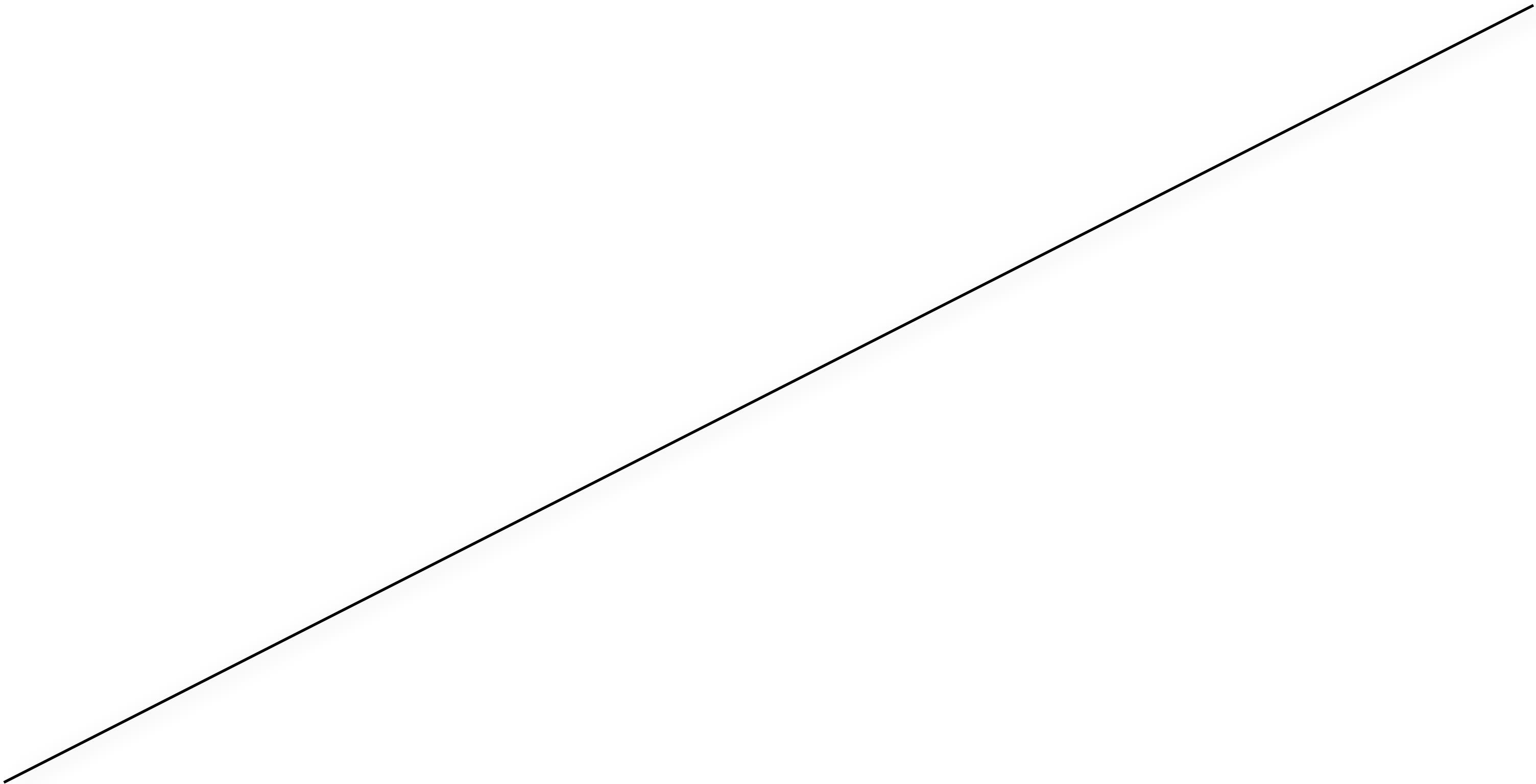


S

Price Floor: 0.3







$$Q_e = 400$$

$$P_e = 0.50$$



Price Floor: "The price can
not be lower than \$0.30/
pound"



