

Price Ceiling









S

Pe



Q.0



CS

P
ceiling

P₁

20

PS



P₀

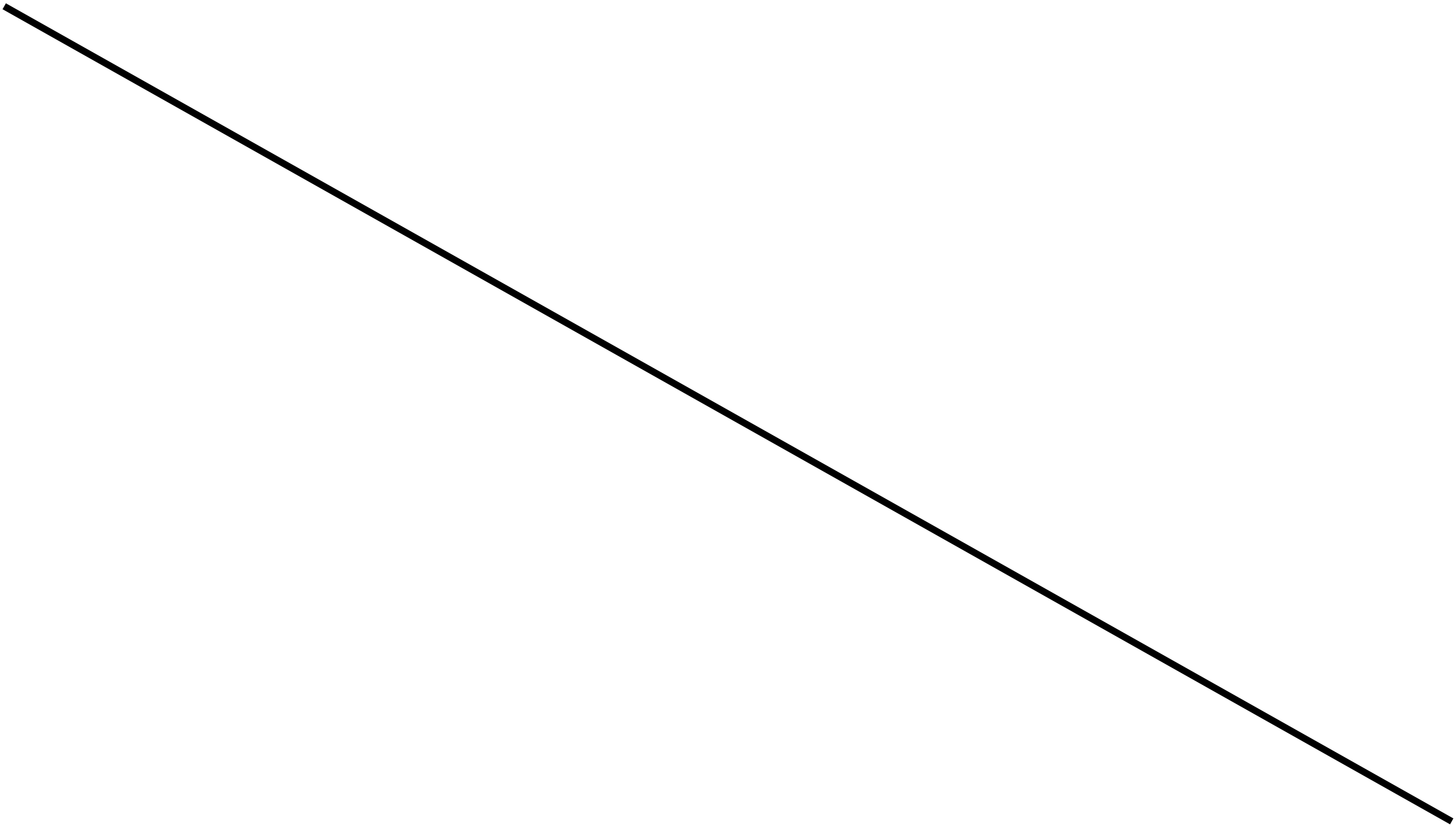


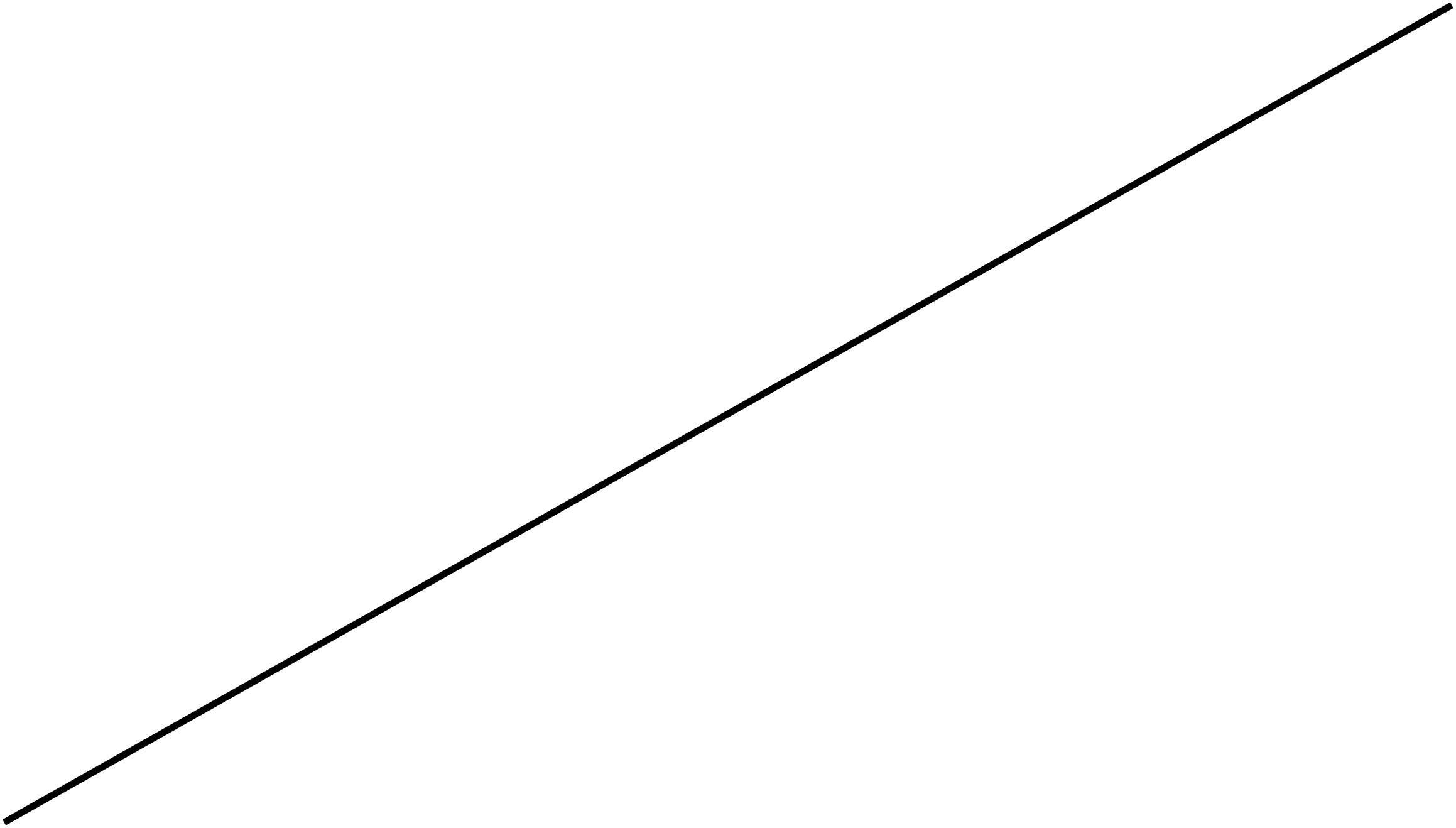


