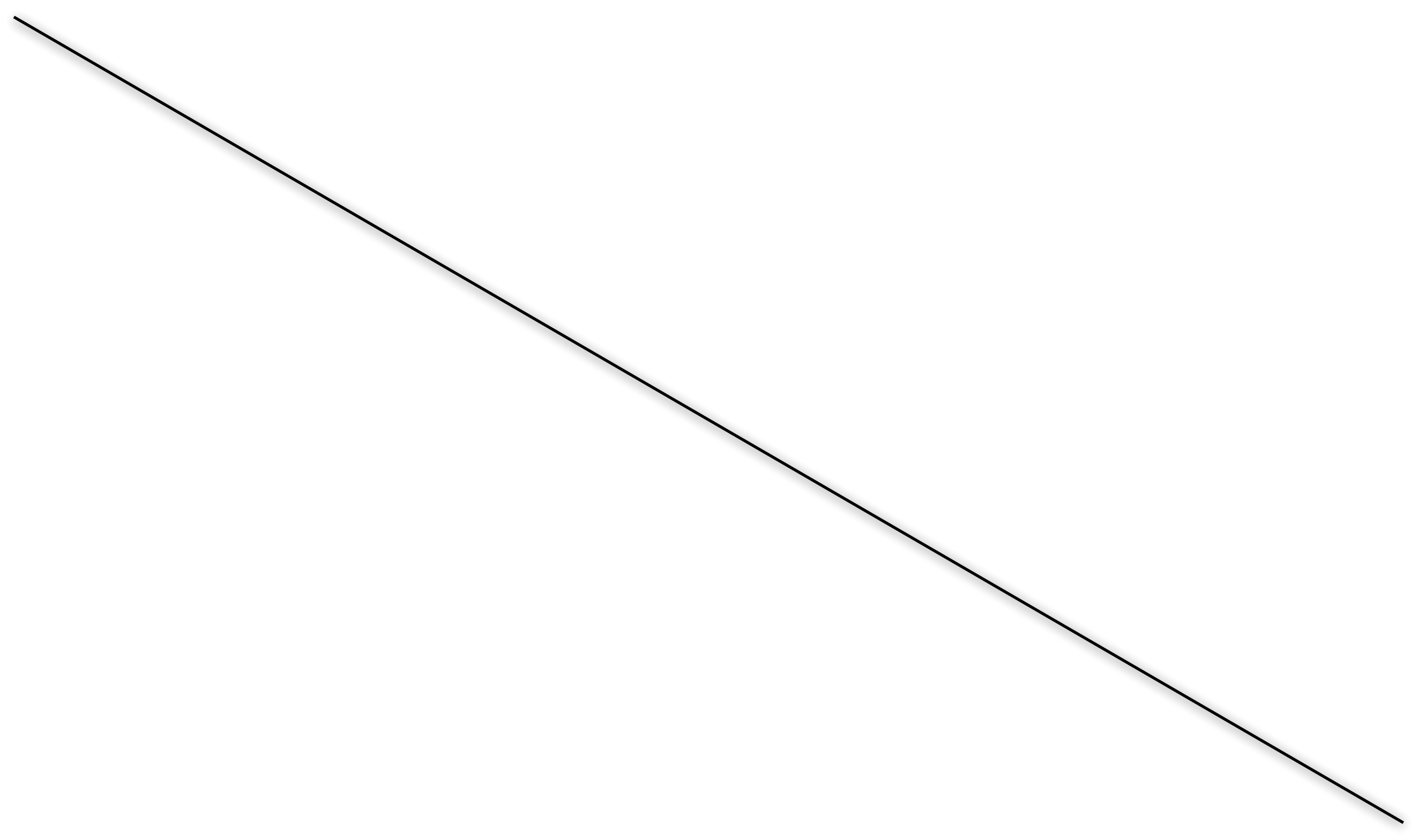




Consider the Rental Market

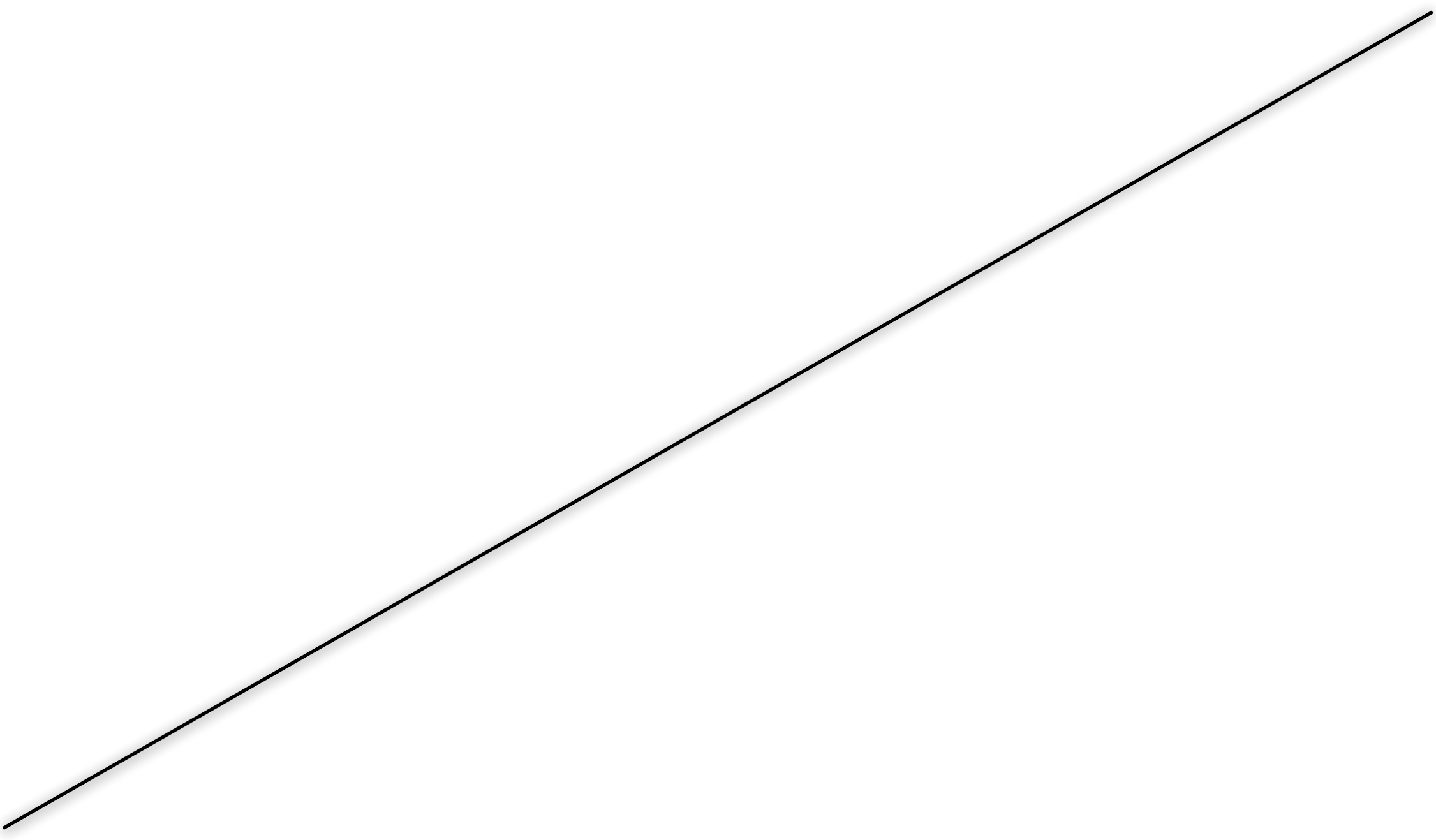




**D**

S

2,200









$Q_d = 900$



$Q_s = 300$





$$Q_e = 600$$



$P_e = 3,9000$

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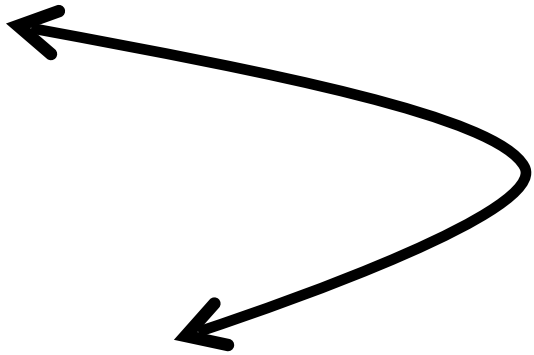
Rent Control:  
Landlords can't  
charge more  
than \$2,200



