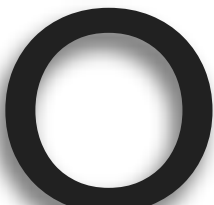

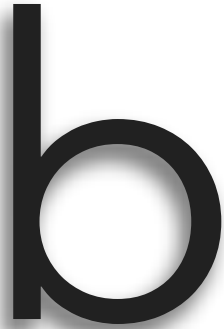

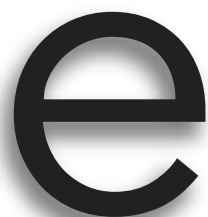

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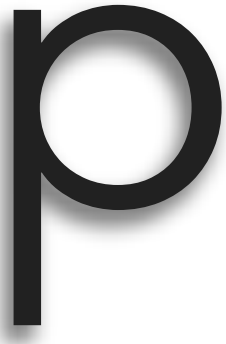

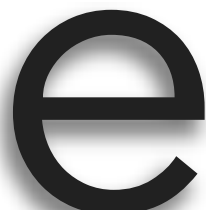

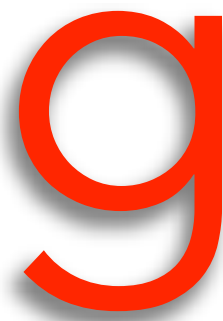

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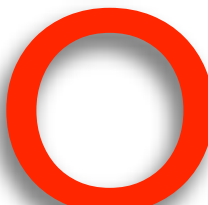
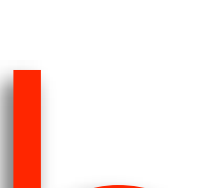
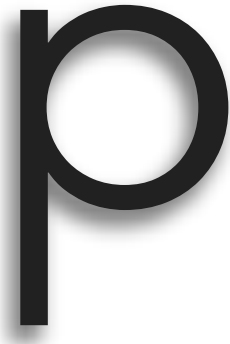
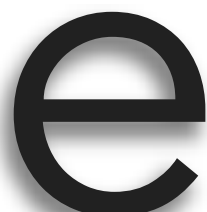
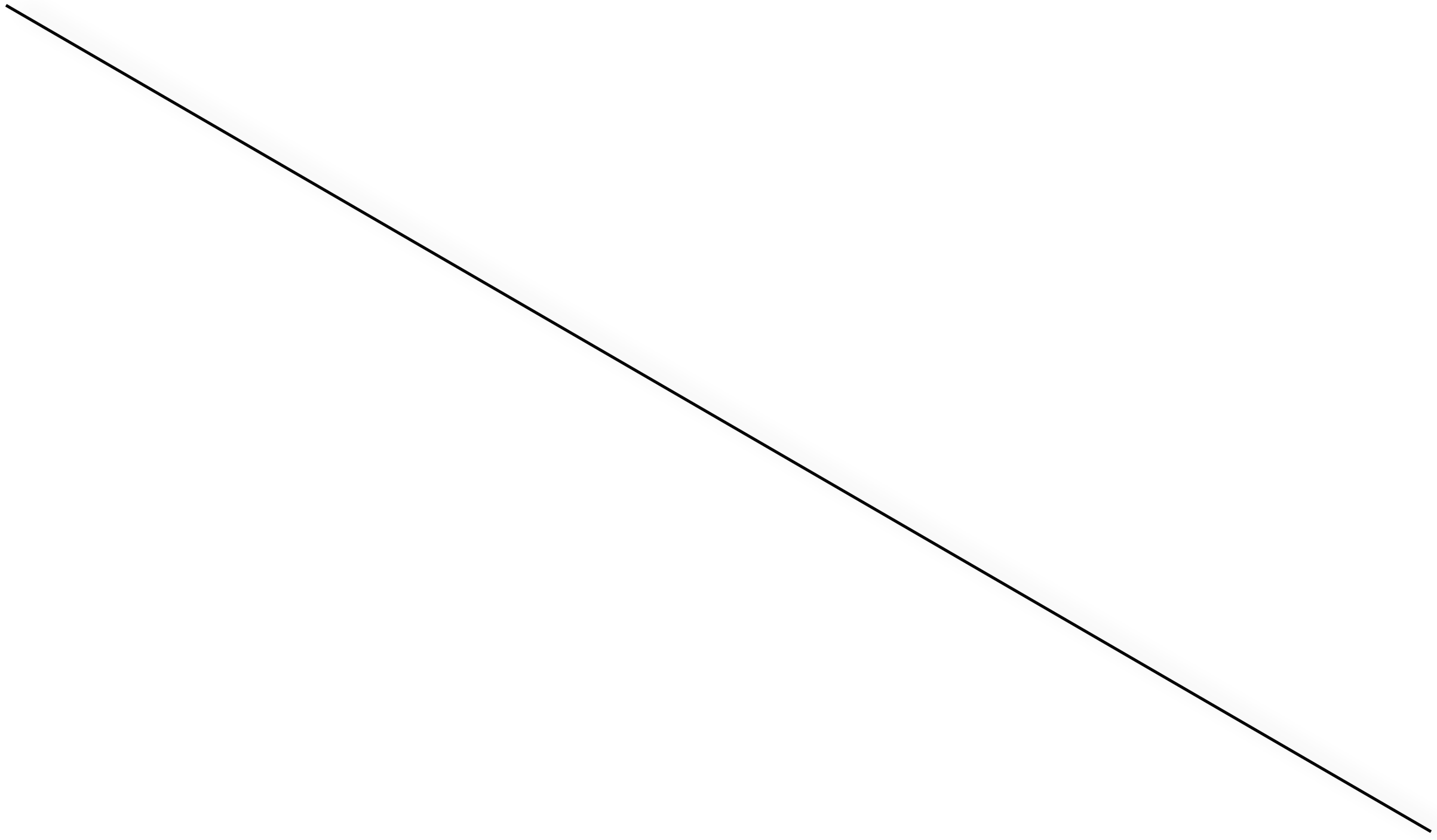


