

Econ 101 | Vignette B1

Butterbeer Price Ceiling

The Ministry of Magic decided to institute a price ceiling to allow many more to afford the treat. Find an appropriate price for the price ceiling and use a graph to evaluate the welfare effects your policy had on the market.

The supply and demand curves for butterbeer can be represented by the following equations.

$$P = 23 - \frac{1}{6}Q$$

$$P = 2 + \frac{1}{2}Q$$