# Price Ceiling

All these prices are  
now prohibited

Prevents price from  
reaching equilibrium










Shortage

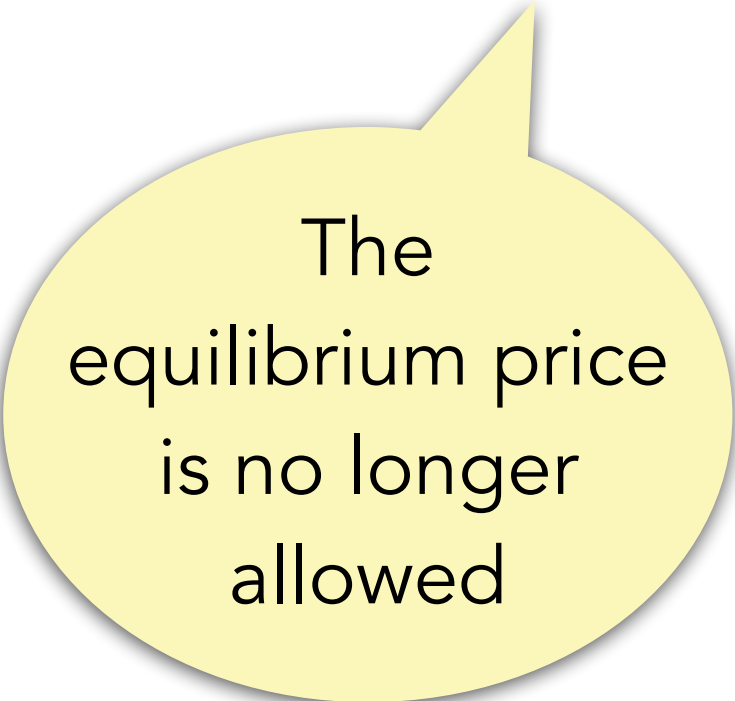


**"\$3,900? Rent  
is too  
expensive!!"**

If the market is allowed to clear, rent will be \$3,900

Price Ceilings Cause a  
Shortage

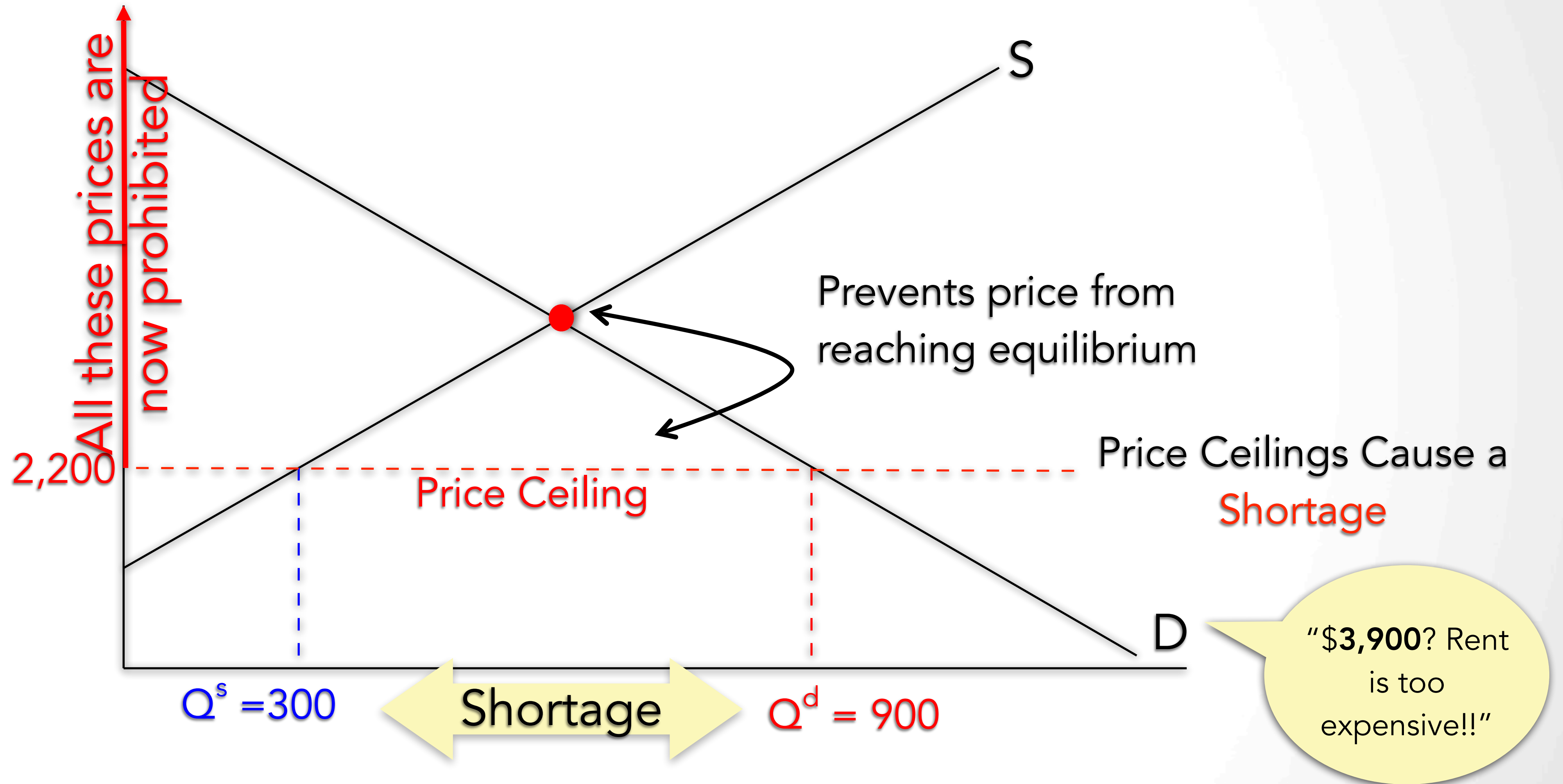
Consumers (renters) ask the government to impose rent control



The  
equilibrium price  
is no longer  
allowed

# Consider the Rental Market

Rent Control:  
Landlords can't  
charge more  
than \$2,200



Consumers (renters) ask the government to impose rent control



