

Producers (farmers) **may win or lose** PS as a result of the price floor depending on which area is larger





S



$$Q_e = 4000$$

$$P_e = 0.50$$

Price Floor: 0.8



PS at

Equilibrium

$$Q_d = 100$$





Qs = 8000



PS: Area **above supply** and **below** the price the producer
(farmer) receives



The quantity sold
drops to 100

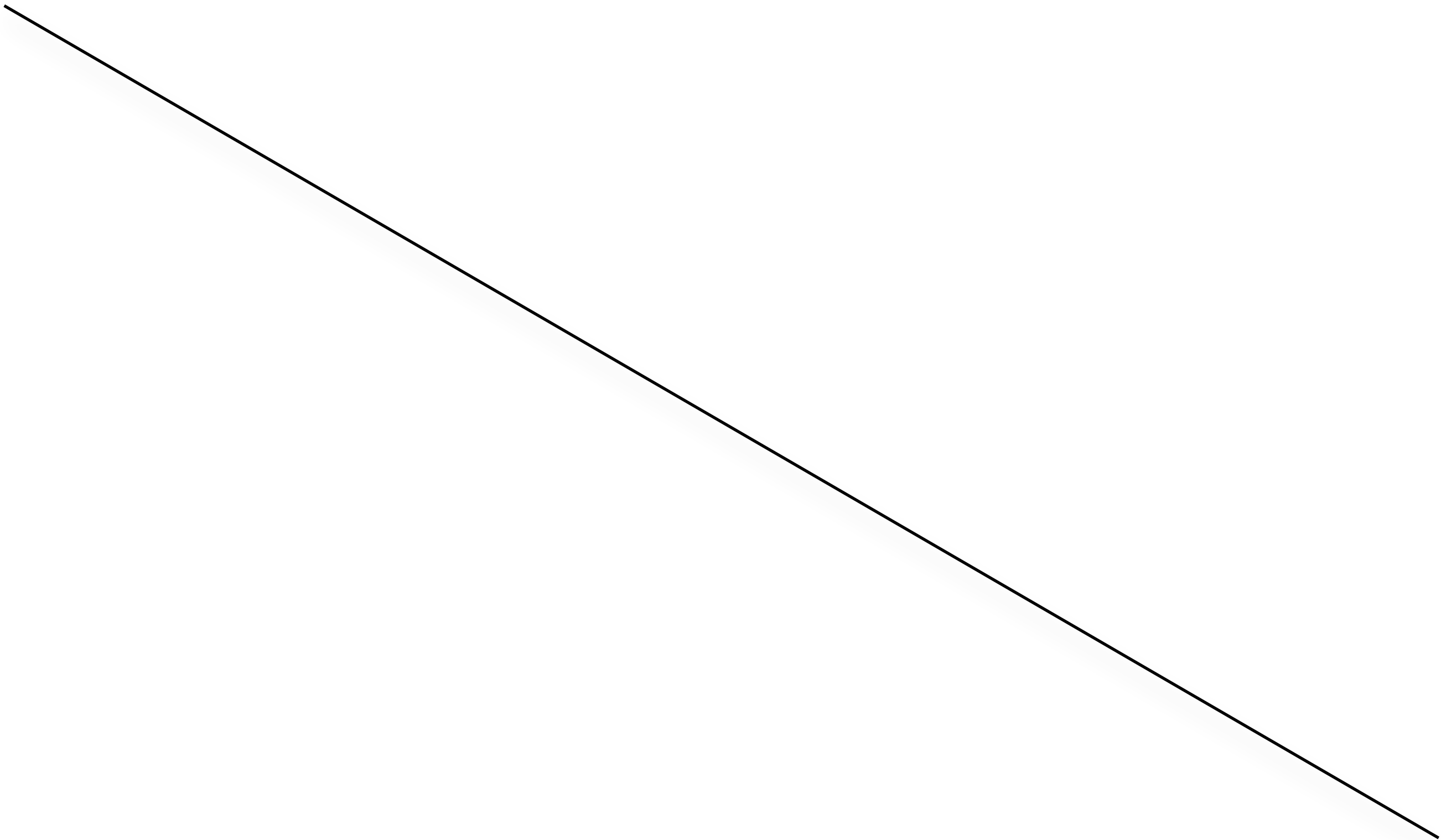
Producers can only get
Producer Surplus on 100
units

