



Producers (farmers) **may win or lose** PS as a result of the price floor depending on which area is larger





S



$$Q_e = 4000$$

$$P_e = 0.50$$



Price Floor: 0.8



PS at

Equilibrium

$$Q_d = 100$$





Qs = 8000





PS: Area **above supply** and **below** the price the producer  
(farmer) receives



The quantity sold  
drops to 100

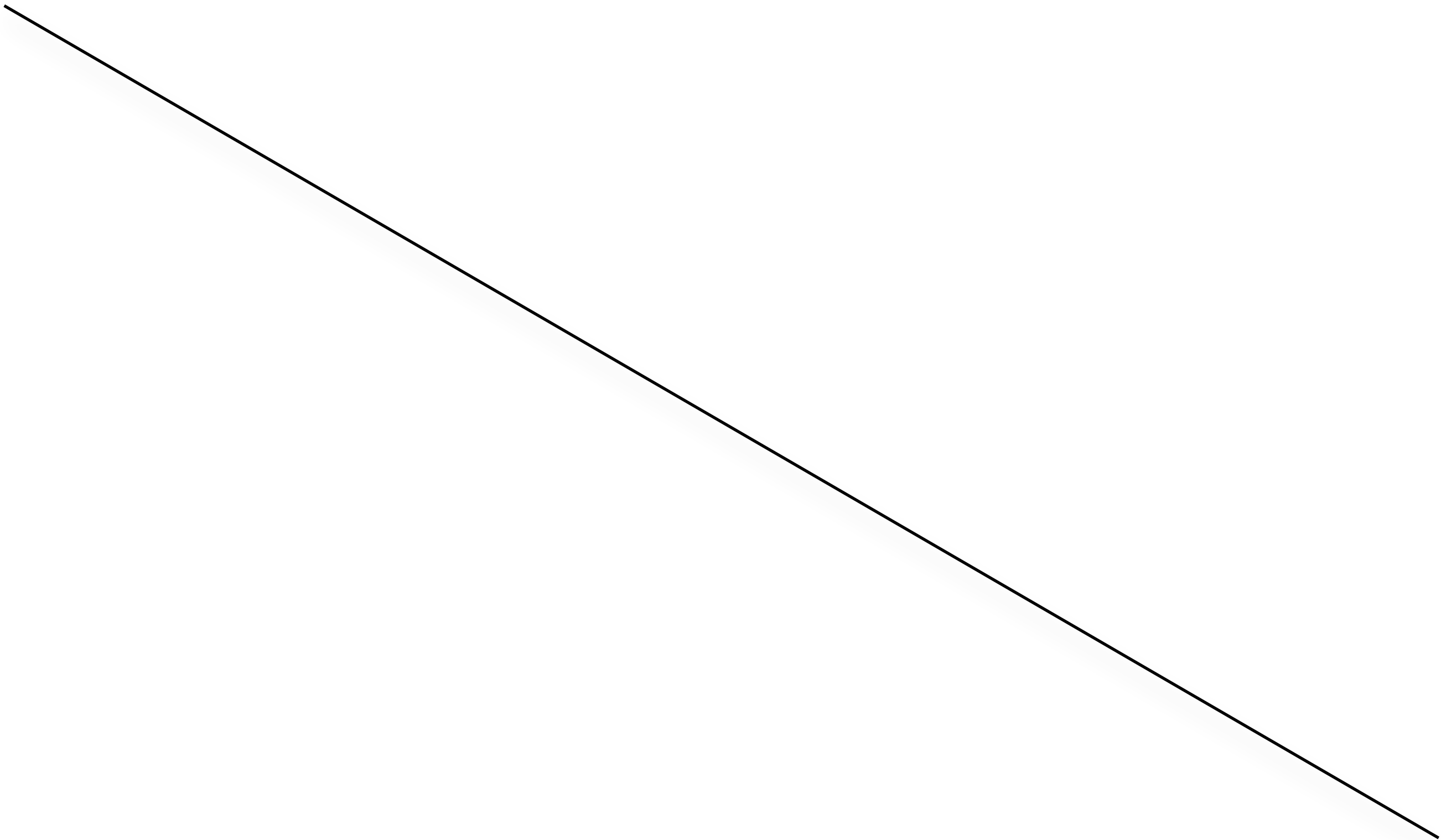
Producers can only get  
Producer Surplus on 100  
units

