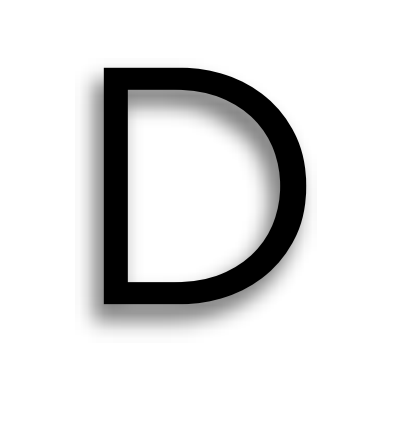
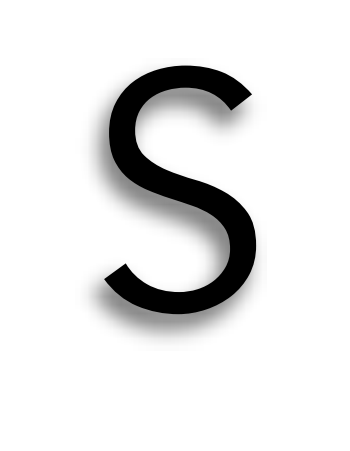
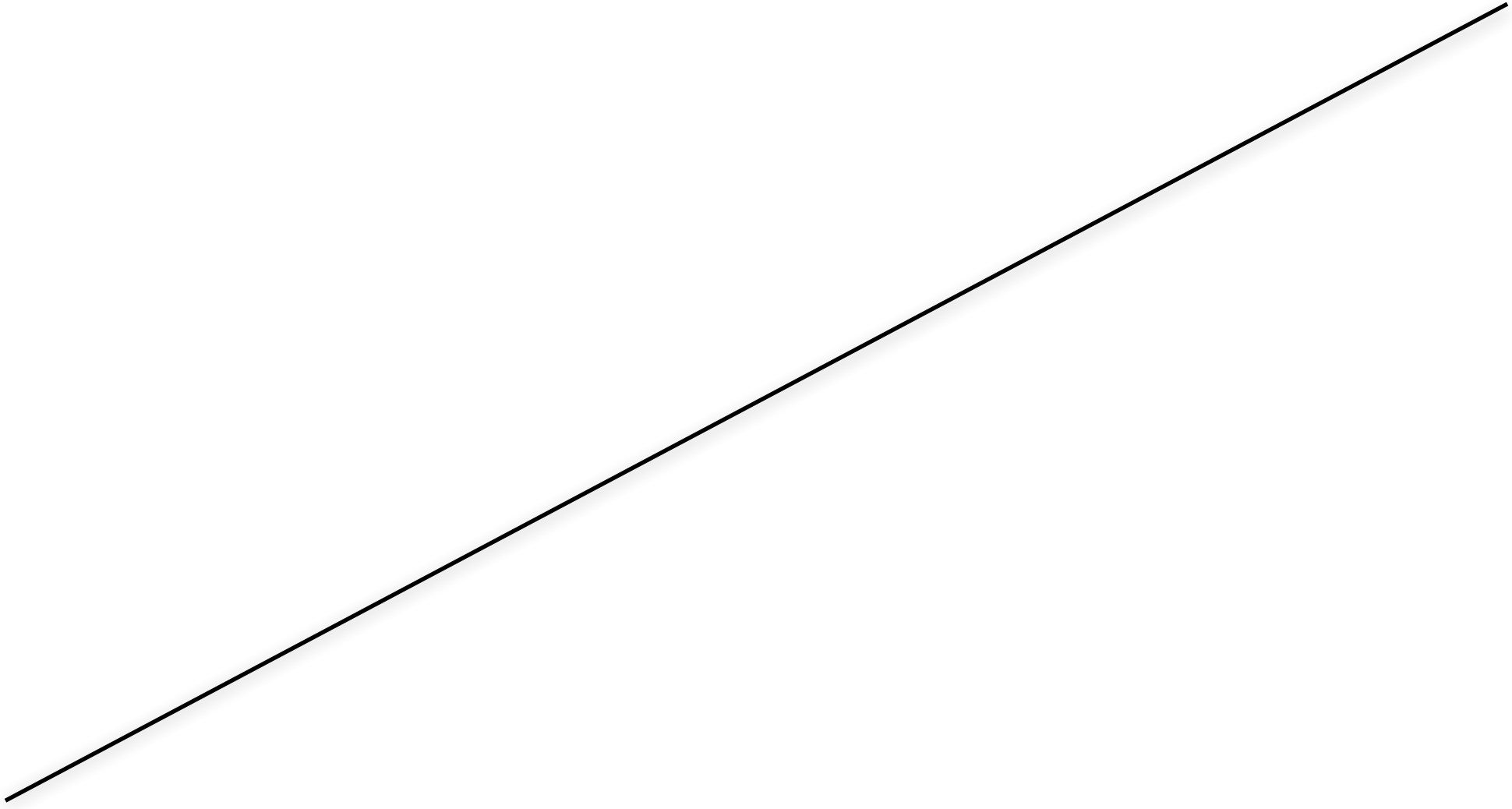