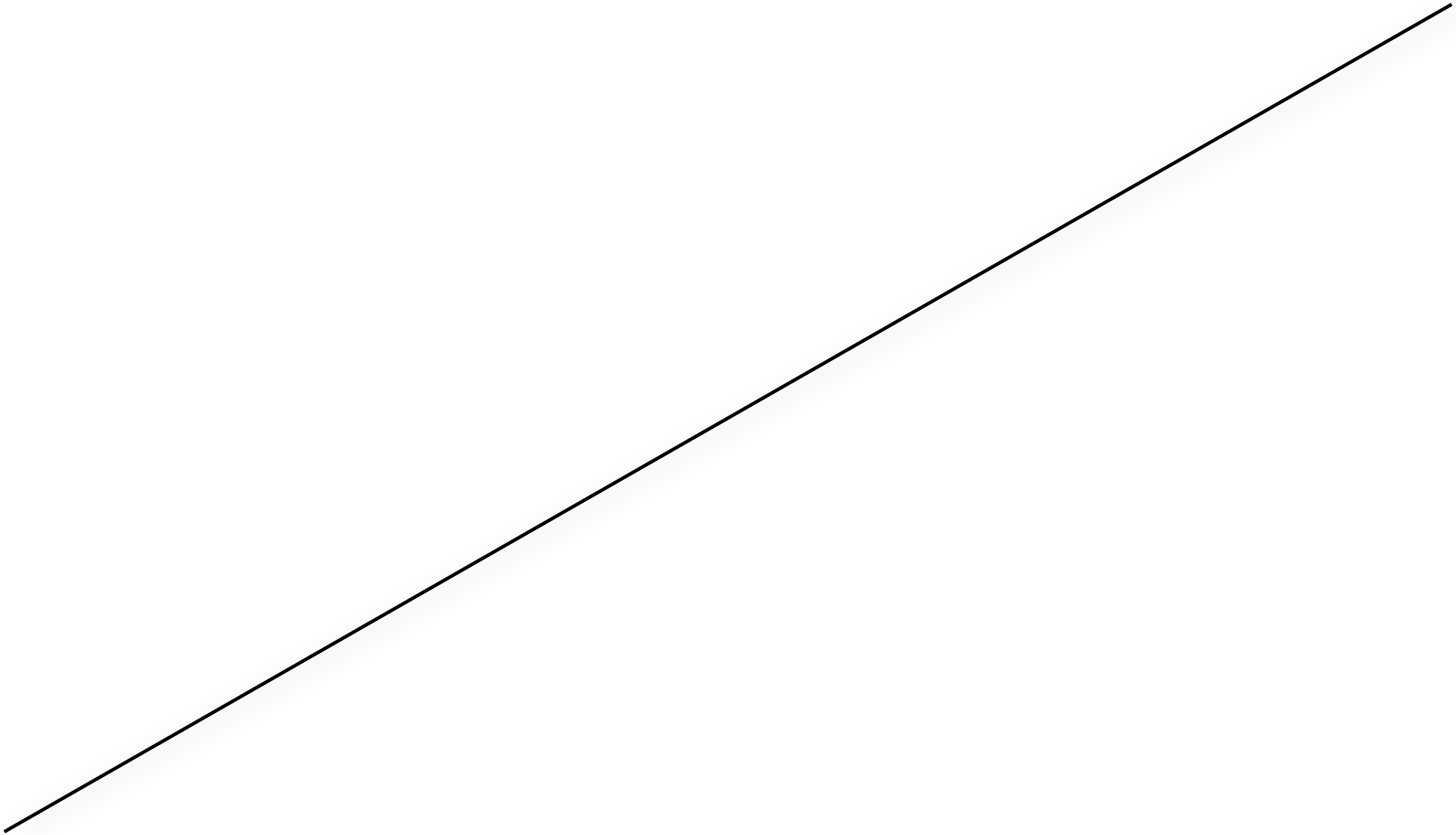








4,000



$$Q_e = 600$$

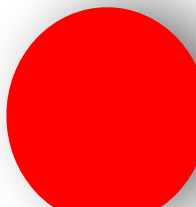
$P_e = 3,900$

Rent Control: Landlords can't charge more than $4,000

Price Ceiling

All these prices are
now prohibited

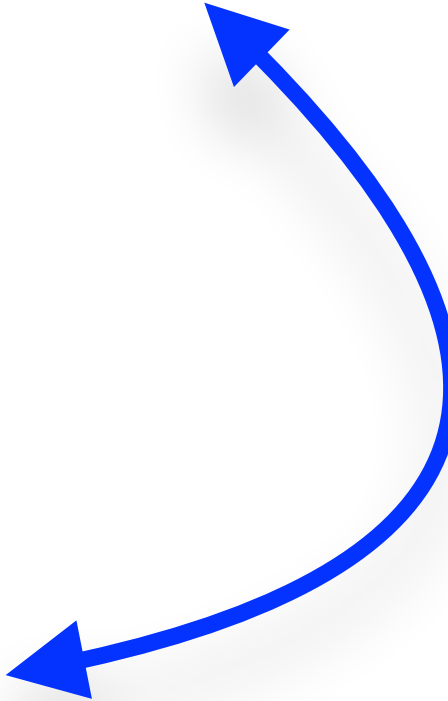
Does not prevent (prohibit) price from being the equilibrium price