Price Floor

This price floor **does not** prevent
(prohibit) price from being the
equilibrium price





The
equilibrium price
is still allowed

T



b

e

e



f

e

C

t





e



a

p

r



C

e

F







r

m

u

S

t

p

r



h



b



t

t

h

e

e

9

u







b

r



u

m

p

r



C

e

All these
prices are now
prohibited



A Price Floor placed below the equilibrium price is not effective

D



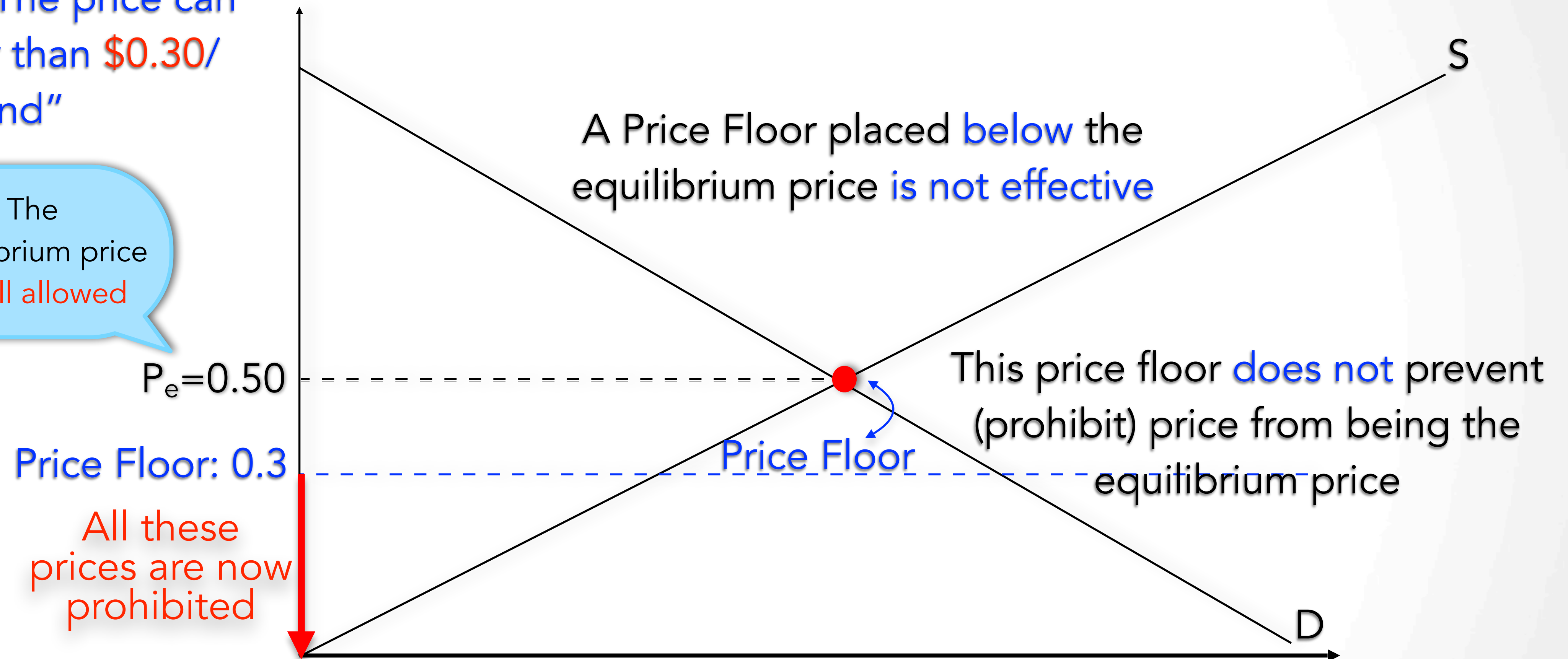
To be **effective**, a price **Floor** must be placed **above** the
equilibrium price

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

To be **effective**, a price **Floor** must **prohibit the equilibrium** price

Price Floor: "The price can not be lower than **\$0.30/** pound"

The equilibrium price is still allowed



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