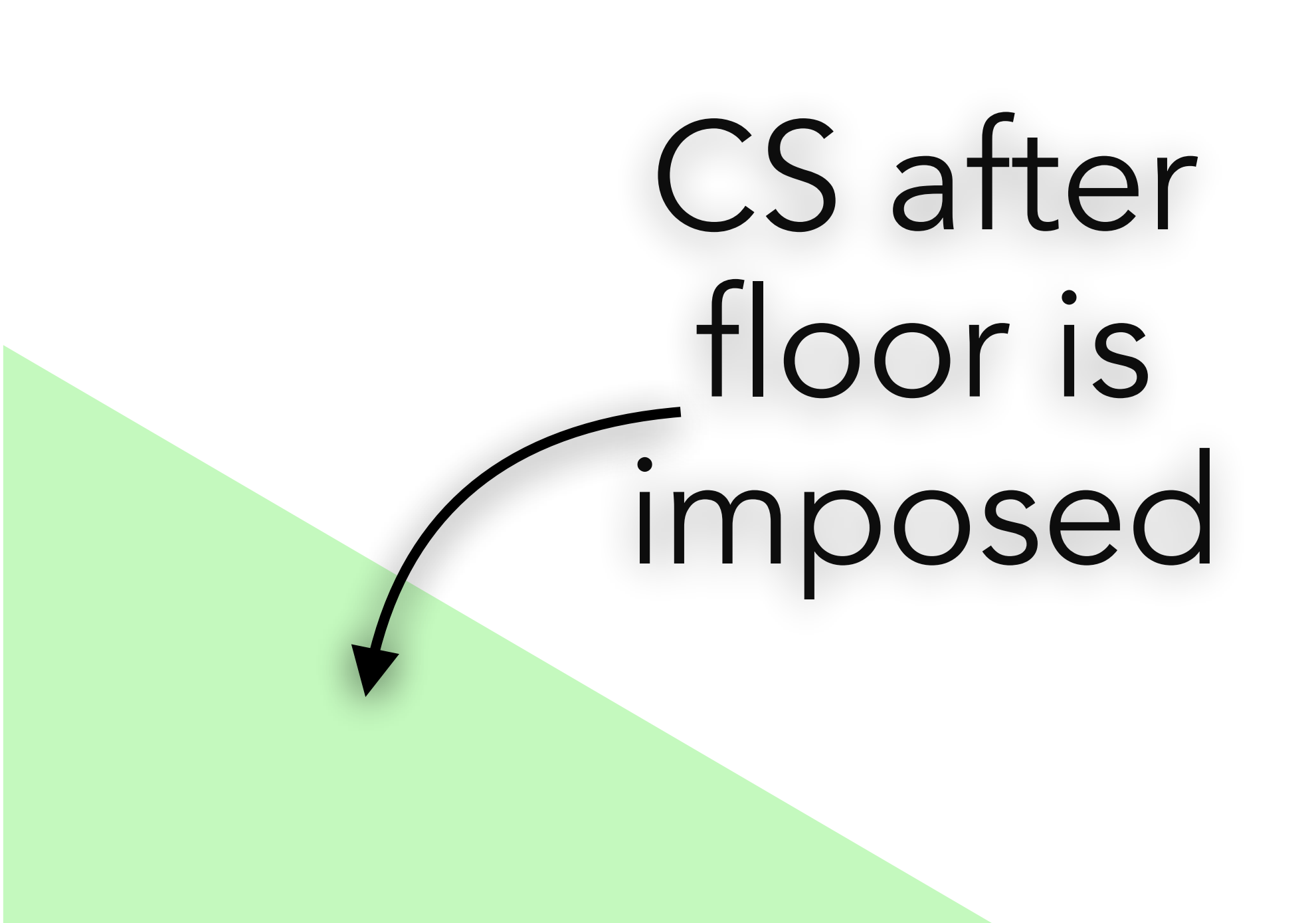
$$Q_e = 400$$

$P_e = 0.50$

Price Floor:0.8

CS at Equilibrium