Tax/
Subsidy

CS

WIL





Tax to producers

Subsidy to consumers

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



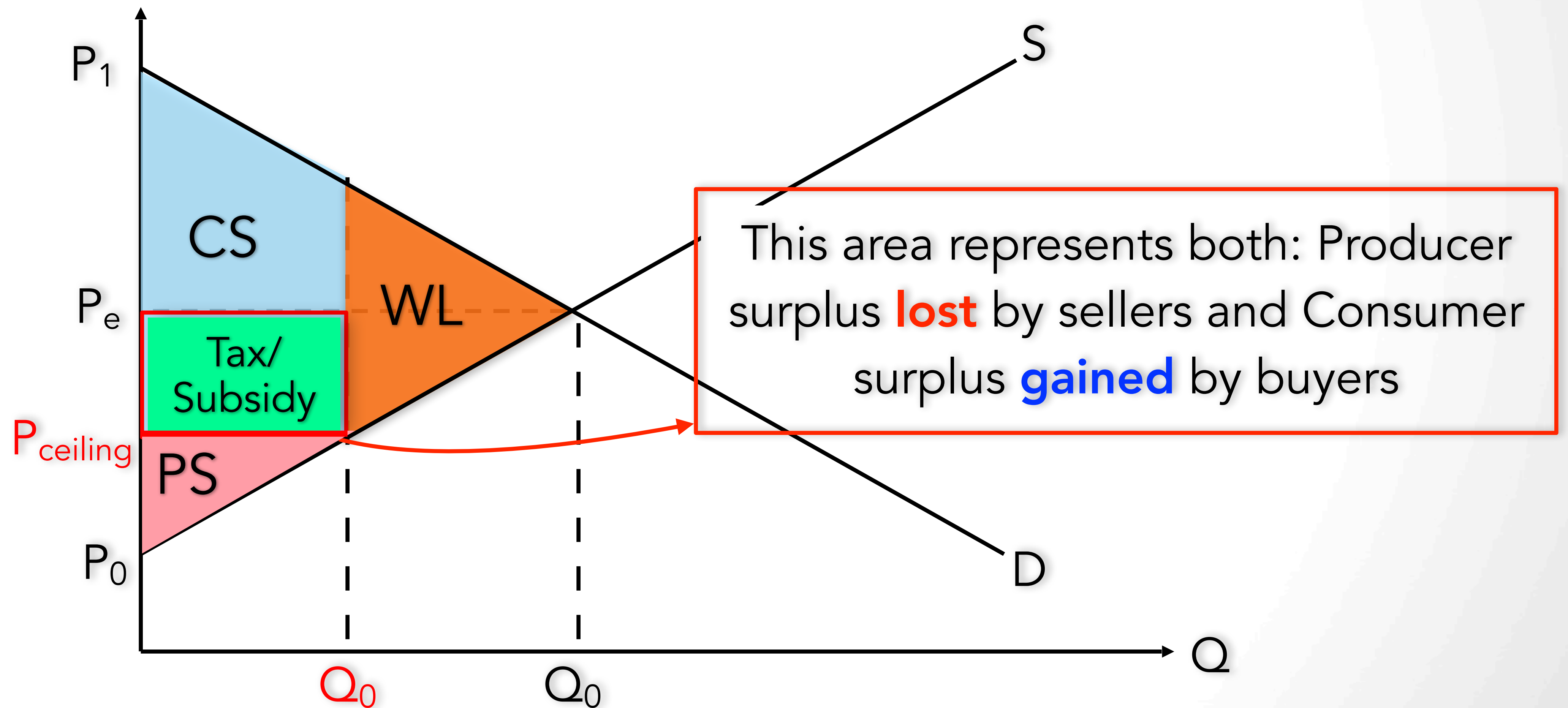


PS



Price Ceiling

Tax to producers
Subsidy to consumers



Consider the Corn Market

