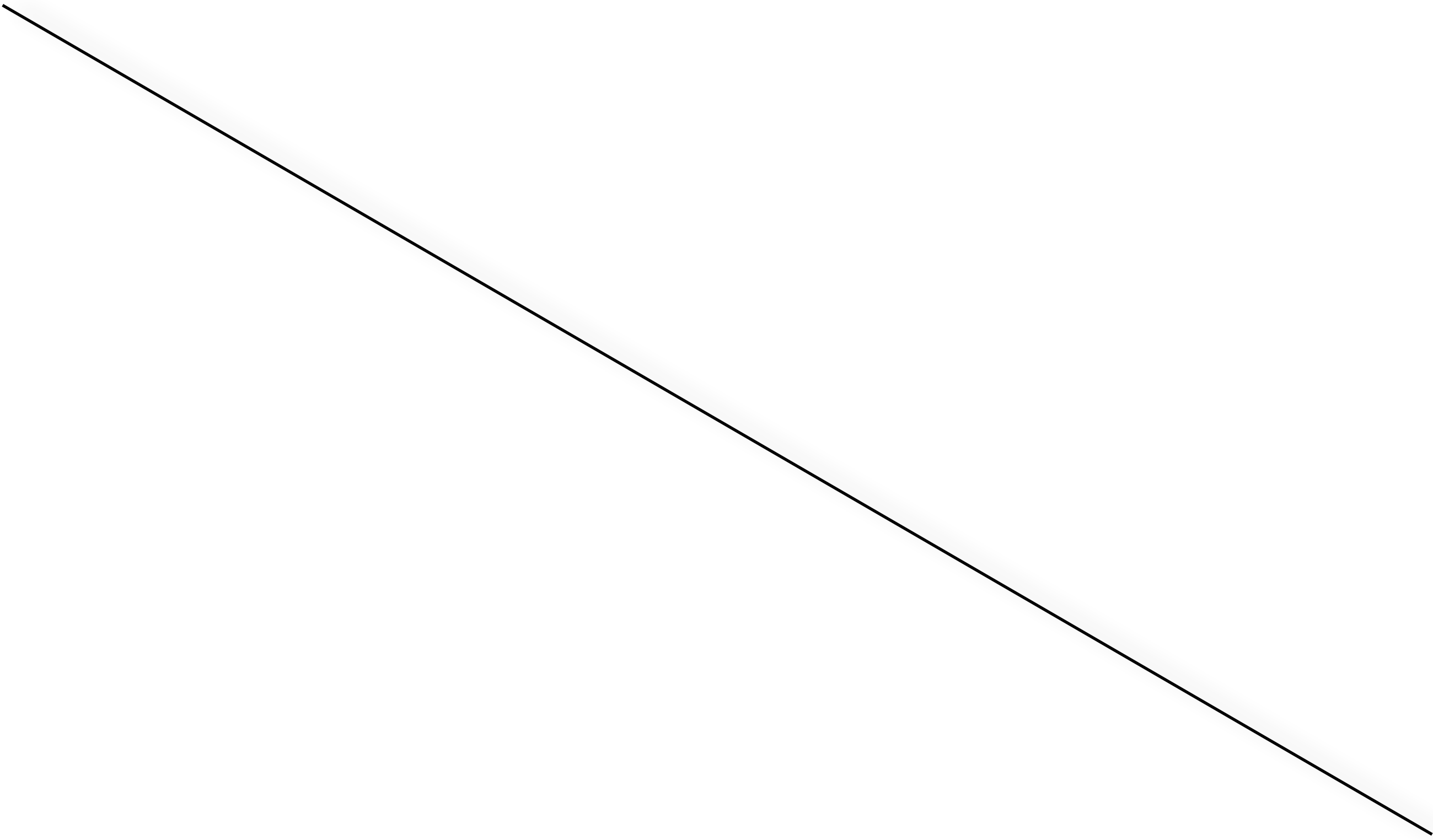


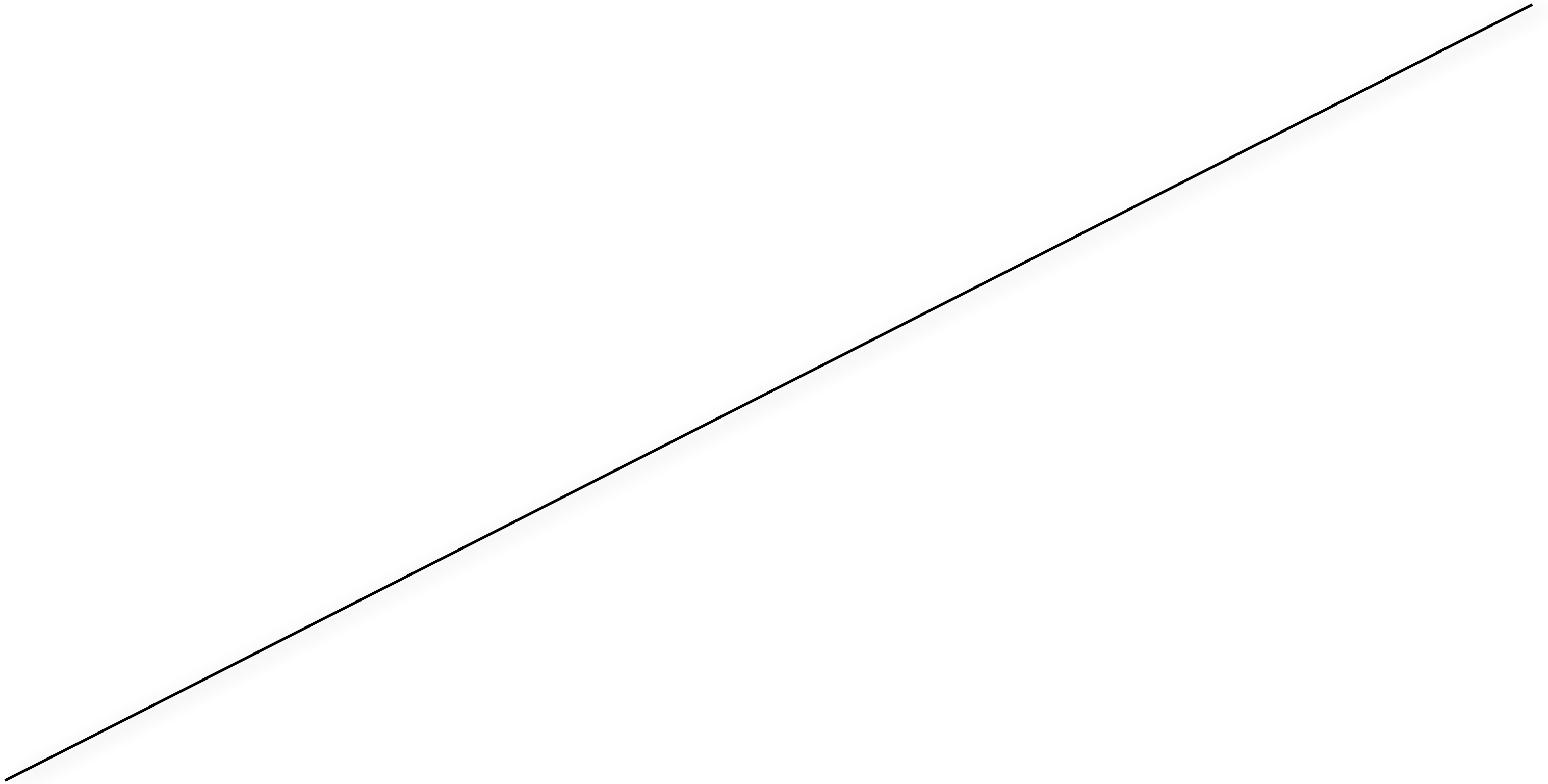
A price Floor prohibits prices below the floor





S

