

D

S

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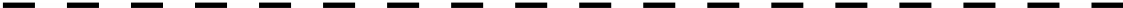
7

8

$$Q_e = 4000$$

$$P_e = 0.50$$

Price Floor: 0.8



PS at

Equilibrium

$$Q_d = 100$$





Qs = 8000





The quantity sold
drops to 100

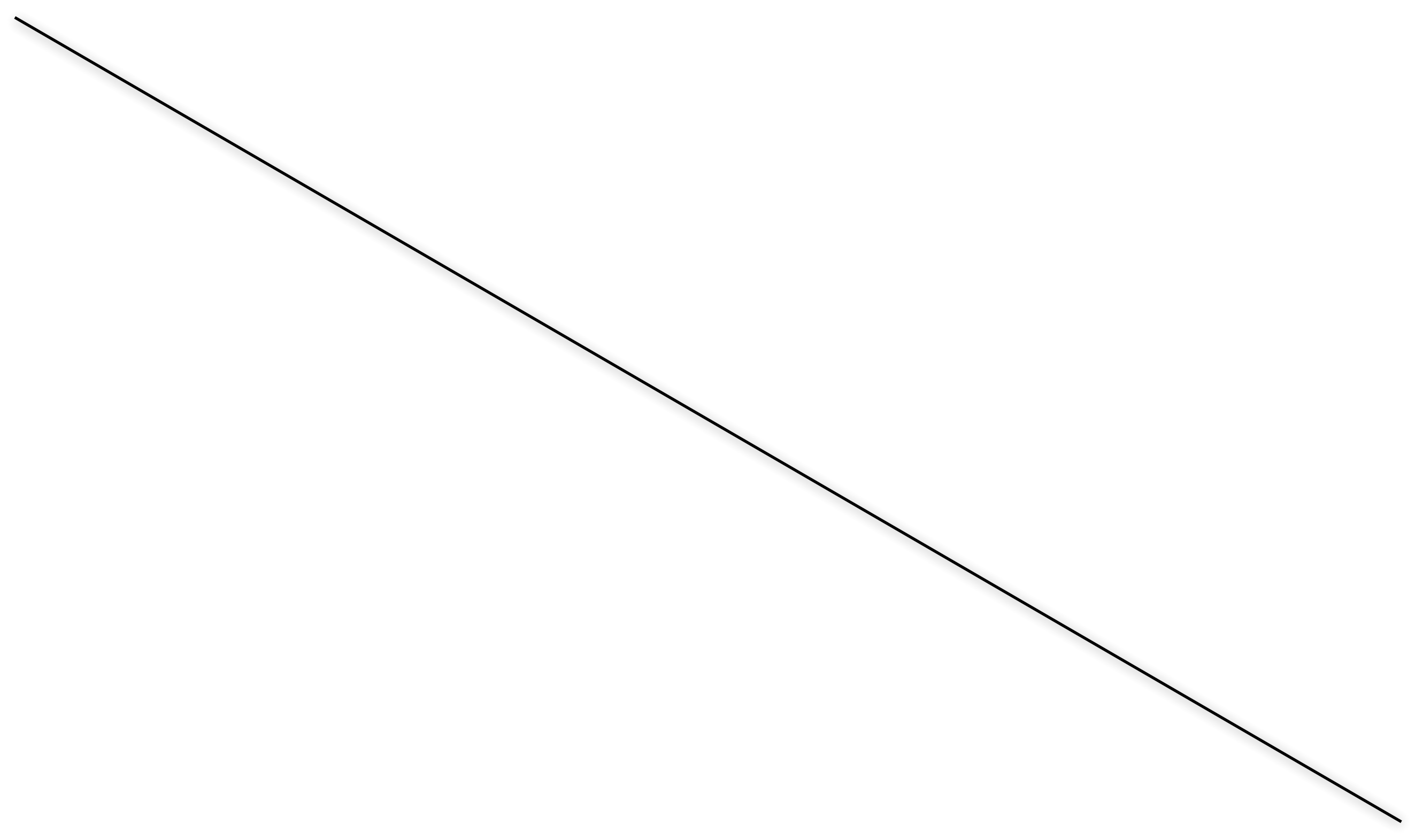
Producers can **only** get
Producer Surplus on
100 units



