## The government imposes a Price Floor at \$8









# CS at equilibrium

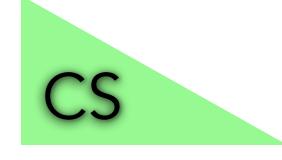


# PS at equilibrium

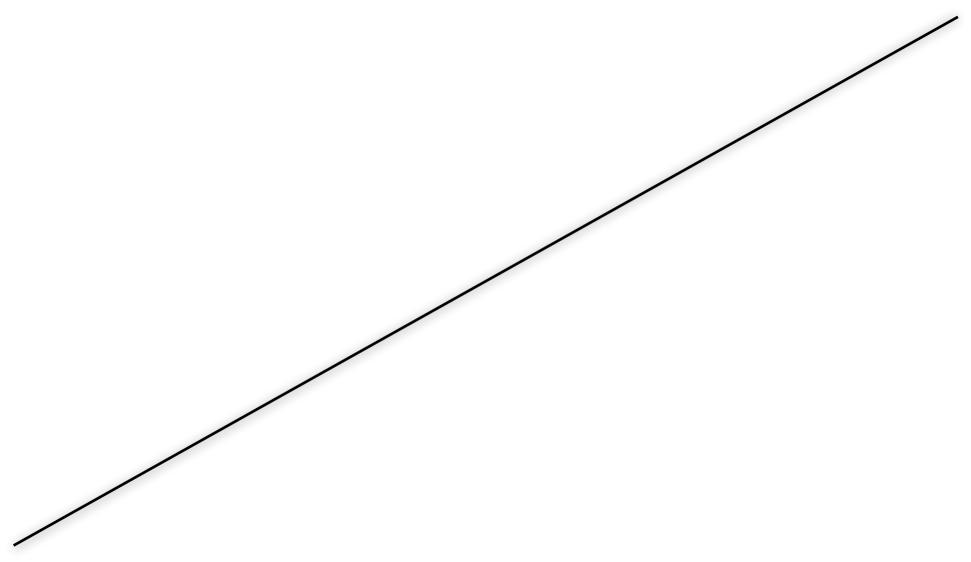
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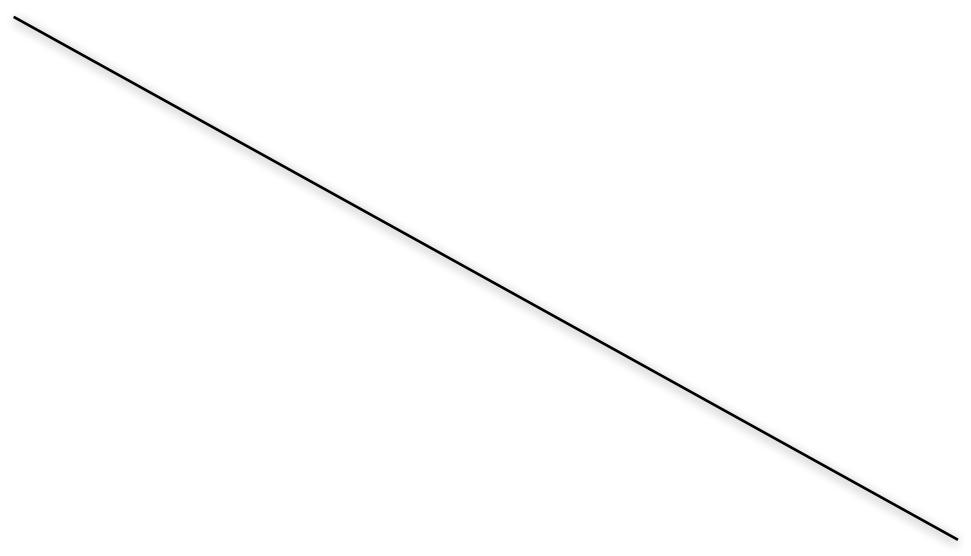
## Tax to consumers

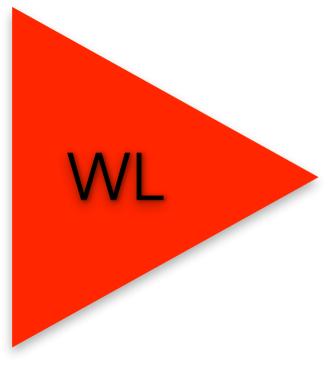
## And a subsidy to producers



#### PS





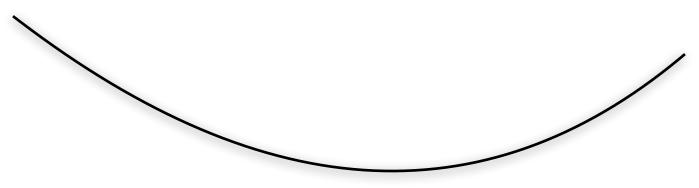


## Tax/Subsidy



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This area represents both: Consumer surplus lost to buyers and Producer surplus gained by sellers

