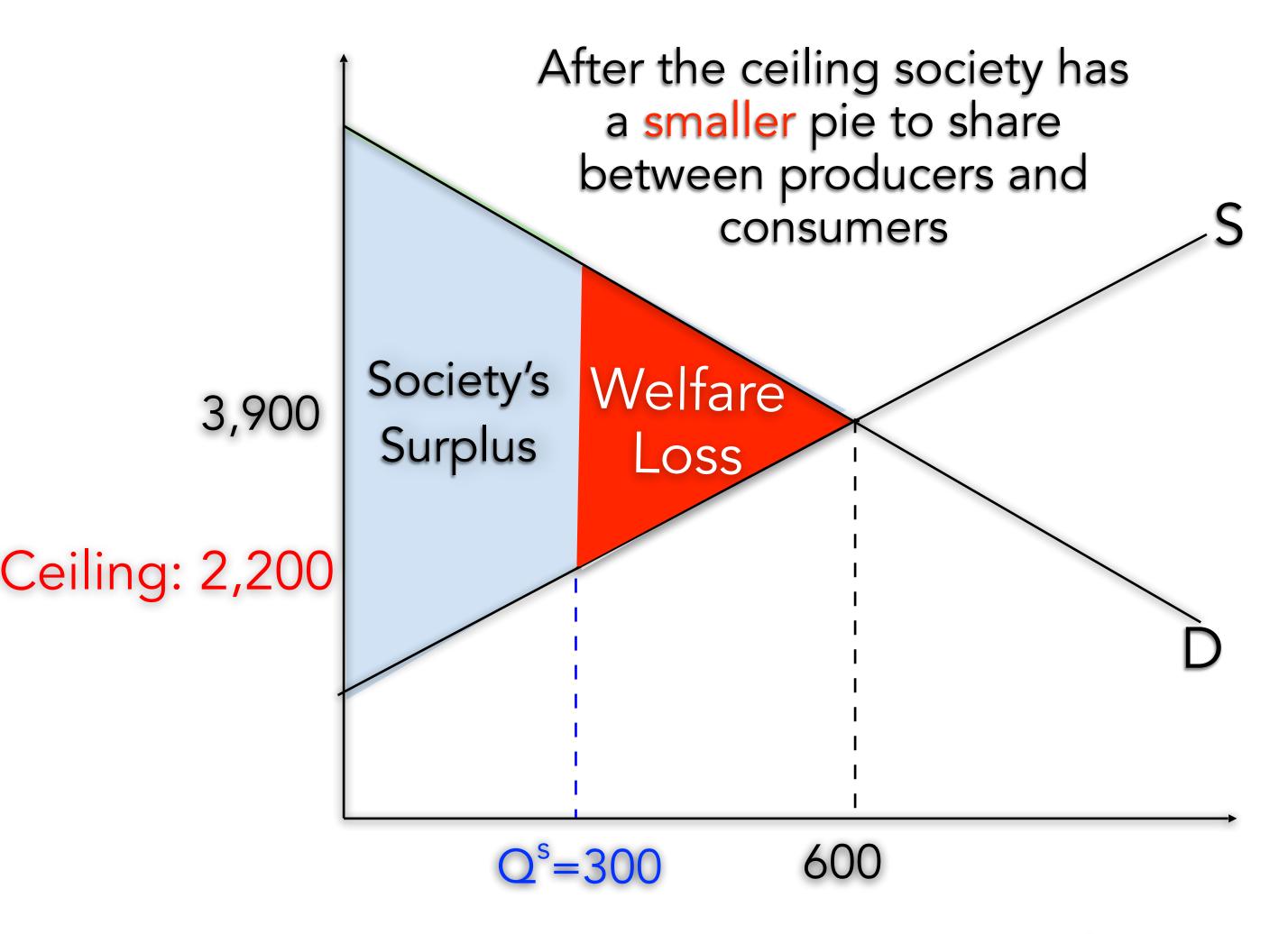




Welfare Loss



The imposition of a Ceiling (for example rent control)



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