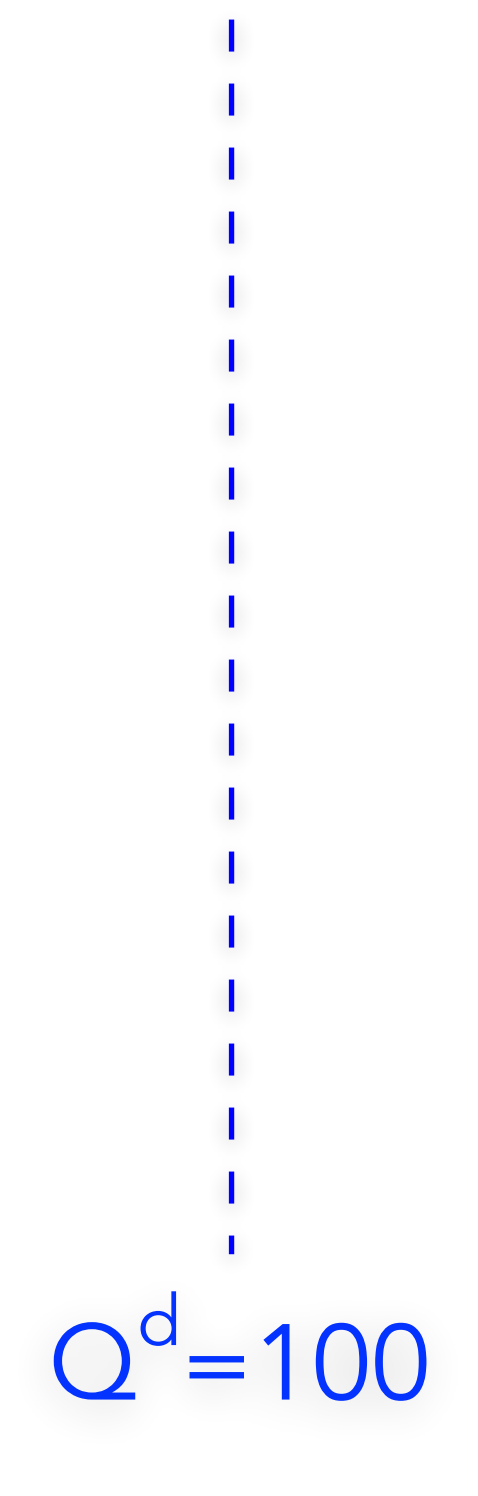
$$Q^d = 100$$

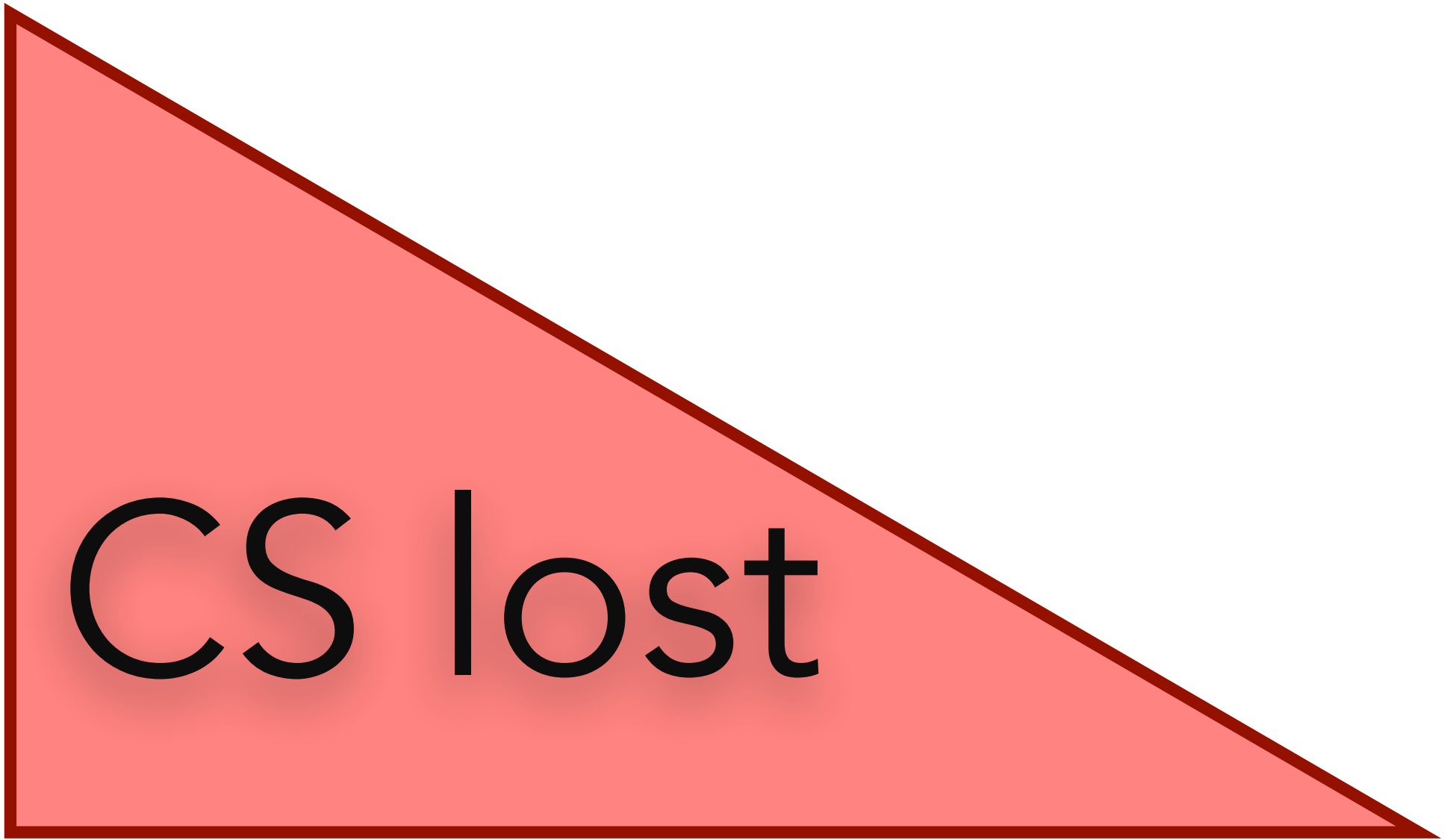

CS after
floor is
imposed

