

P₂

P

e

Po

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Q_e

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B

C



E

G



F

J

K





Example: At
equilibrium the
price is P_e

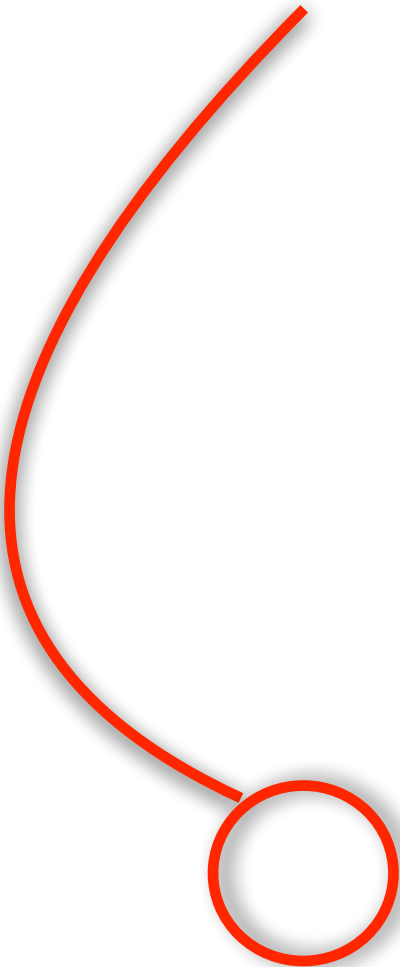
Consumer Surplus = The
triangle area below the
demand line and above the
price the consumer pays



CS

$$\text{Consumer Surplus} = \text{Areas L} + \text{K} + \text{G}$$

Producer Surplus is the triangle area above the supply line and below the price the producer receives



Producer Surplus = Areas J + H + I



PS

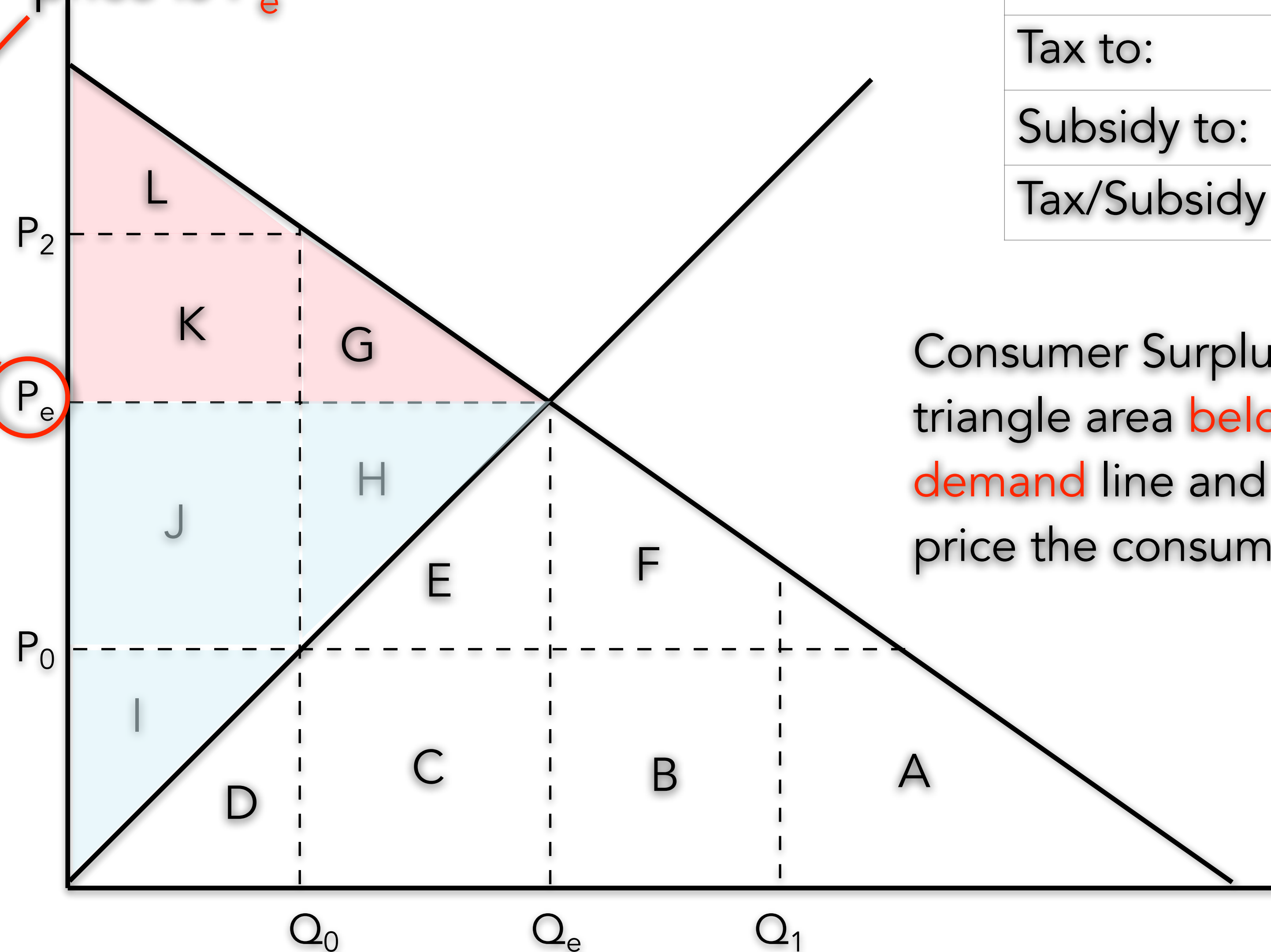
Welfare Loss = Zero

Tax to: There is no redistribution

Subsidy to: There is no redistribution

Tax/Subsidy = There is no tax or subsidy

A diagram showing a red curve. A point on the curve is circled in red and labeled P_e . Another point on the curve is labeled P_2 .



Consumer Surplus =	Areas L + K + G
Producer Surplus =	Areas J + H + I
Welfare Loss =	Zero
Tax to:	There is no redistribution
Subsidy to:	There is no redistribution
Tax/Subsidy =	There is no tax or subsidy

Consumer Surplus = The triangle area **below** the **demand** line and **above** the price the consumer pays

Producer Surplus is the triangle area **above** the **supply** line and **below** the price the producer receives

Price Floors and Ceilings