Price Floor: 0.8







$$Q_e = 400$$

$$P_e = 0.50$$



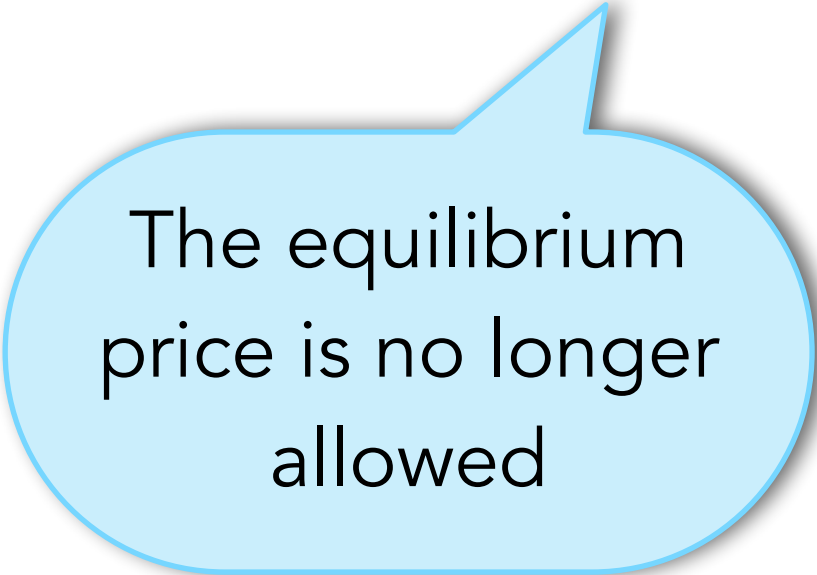
Price Floor: The
minimum price is
\$0.80/pound

Price Floor

All these prices are
now prohibited

Prevents price from
reaching equilibrium





The equilibrium
price is no longer
allowed

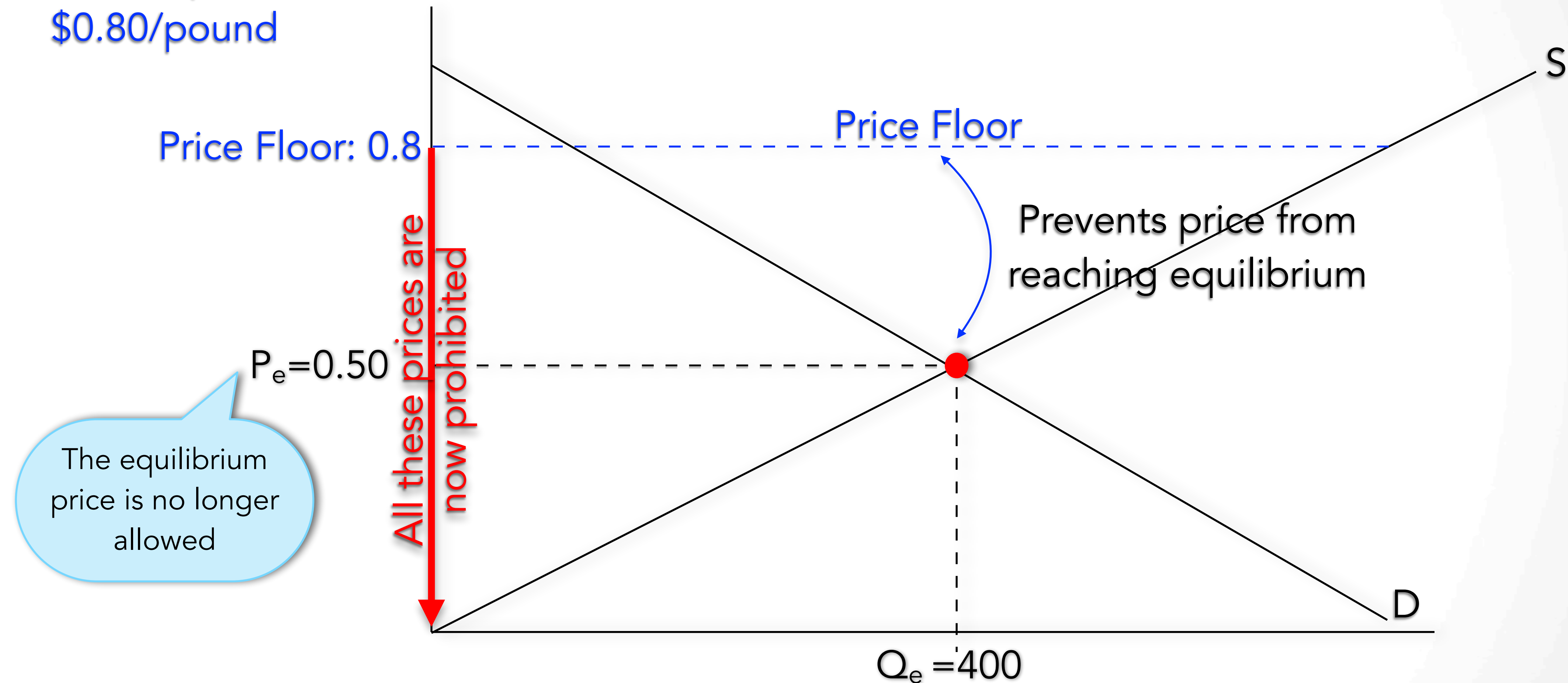


D

To be **effective**, a price **Floor** must be placed **above** the
equilibrium price

Price Floor: The minimum price is \$0.80/pound

A price Floor prohibits prices **below** the floor



To be **effective**, a price **Floor** must be placed **above** the equilibrium price