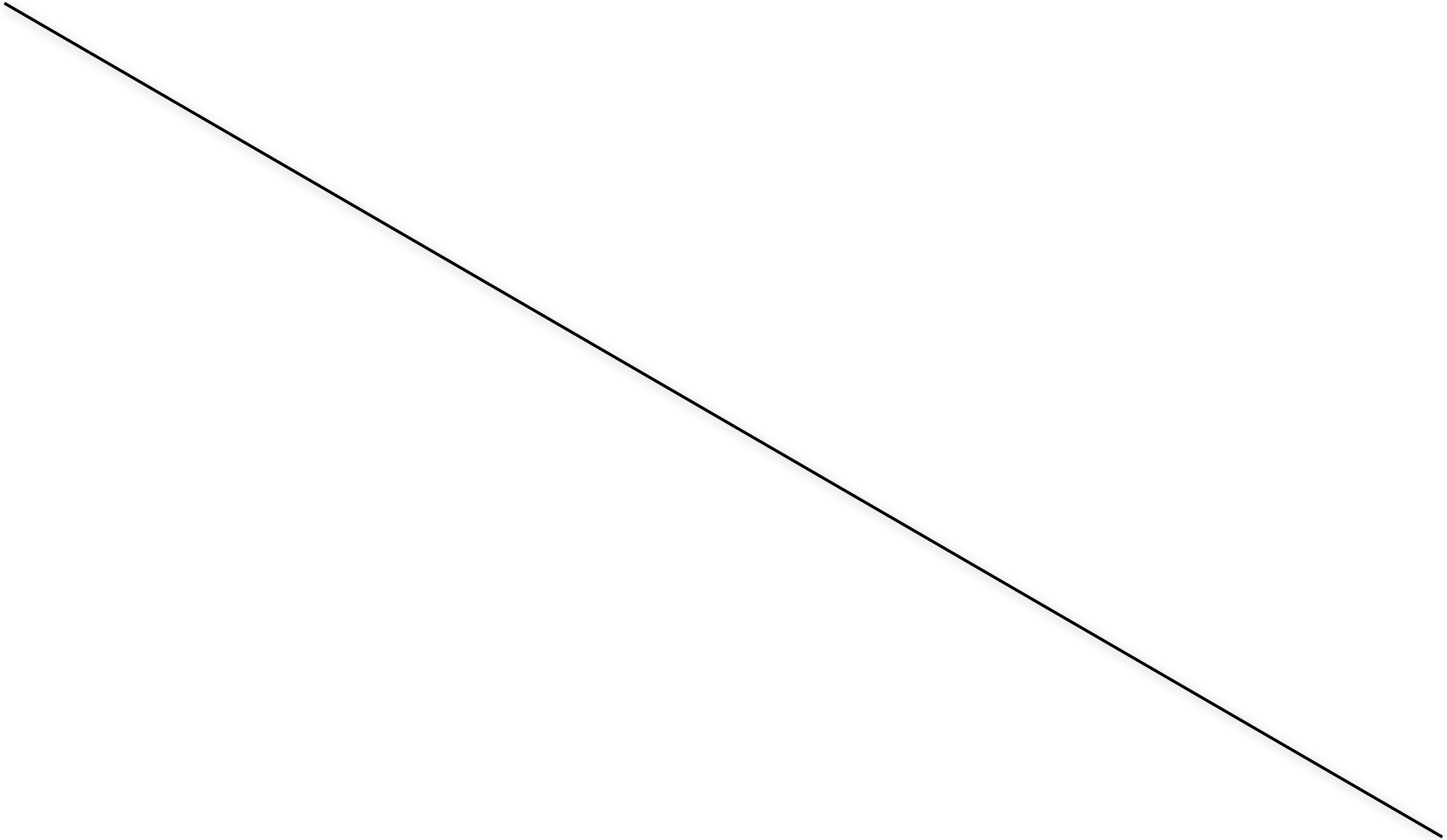
$$Q^s = 800$$

Consumers can only afford to buy 100 units at the new higher price

Consumers can only get Consumer Surplus on 100 units


$Q^d = 100$


CS lost



CS lost

The imposition of a Floor (for example price supports)