$$Q^d = 100$$





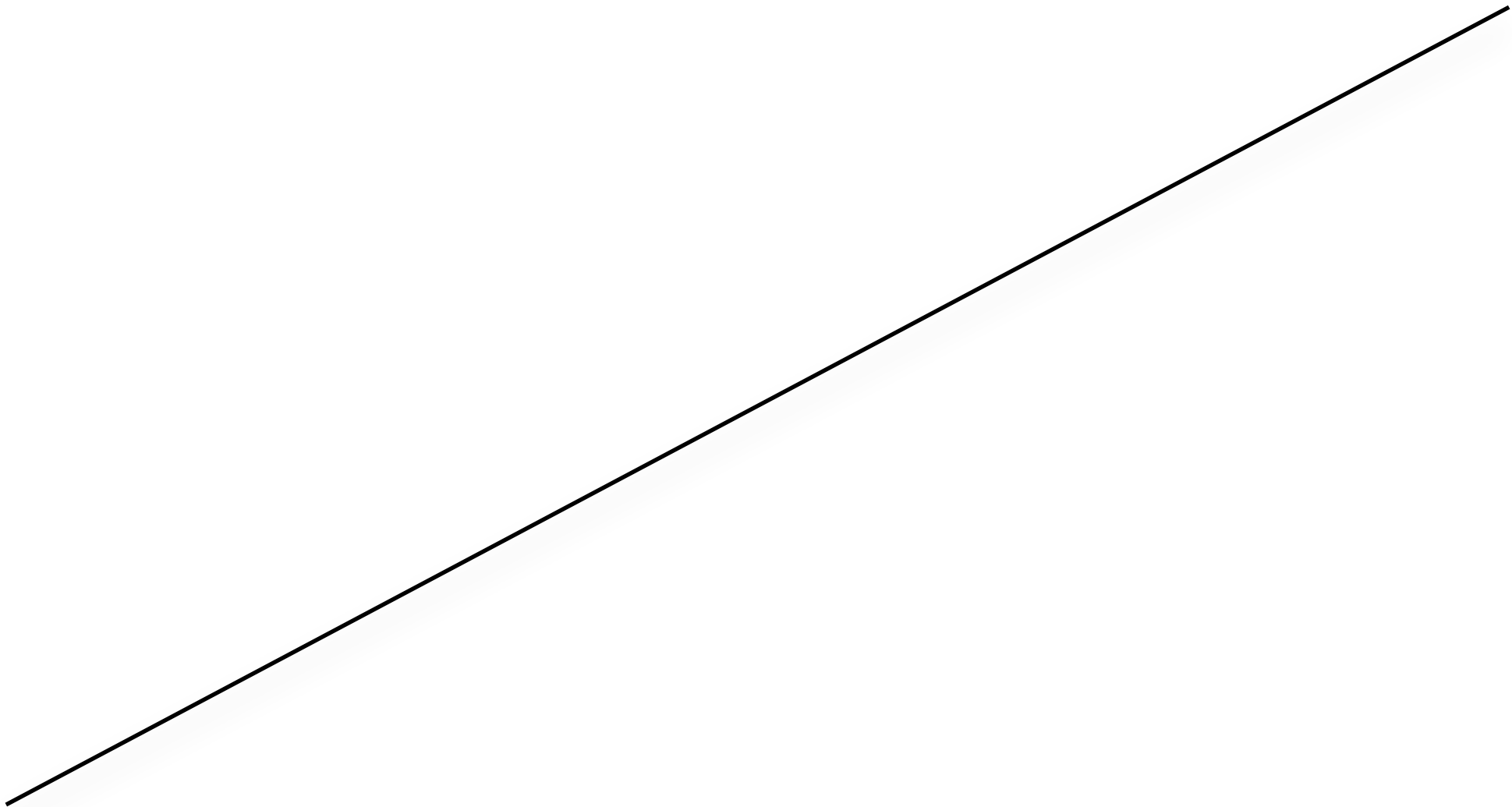
PS lost





PS after  
floor is  
imposed





PS

gained



PS lost

PS

gained

$>$

?