$$Q^d = 100$$

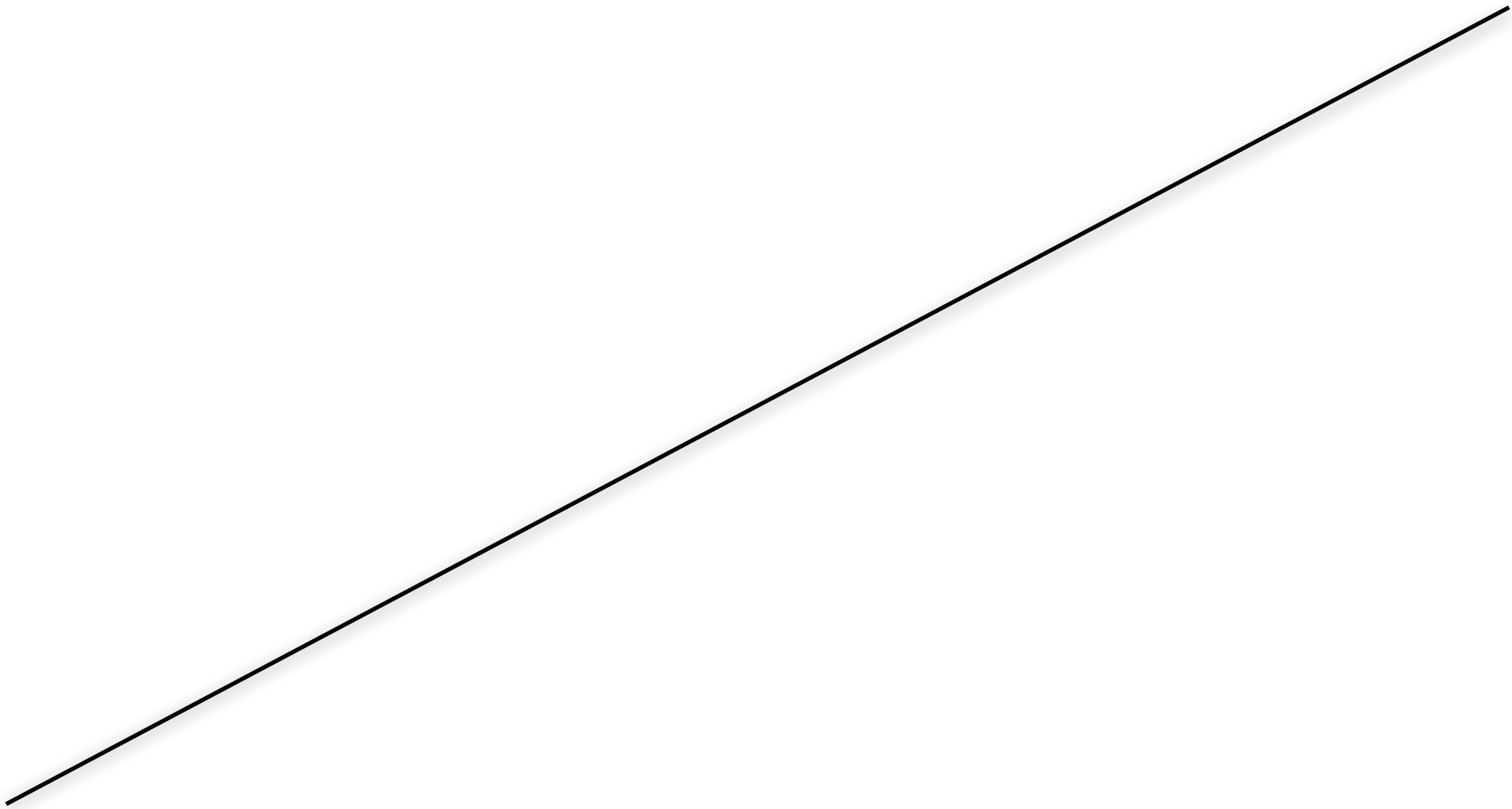


PS lost





PS after
floor is
imposed



PS

gained

The imposition of a Floor

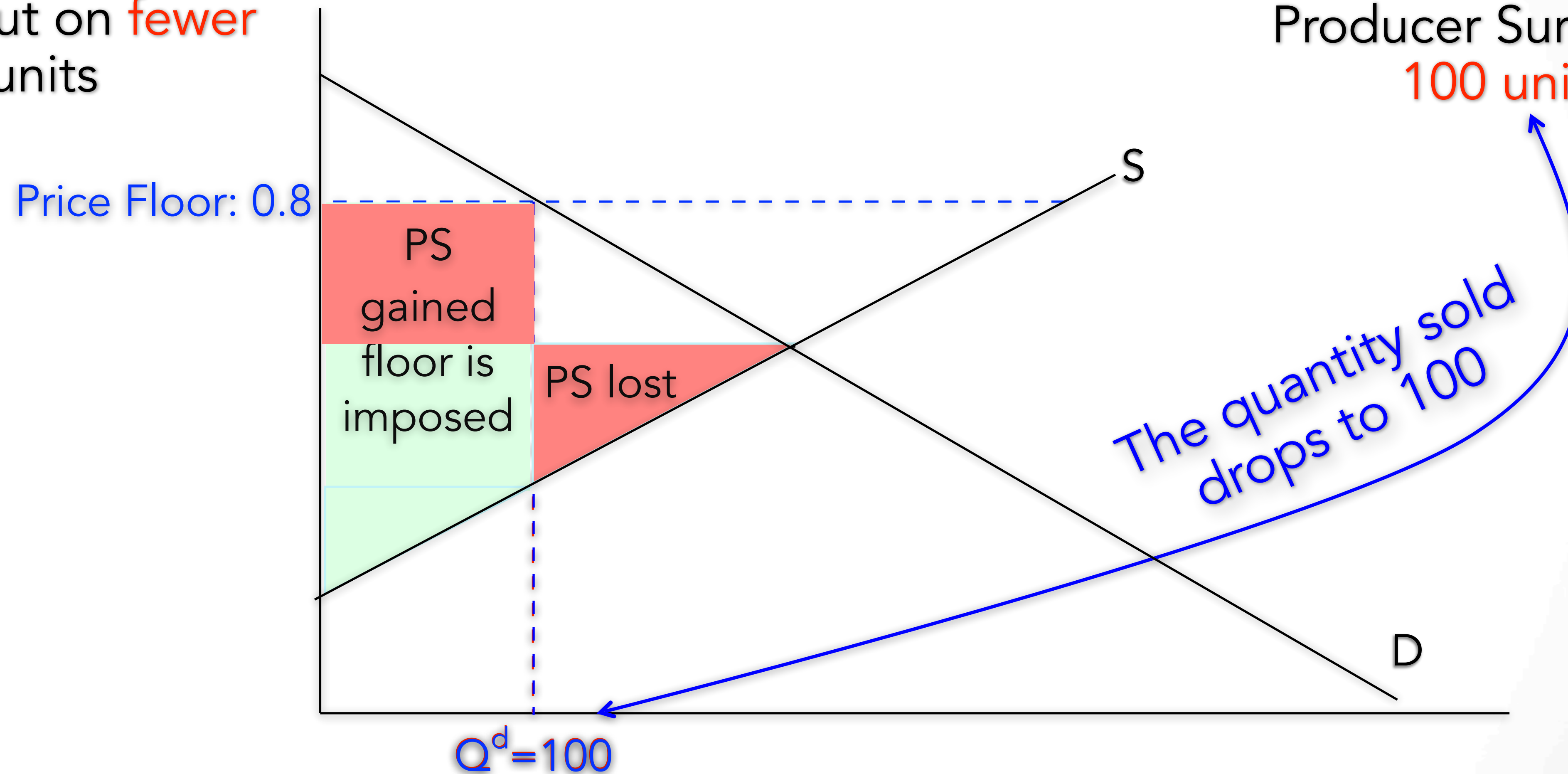
Results in a decrease in the number of units sold by producers

Producers get a higher
price but on fewer
units

The imposition of a Floor

Producers get a **higher price** but on **fewer units**

Producers can **only** get Producer Surplus on **100 units**



Results in a **decrease** in the number of units sold by producers