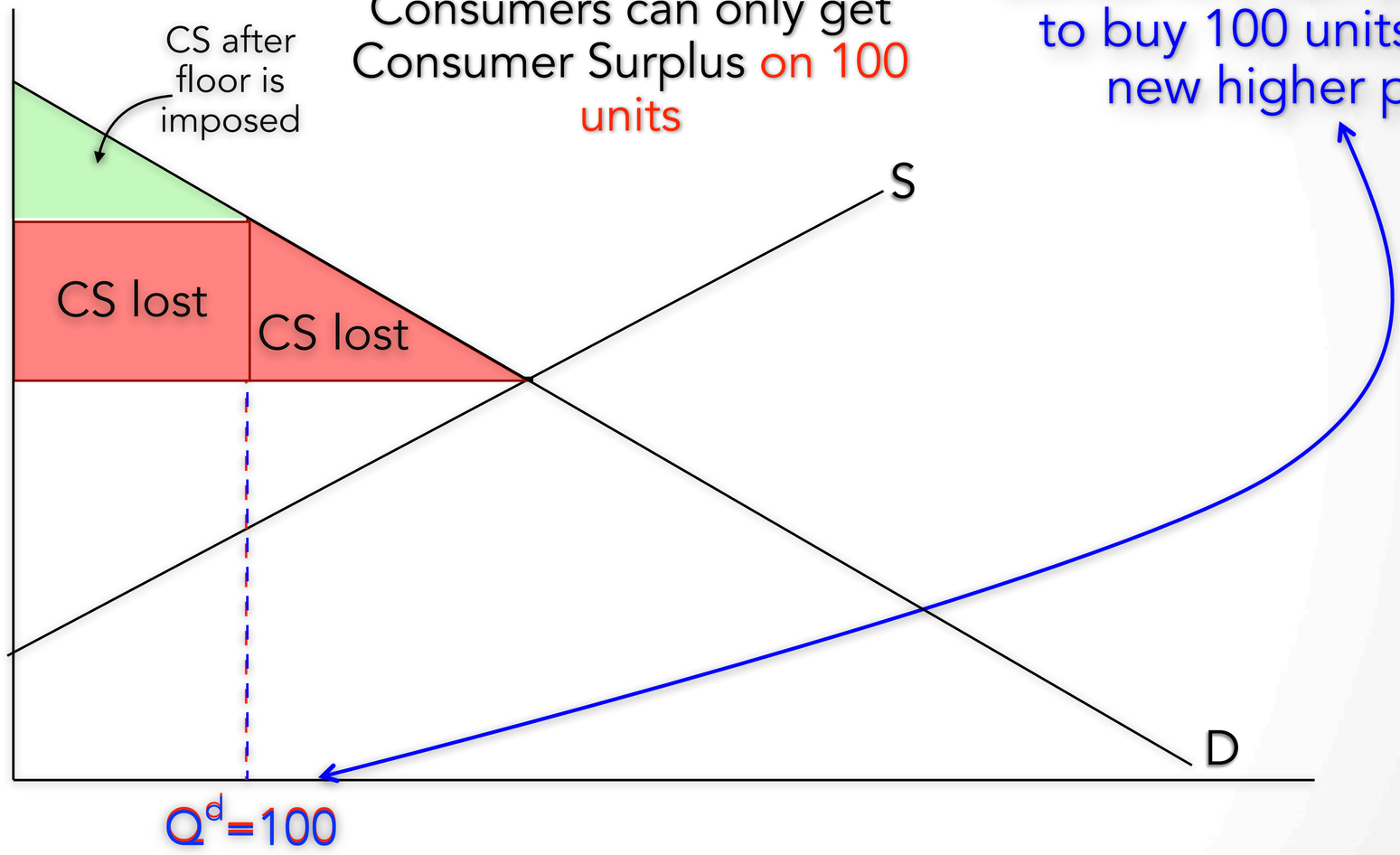
Results in a decrease in the number of units purchased by consumers and a higher price

Consumers pay a higher price on the fewer units they can afford to buy

The imposition of a Floor (for example price supports)

