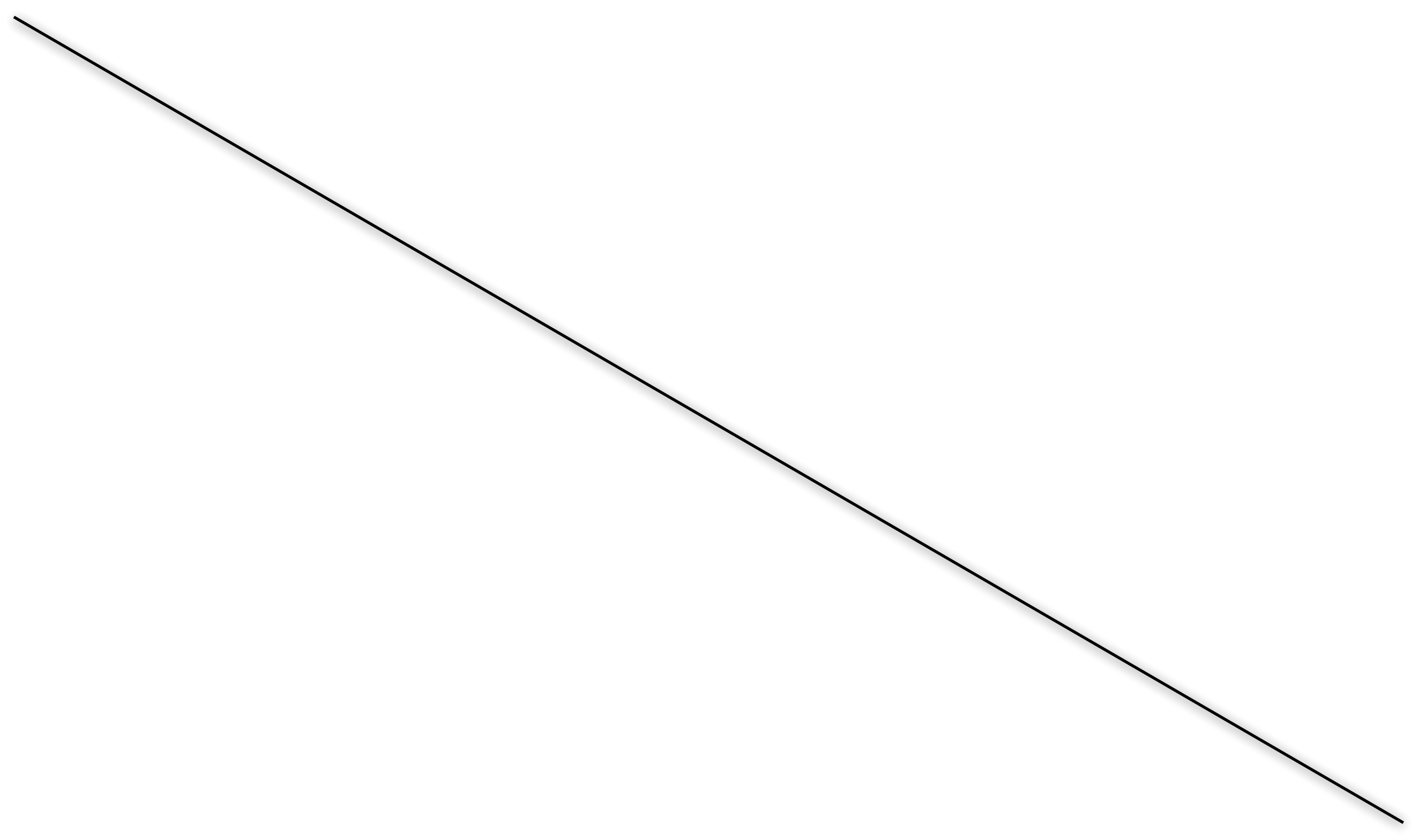


Consider the Rental Market

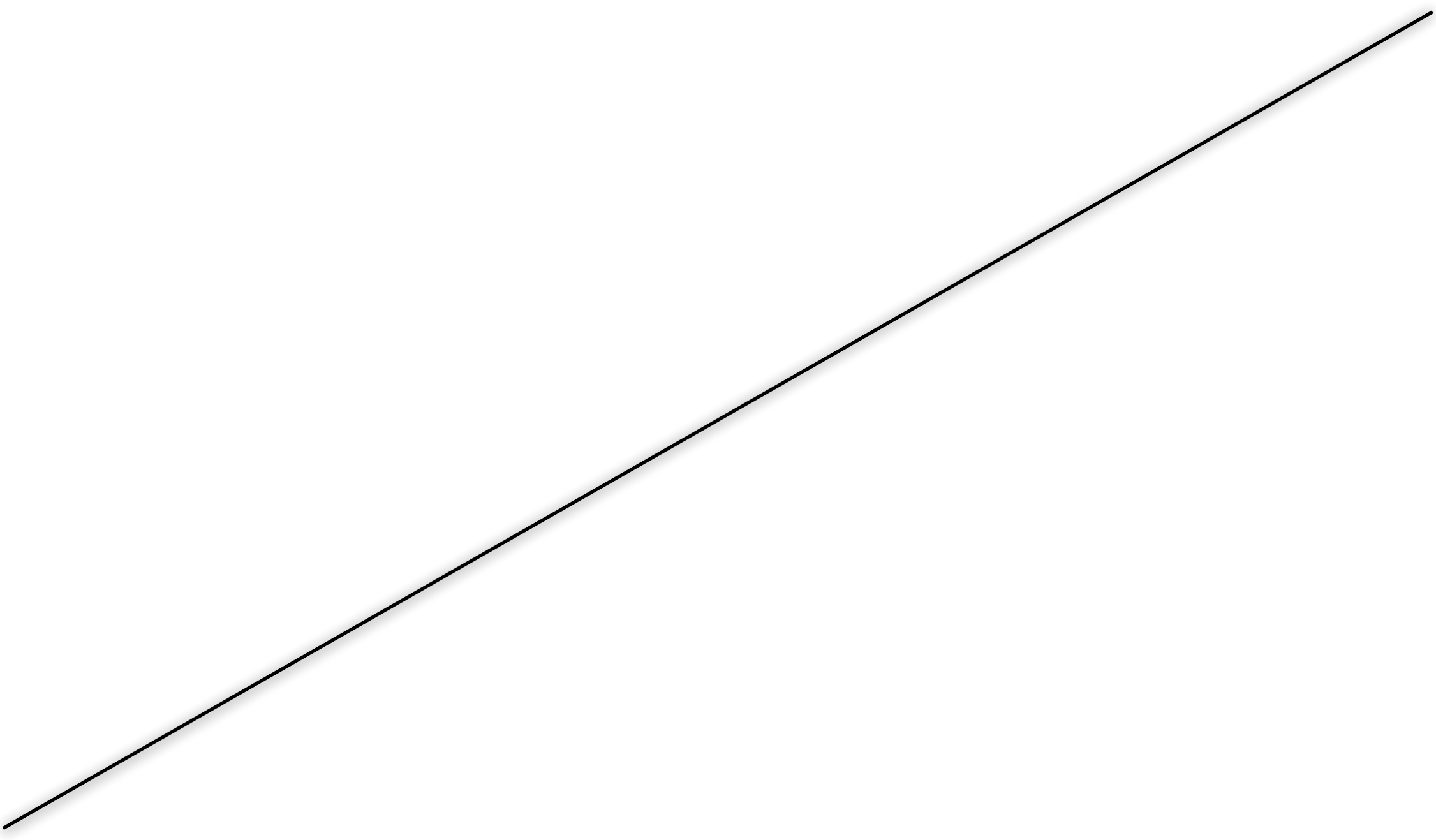




D

S

2,200





$Q_d = 900$



$Q_s = 300$





$$Q_e = 600$$

$P_e = 3,9000$

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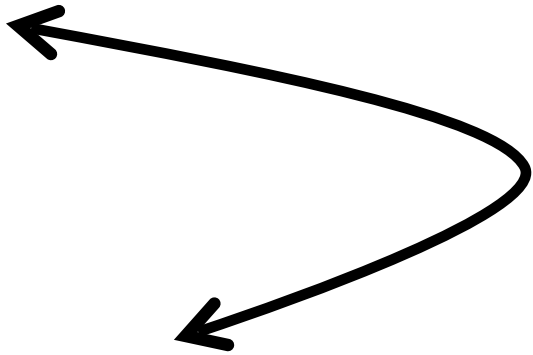
Rent Control:
Landlords can't
charge more
than \$2,200



