

Econ 101 | Vignette E3

Traditional Toffee Subsidy

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.

