

## Econ 101 | Vignette C1

### The Butterbeer Tax

The Ministry was in some financial trouble after their considerable expenditures during the war, and decided to impose a tax. Use a graph to evaluate the welfare effects the policy had on the market.

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

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

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