$$Q^d = 100$$



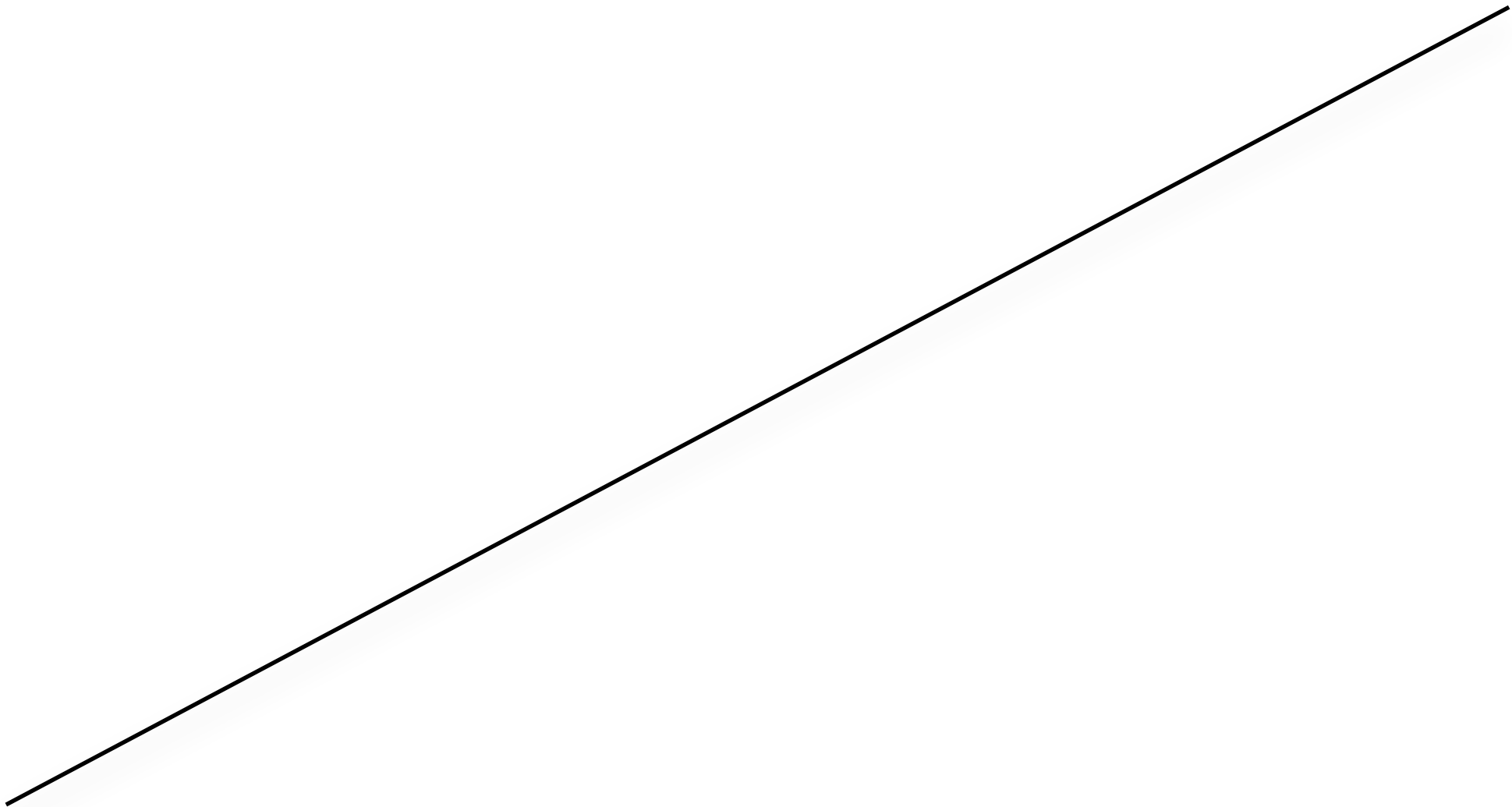


PS lost





PS after
floor is
imposed



PS

gained

A red pennant, which is a triangular flag, is shown against a white background. The pennant is oriented with its base on the left and its point on the right. The text "PS lost" is written in a black, sans-serif font across the center of the pennant.