The equilibrium price is still allowed

To be effective, a price Ceiling must be placed below the equilibrium price

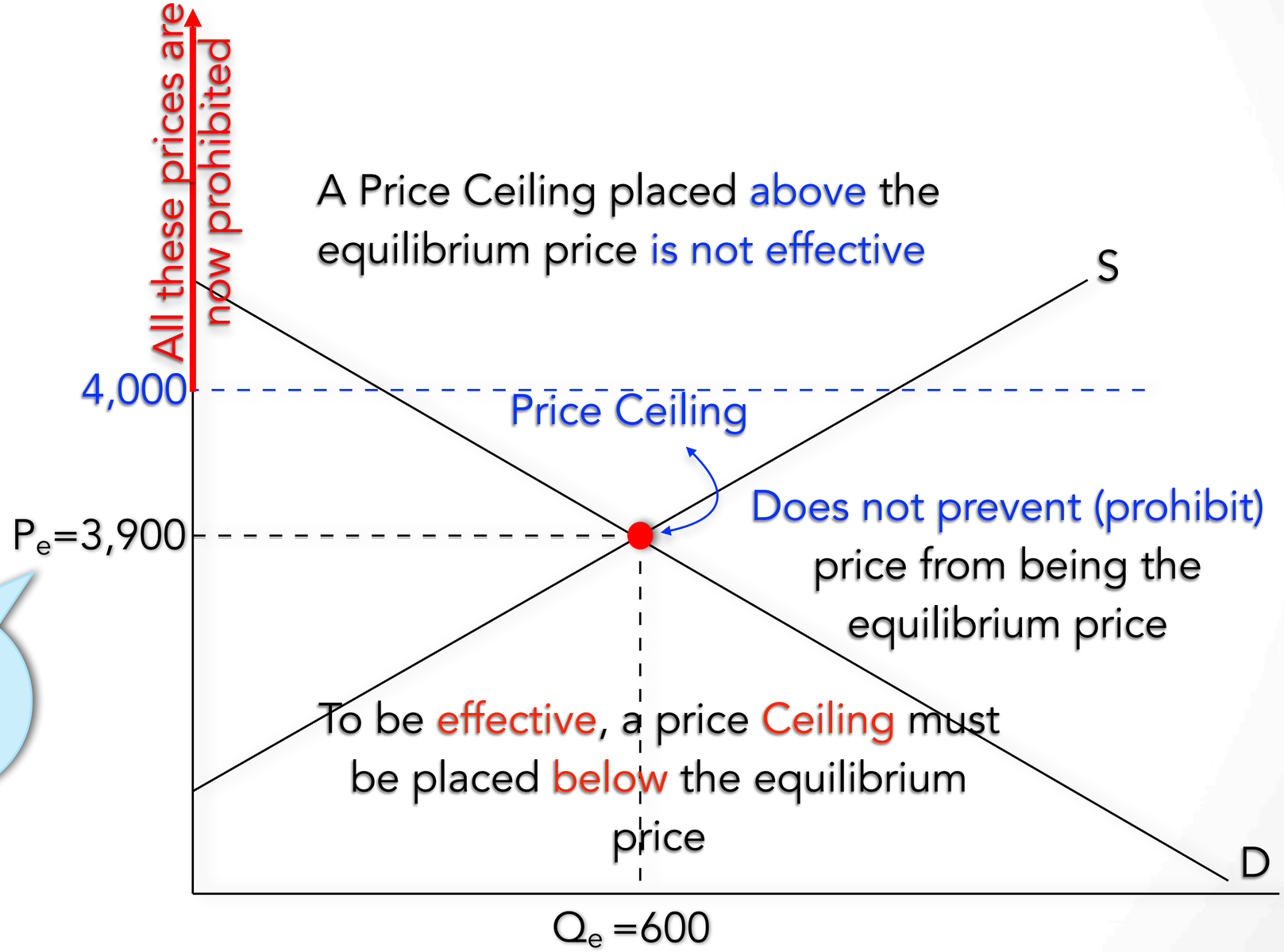
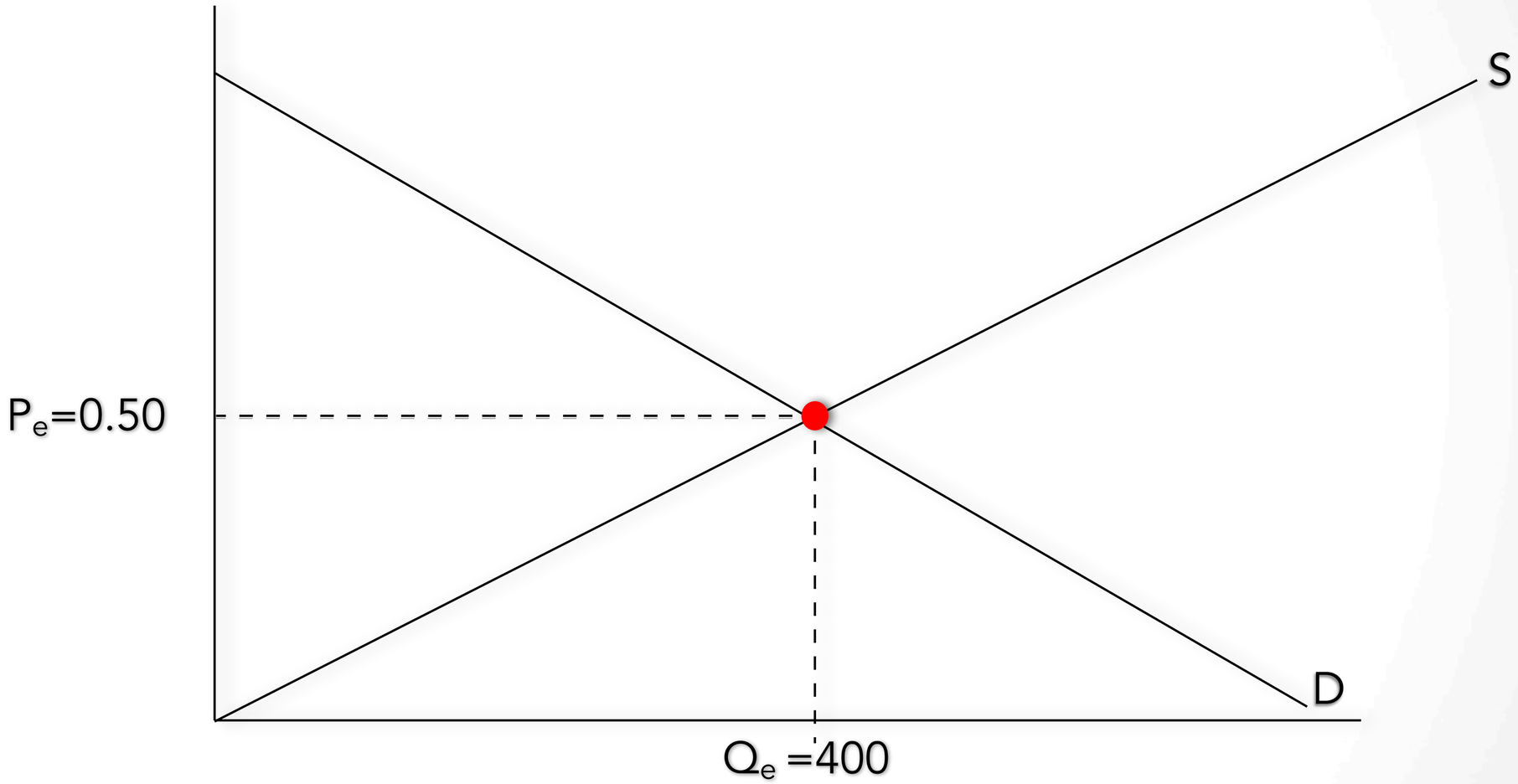
A Price Ceiling placed above the equilibrium price is not effective



To be effective, a price Ceiling must prohibit the equilibrium price

To be effective, a price Ceiling must prohibit the equilibrium price

Rent Control: Landlords can't charge more than $4,000



A price Floor prohibits prices below the floor