Consumers pay a higher price on the fewer units they can afford to buy

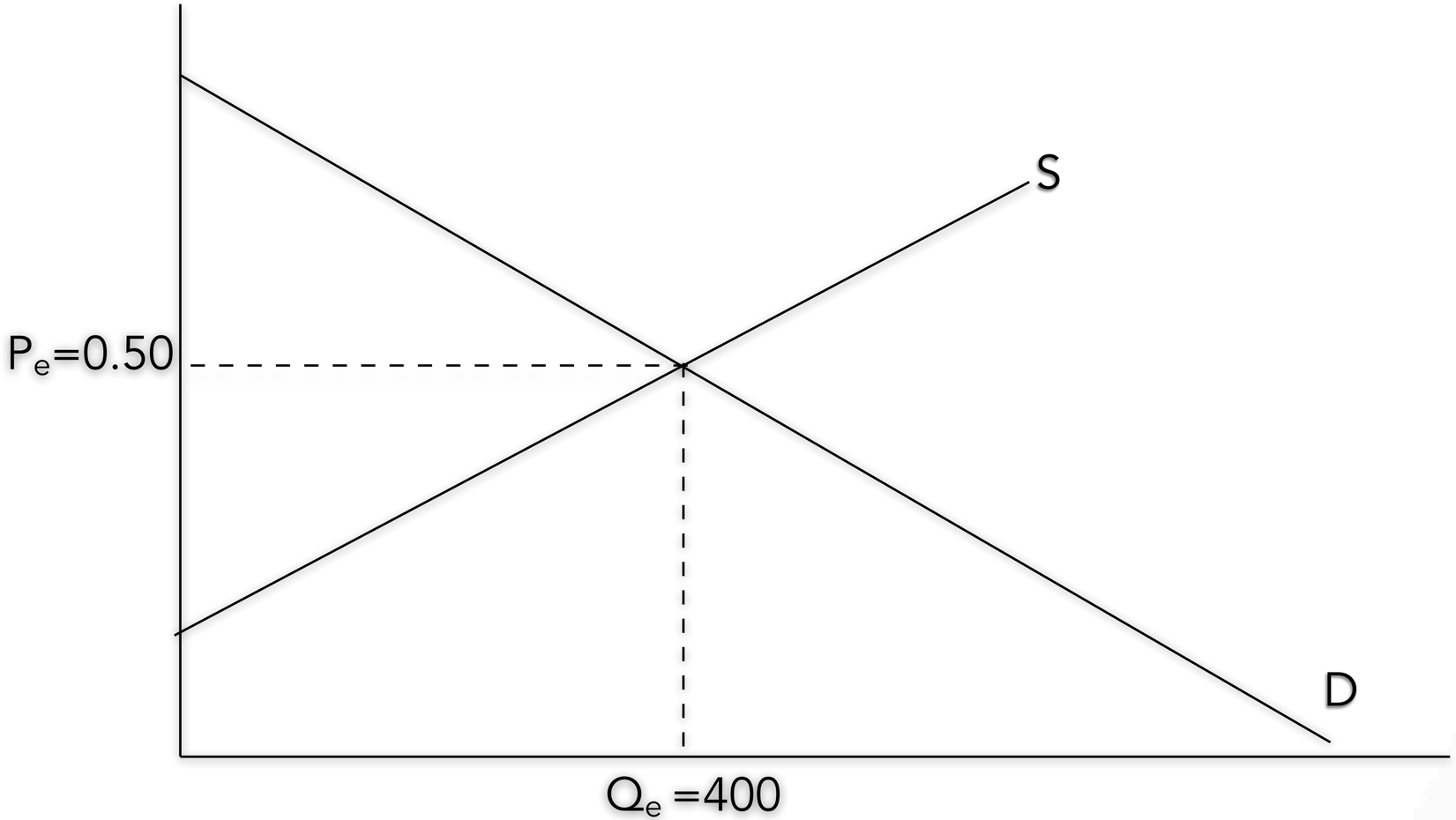
Price Floor:0.8



Consumers can only get Consumer Surplus on 100 units

Consumers can only afford to buy 100 units at the new higher price

Results in a decrease in the number of units purchased by consumers and a higher price


S
P_e=0.50
D
Q_e =400