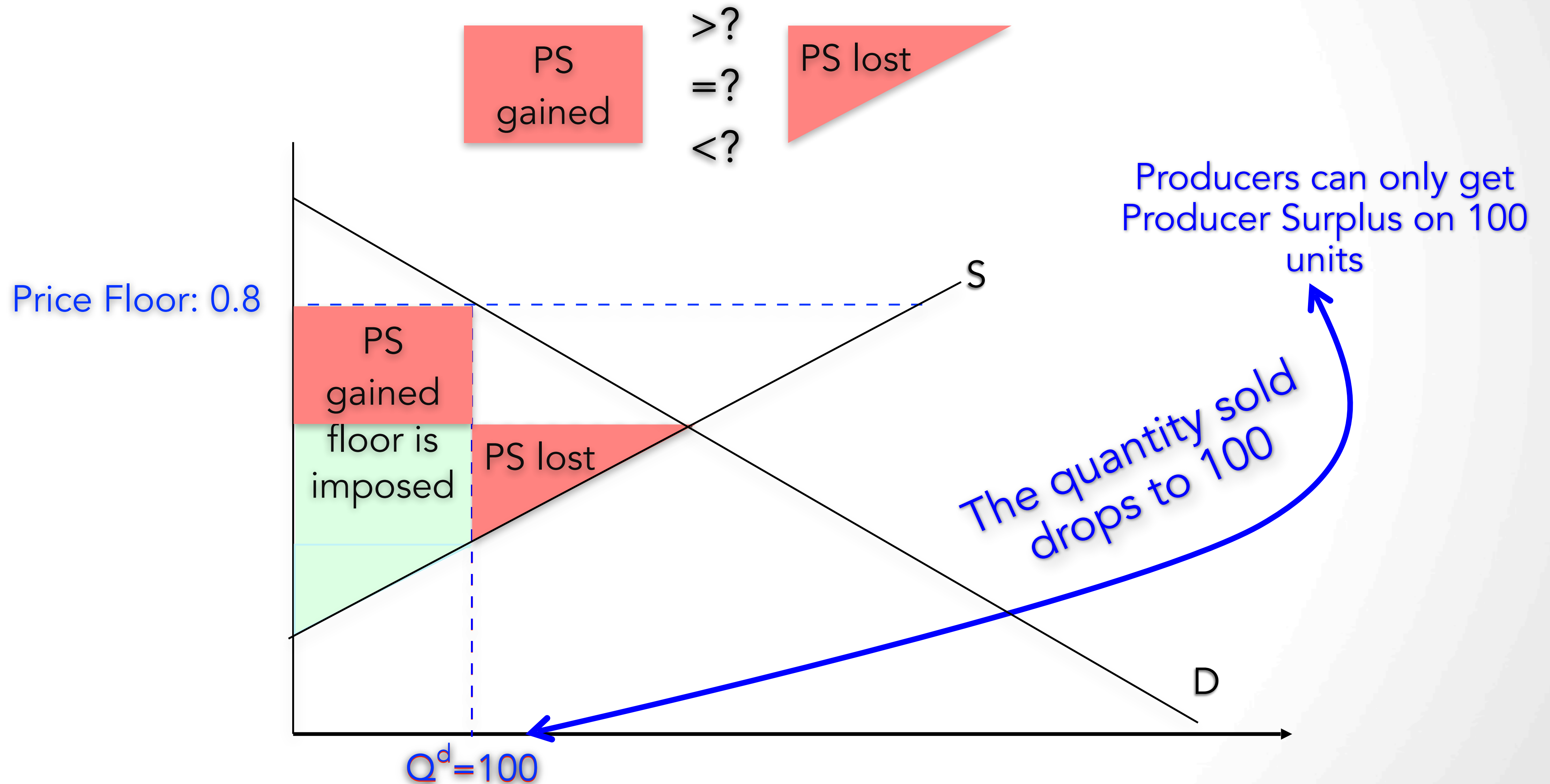
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## Effect of the Floor on:

