

Intro Microeconomics | Vignette E3

November 8, 2022

Traditional Toffee Subsidy

homogeneous

easy entry

Due to longstanding tradition, all toffees are made the same way, anyone could easily start making them, and the number of toffee makers had been constant over the past couple of years. This changed when the Ministry imposed a subsidy on all toffee sales. Using a couple of graphs to illustrate your answer, explain what happened in the market because of this subsidy.

