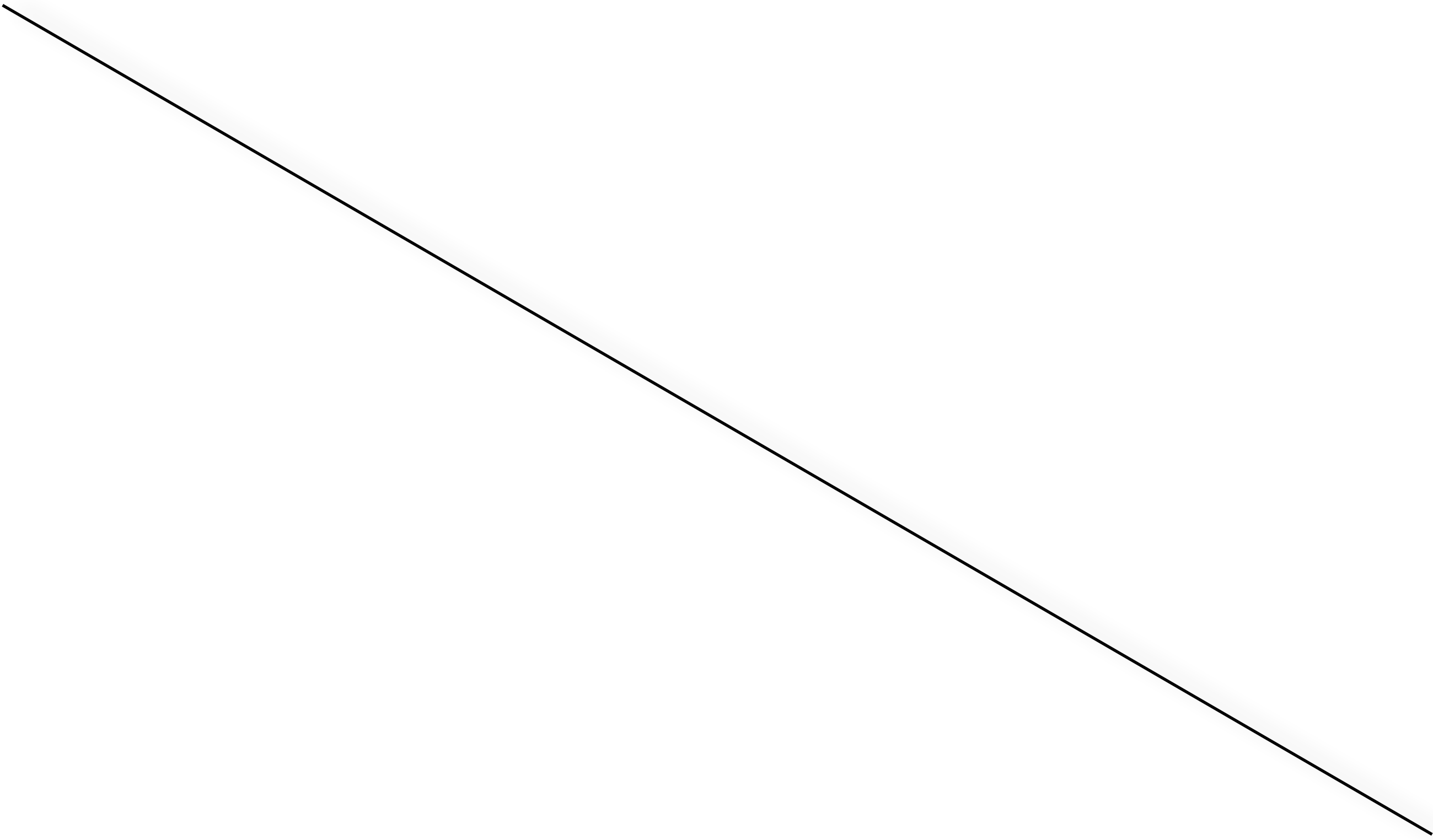




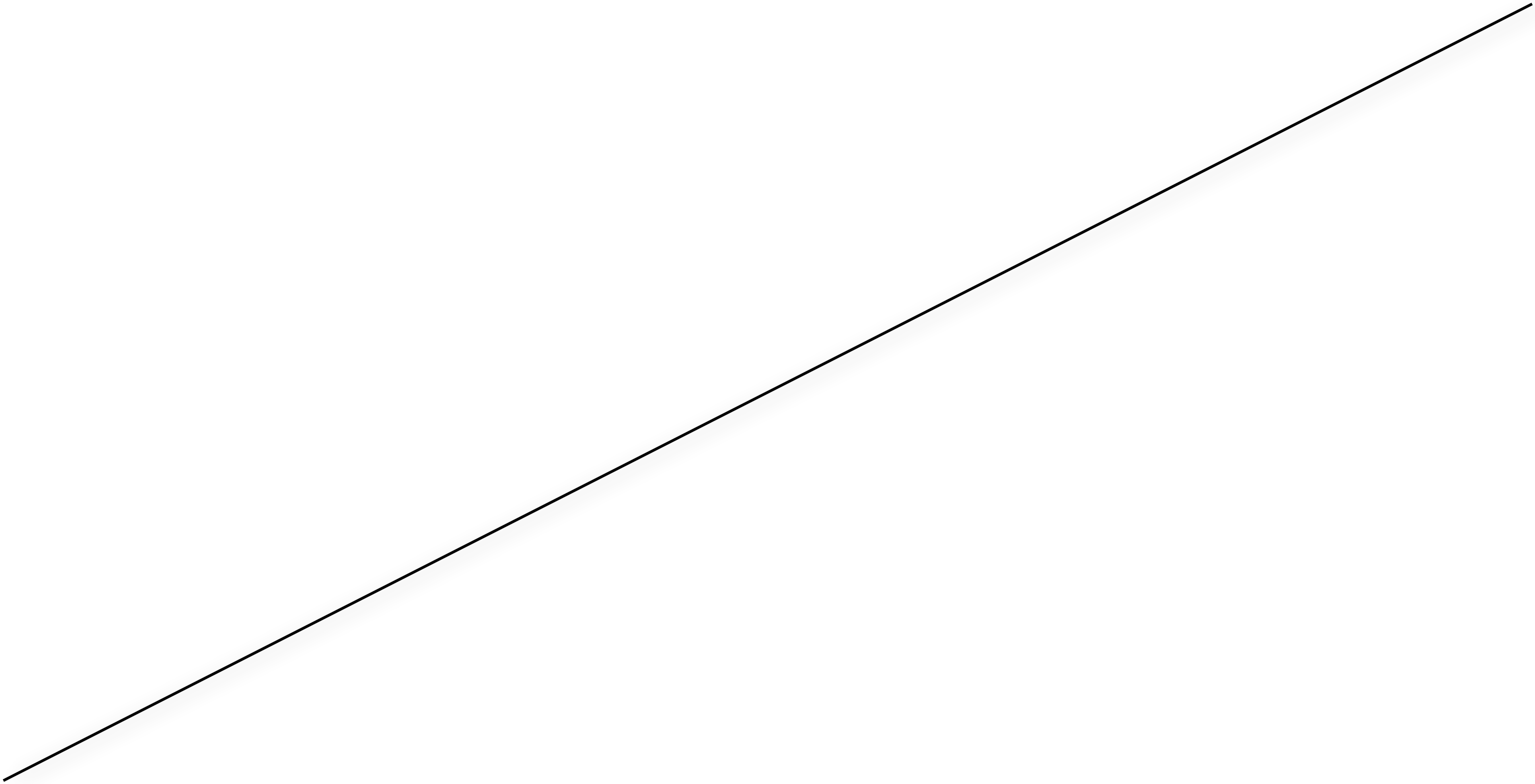
A price Floor prohibits prices below the floor





S

Price Floor: 0.8











$$Q_e = 400$$

$$P_e = 0.50$$



Price Floor: The  
minimum price is  
\$0.80/pound



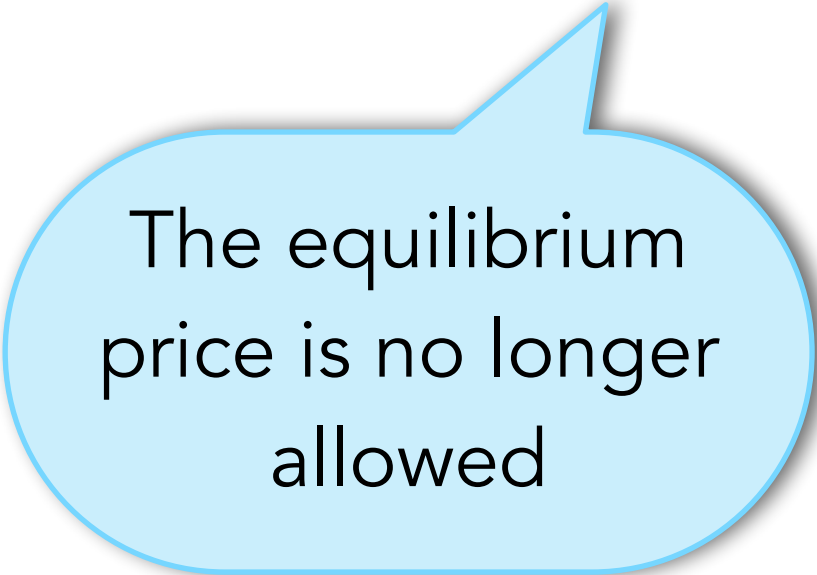
Price Floor



All these prices are  
now prohibited

Prevents price from  
reaching equilibrium





The equilibrium  
price is no longer  
allowed

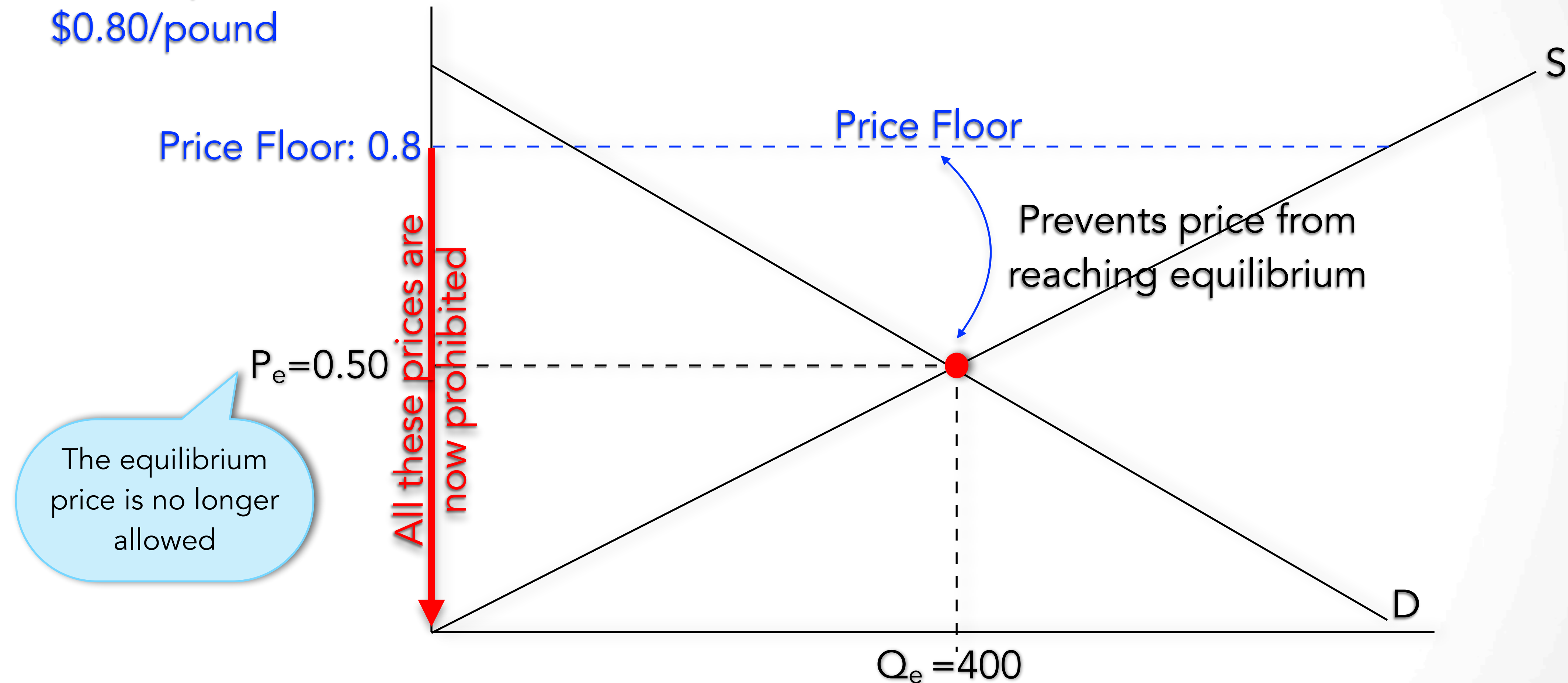


D

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

Price Floor: The minimum price is \$0.80/pound

A price Floor prohibits prices **below** the floor



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