PS lost

PS

gained

$>$

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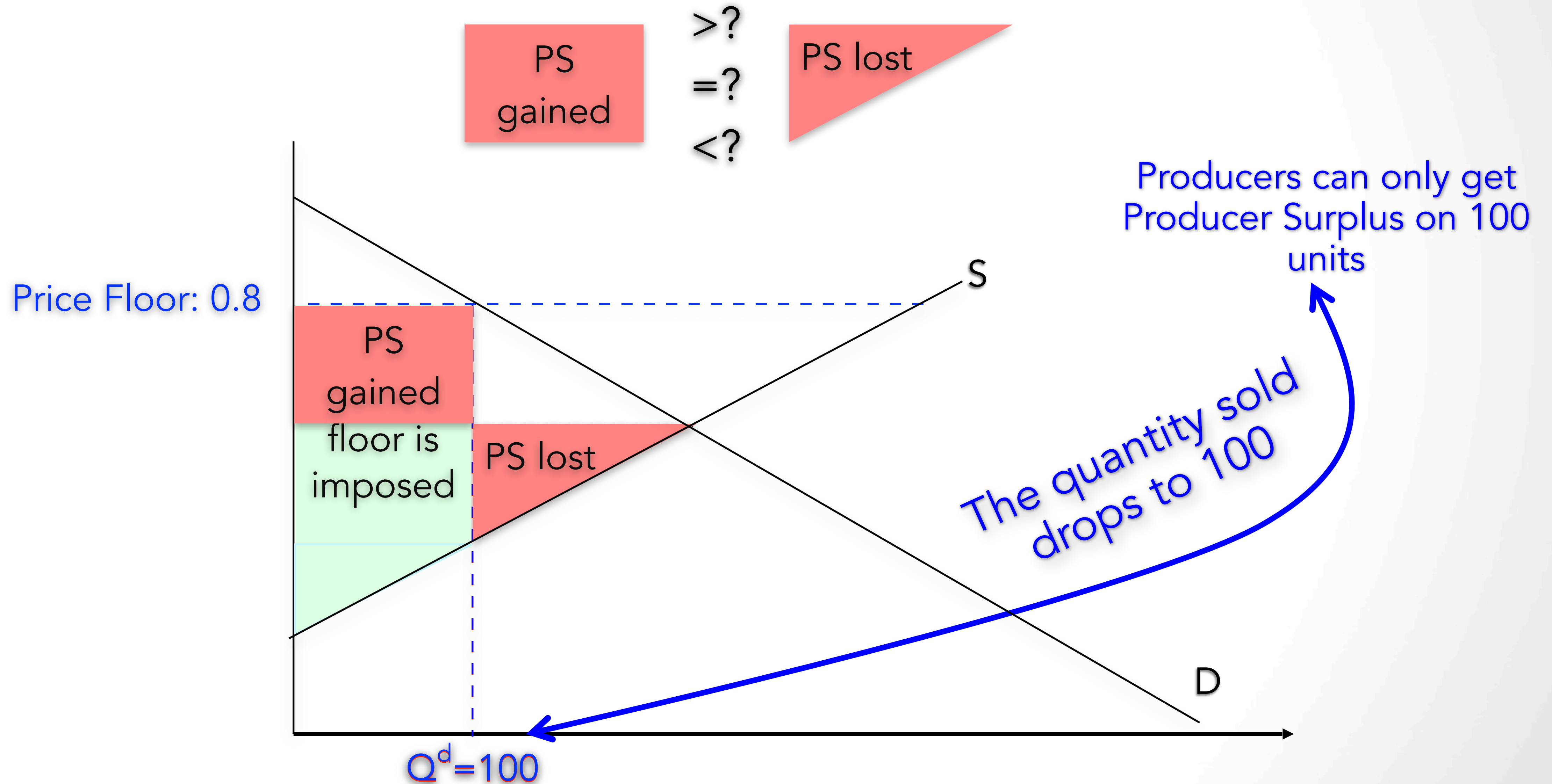
$=$

?

$<$

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Effect of the Floor on:

