



The government imposes a Price Floor at \$8





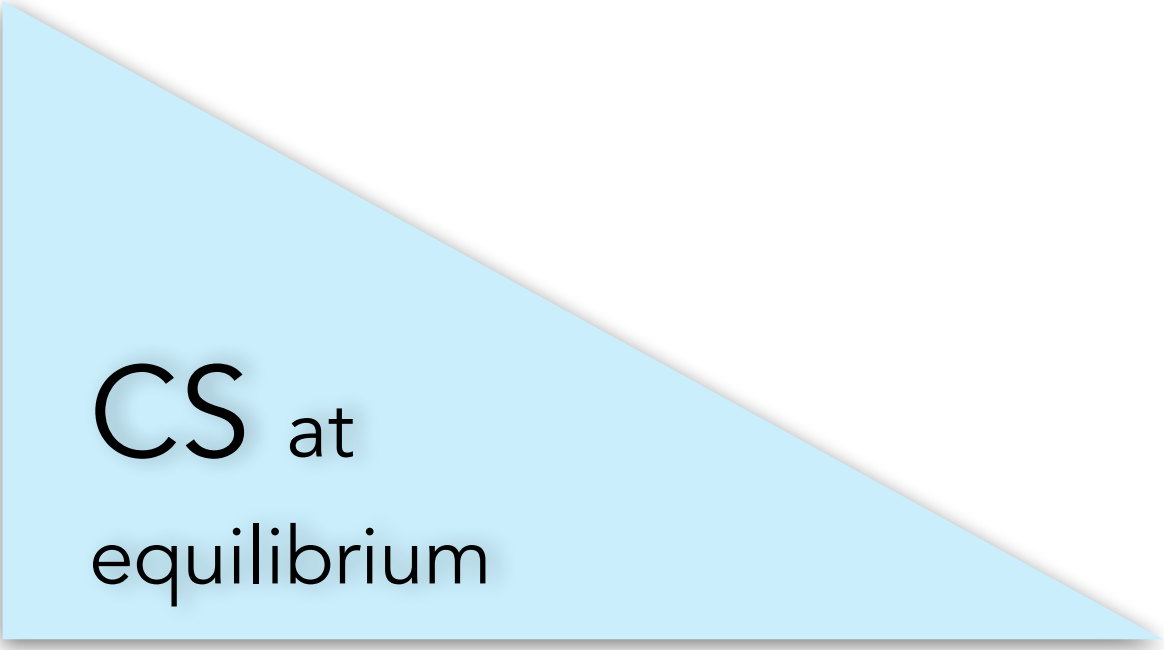
S

\$6



40





CS at  
equilibrium

\$8

20

PS at  
equilibrium



Taxtoconsumers

And a subsidy to producers

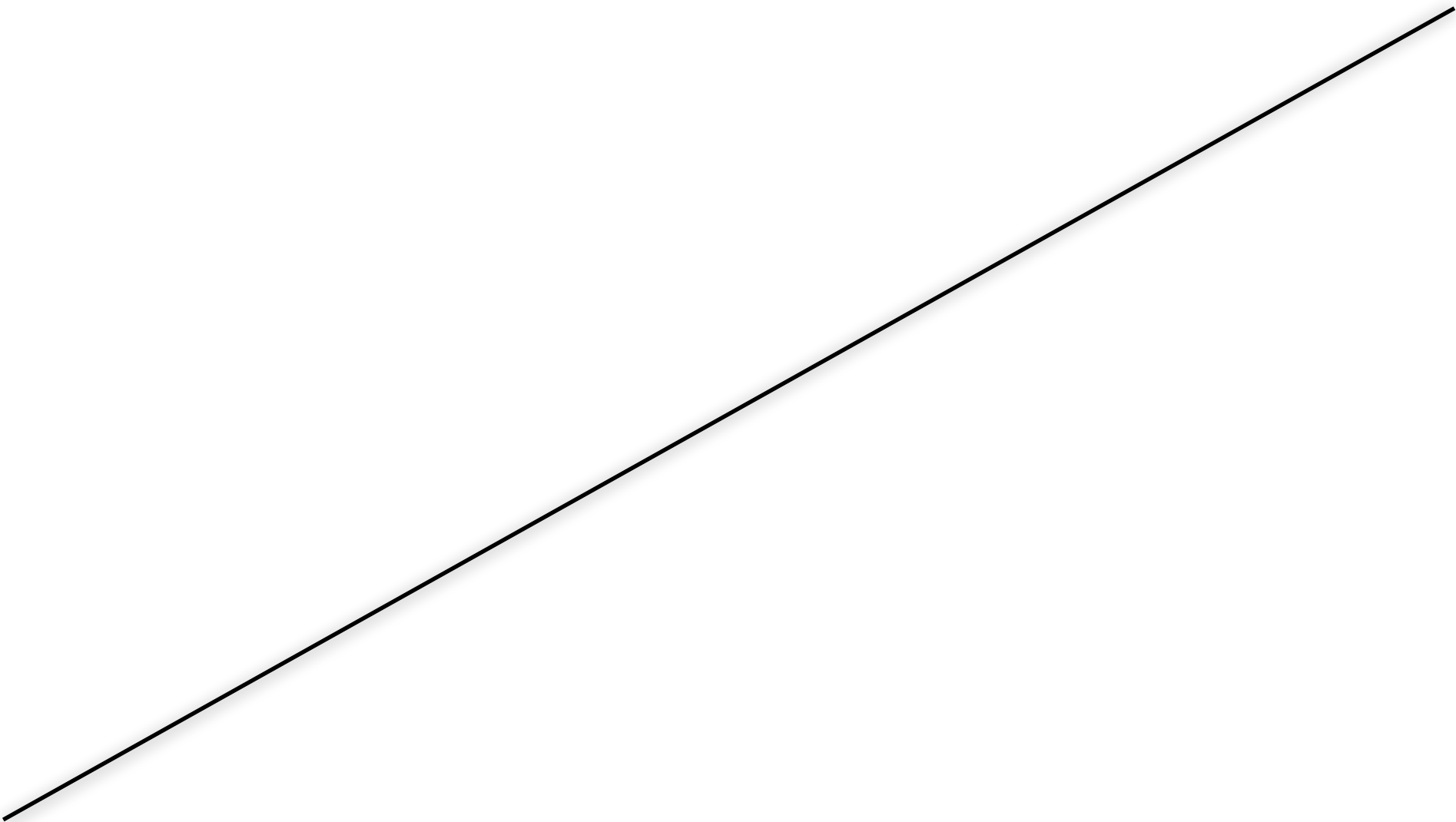


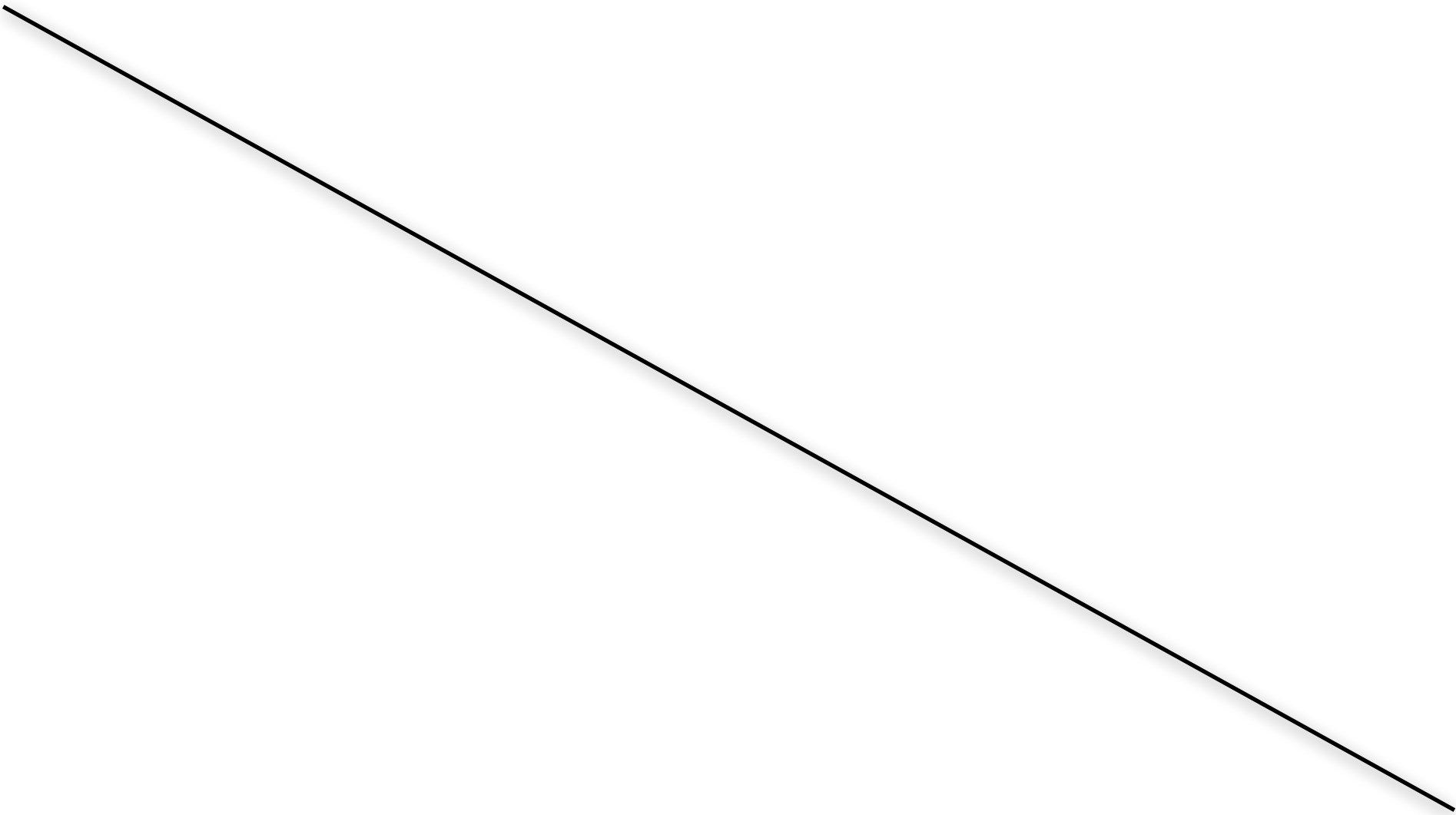
CS





PS





A large, solid red triangle pointing to the right, centered on a white background. The letters 'WL' are printed in a bold, black, sans-serif font in the middle of the triangle.

WL

Tax/Subsidy







This area represents both:  
Consumer surplus **lost** to  
buyers and Producer surplus  
**gained** by sellers

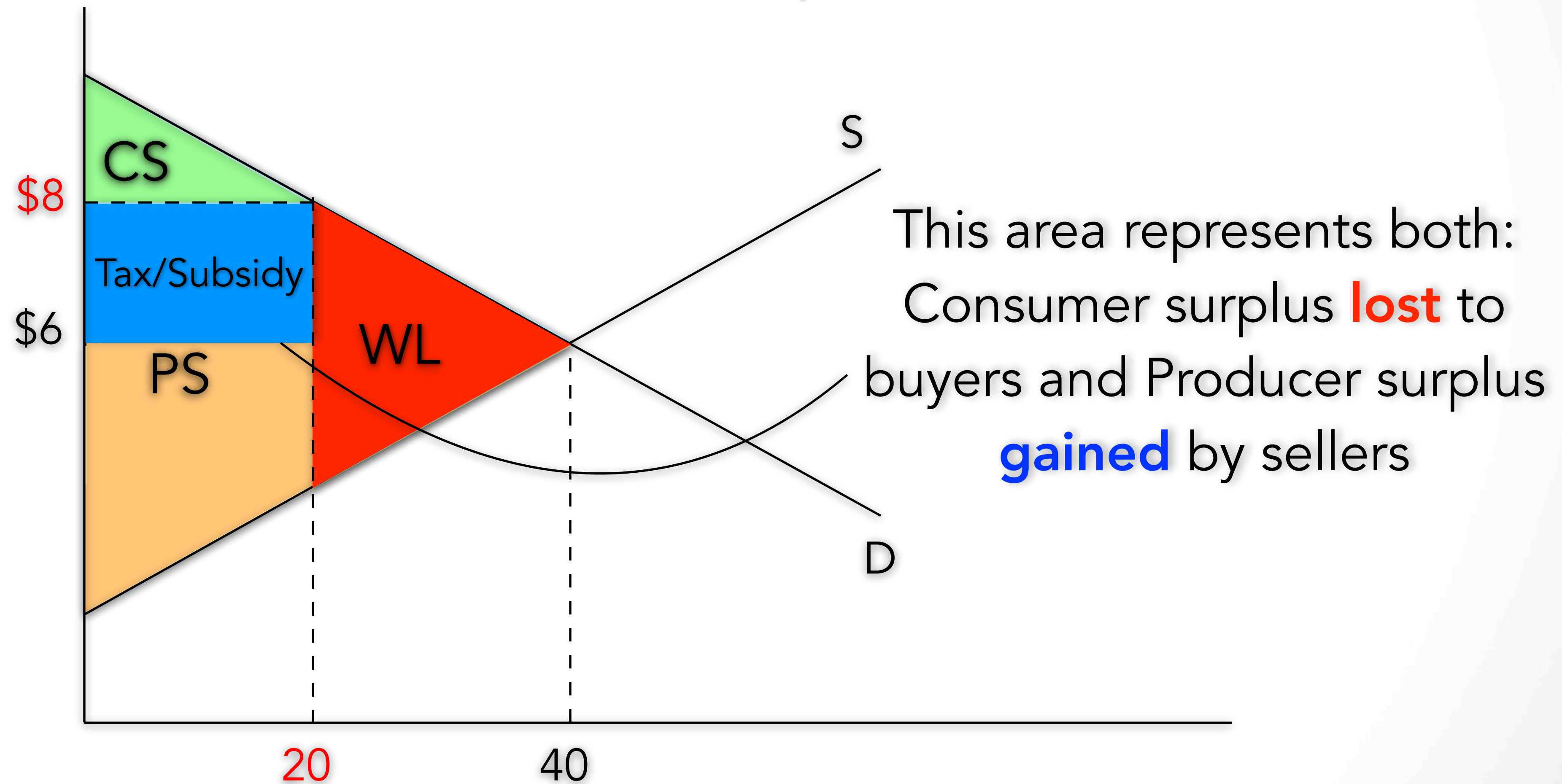


A price floor is equivalent to a

A price floor is equivalent to a

Tax to consumers

And a subsidy to producers



A price **Ceiling** prohibits prices **above**  
the price ceiling