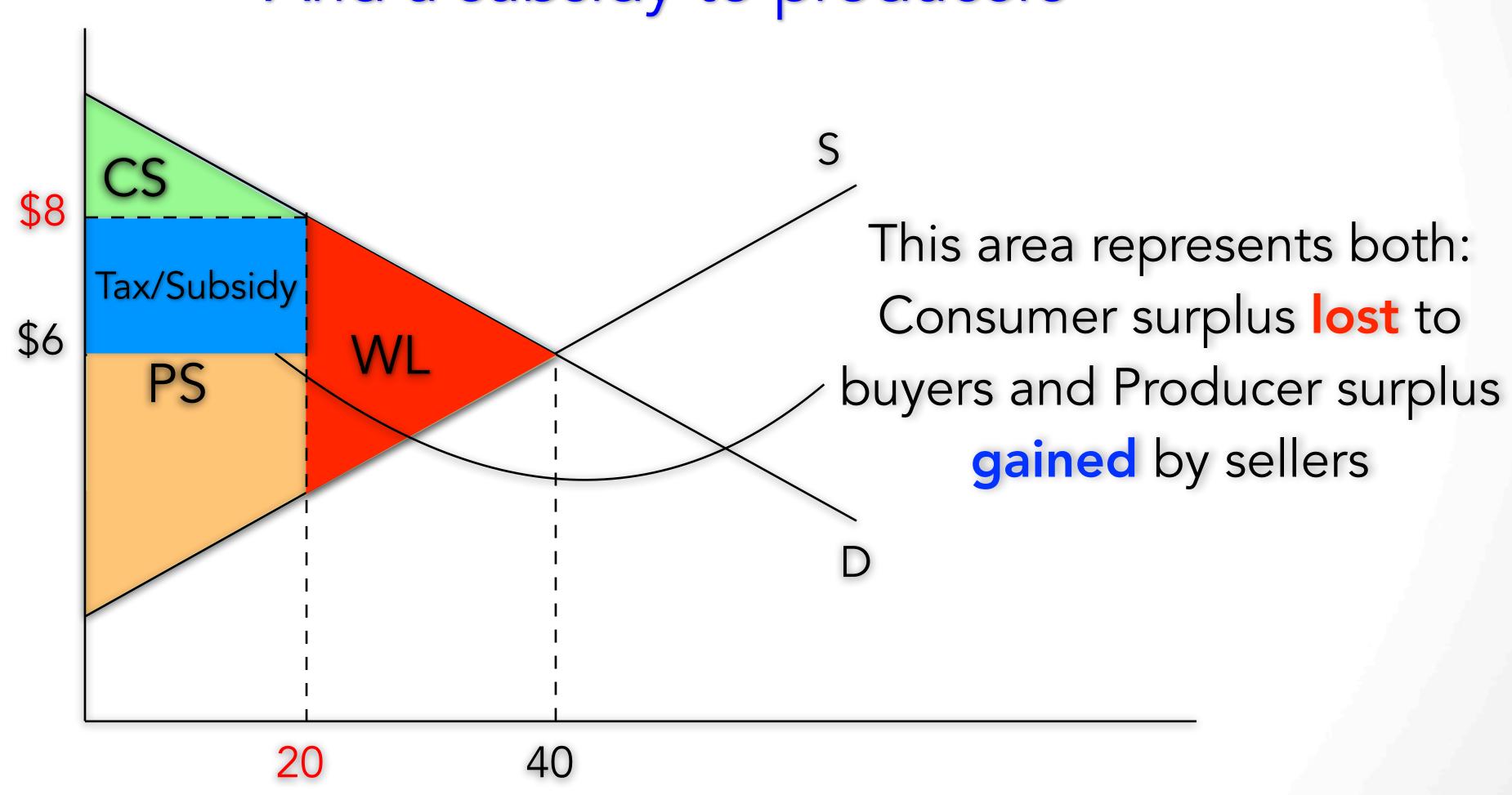


## A price floor is equivalent to a

### A price floor is equivalent to a

Tax to consumers

And a subsidy to producers



# A price Ceiling prohibits prices above the price ceiling

