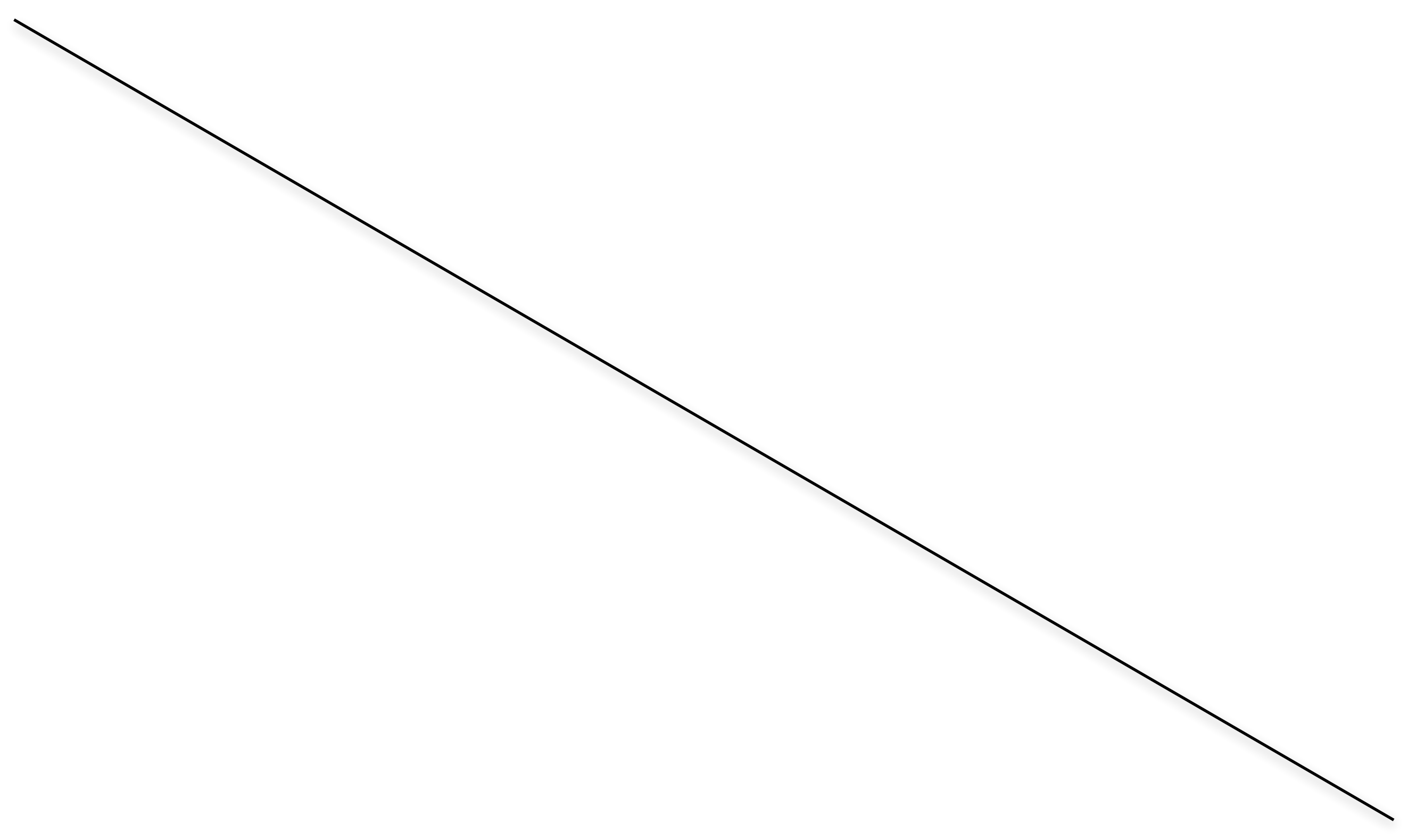




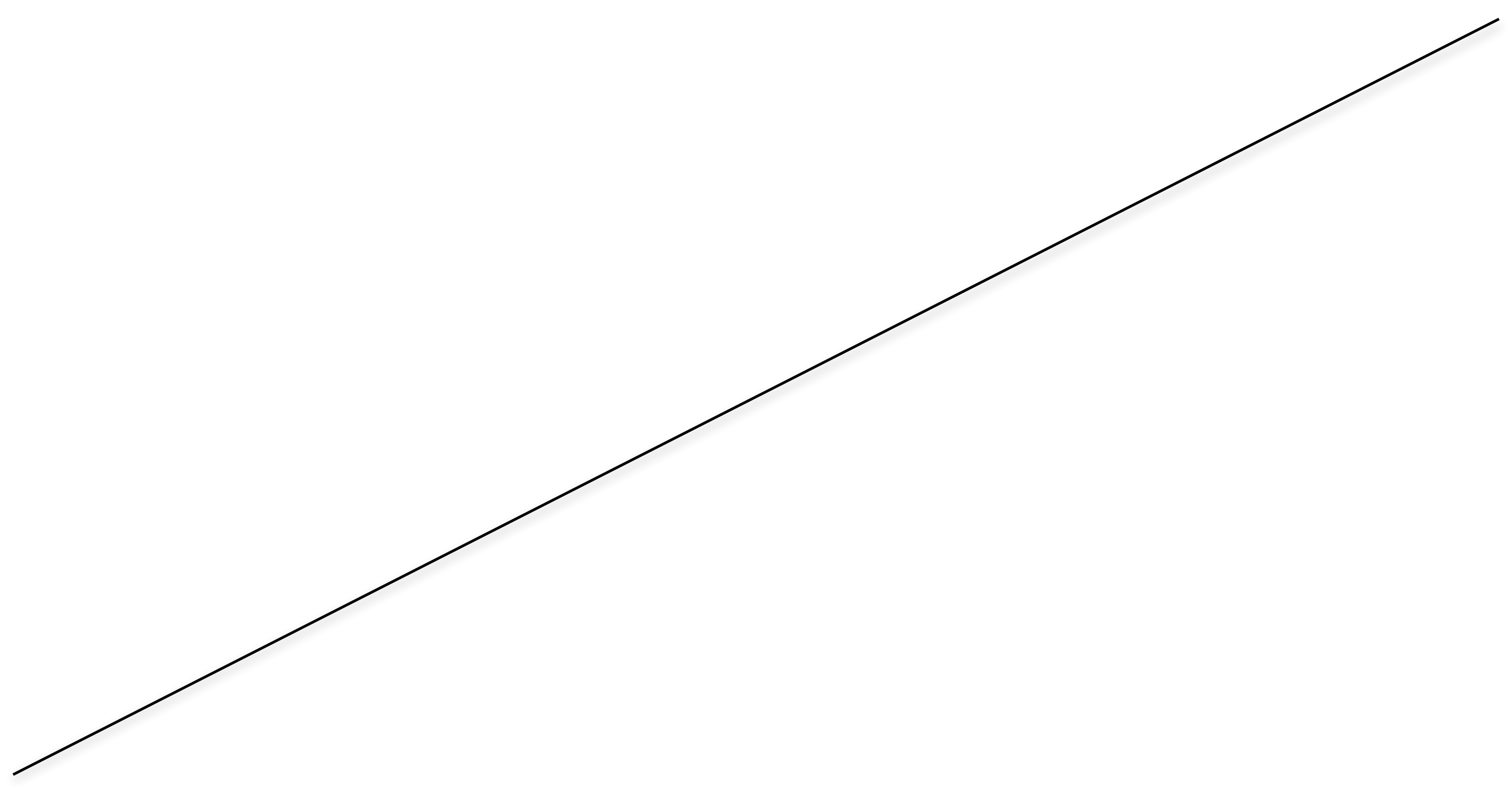
Consider the Corn Market





S

Price Floor: 0.8









$$Q^d = 100$$



$$Q^s = 800$$





$$Q_e = 400$$

$$P_e = 0.50$$



1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

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

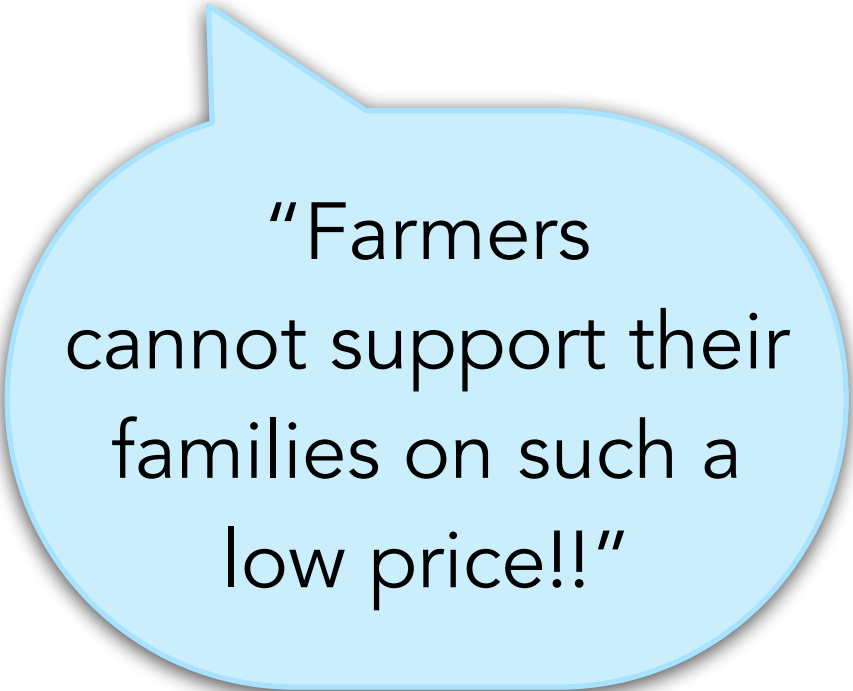


Price Floor

All these prices are  
now prohibited

Prevents price  
from reaching  
equilibrium





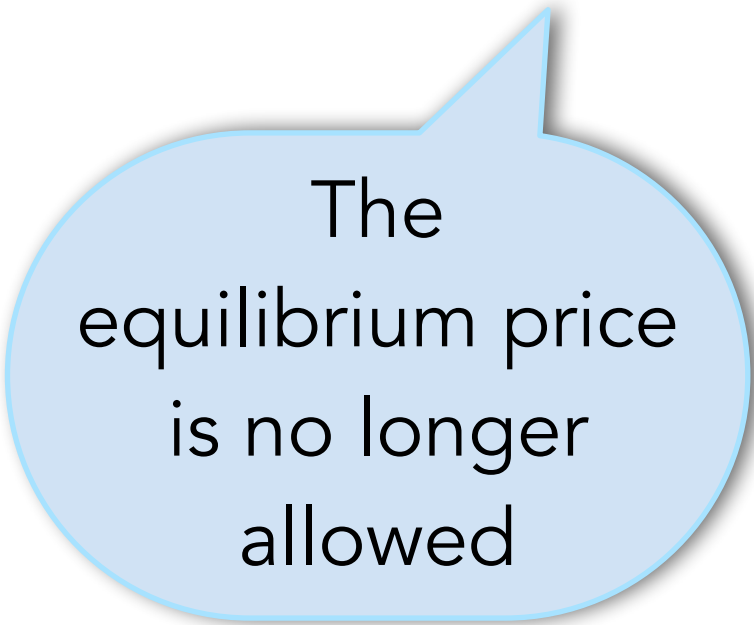
"Farmers  
cannot support their  
families on such a  
low price!!"



If the market is allowed to clear, farmers will get 50 cents/pound

cause a surplus

Suppliers (farmers) ask the government to impose price support



The  
equilibrium price  
is no longer  
allowed

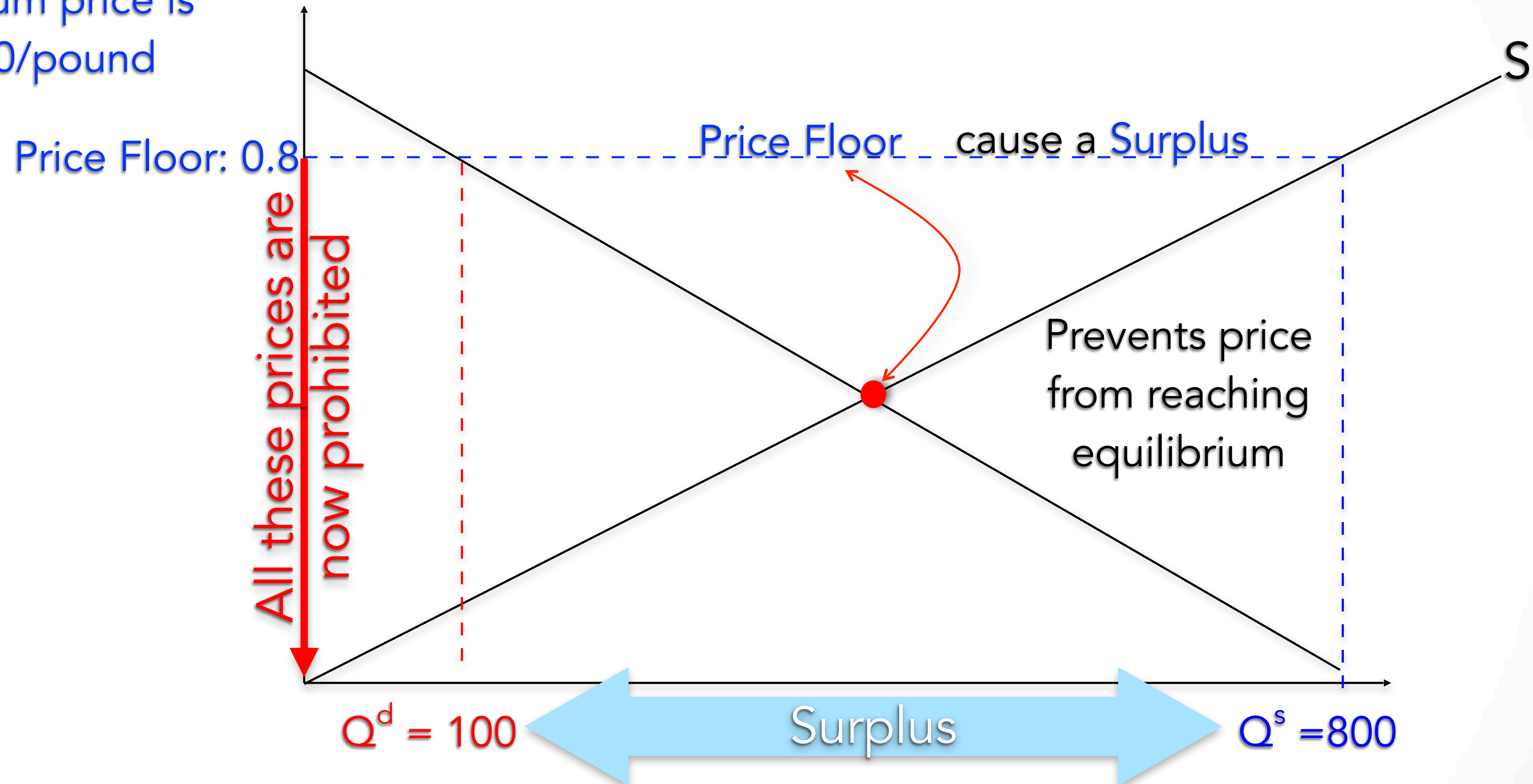




Surplus

# Consider the Corn Market

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



Suppliers (farmers) ask the government to impose price support