Price Ceiling

All these prices are
now prohibited


Prevents price from
reaching equilibrium







Shortage

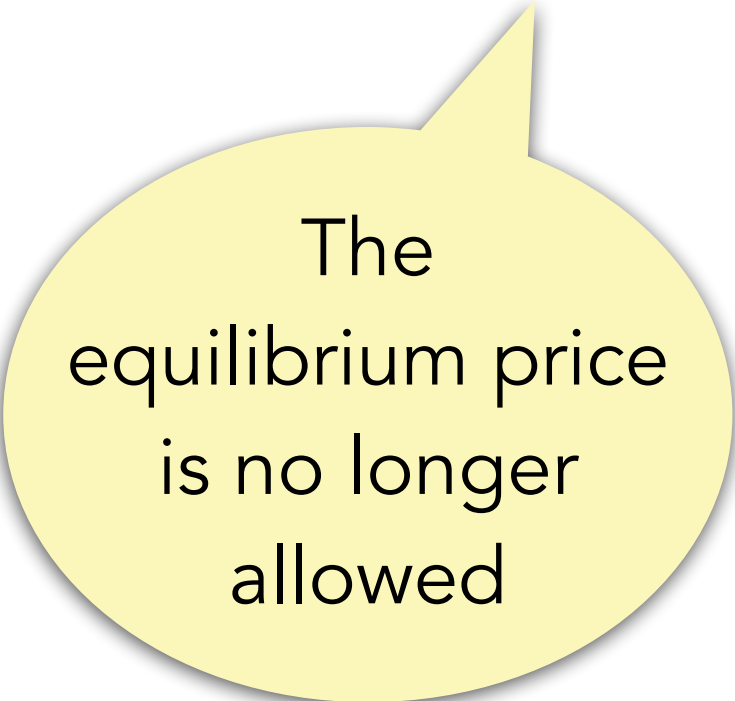


**"\$3,900? Rent
is too
expensive!!"**

If the market is allowed to clear, rent will be \$3,900

Price Ceilings Cause a
Shortage

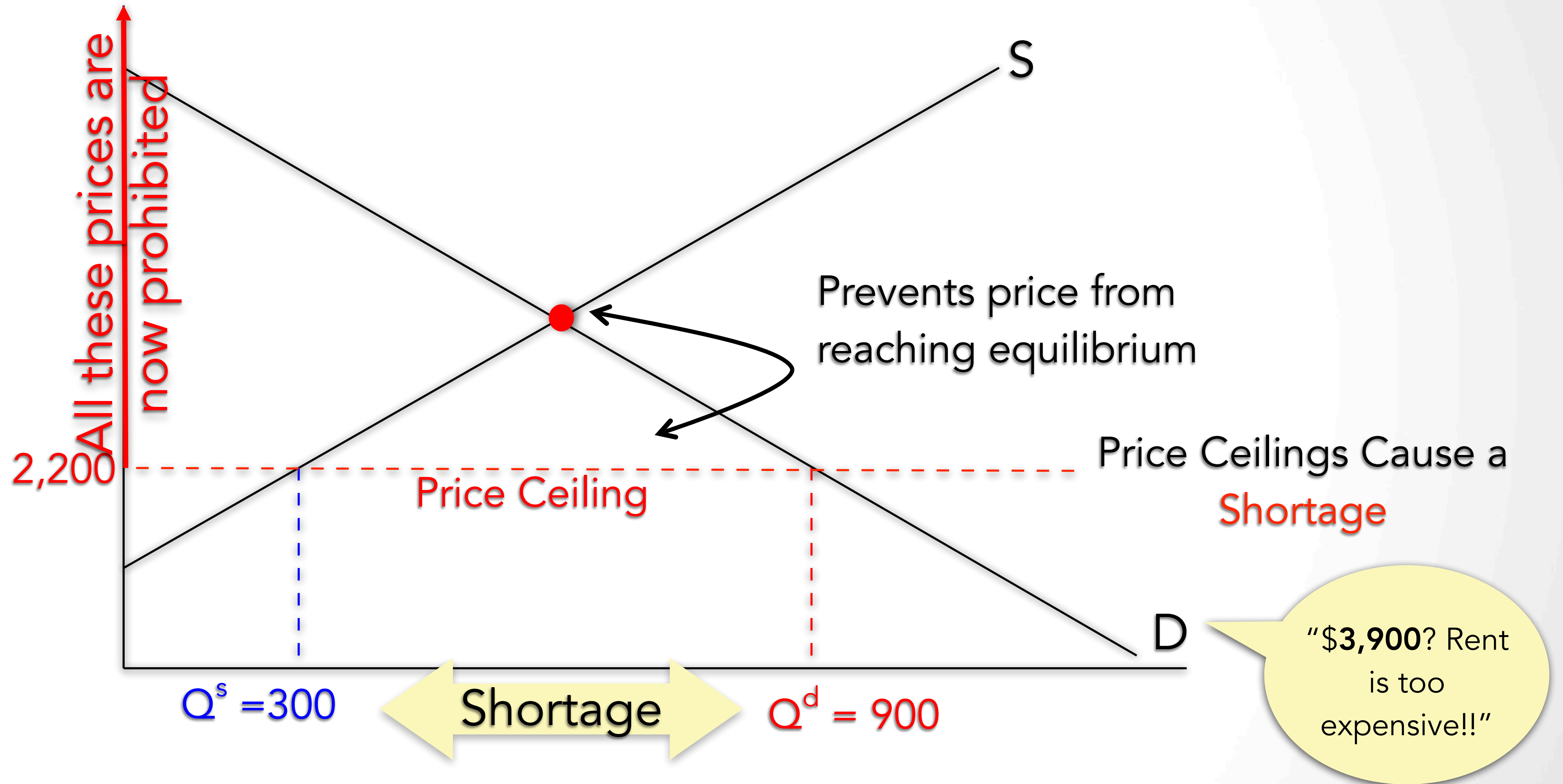
Consumers (renters) ask the government to impose rent control



The
equilibrium price
is no longer
allowed

Consider the Rental Market

Rent Control:
Landlords can't
charge more
than \$2,200



Consumers (renters) ask the government to impose rent control

