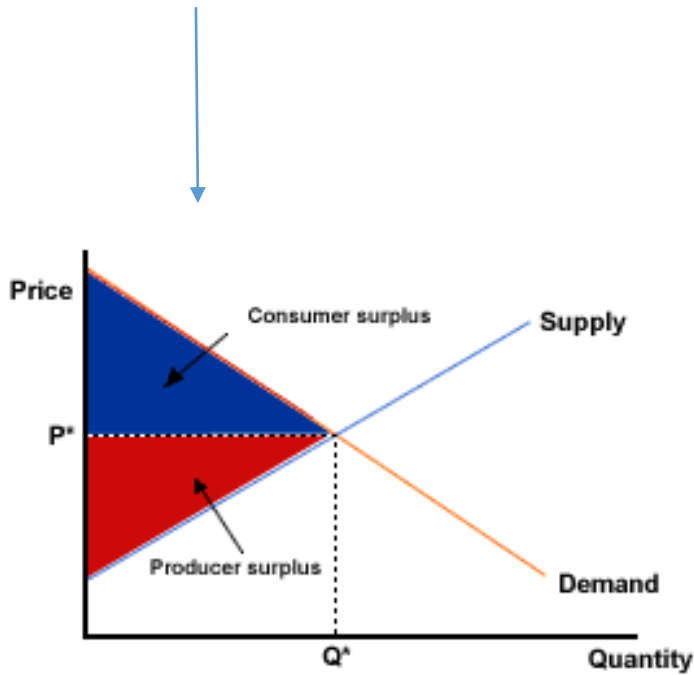


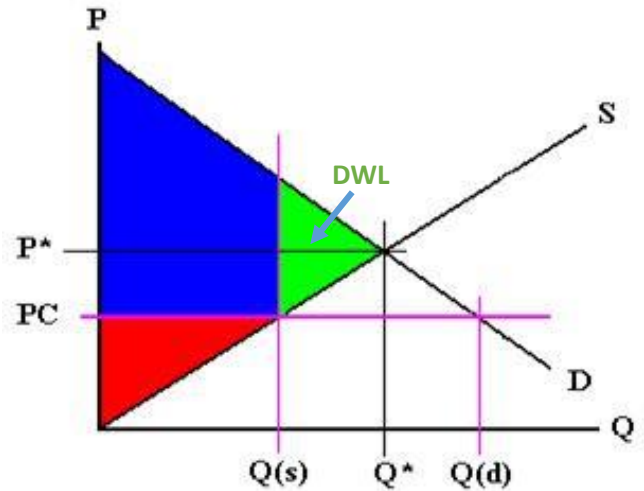
PRICE CEILINGS and PRICE FLOORS

Before Price Ceiling

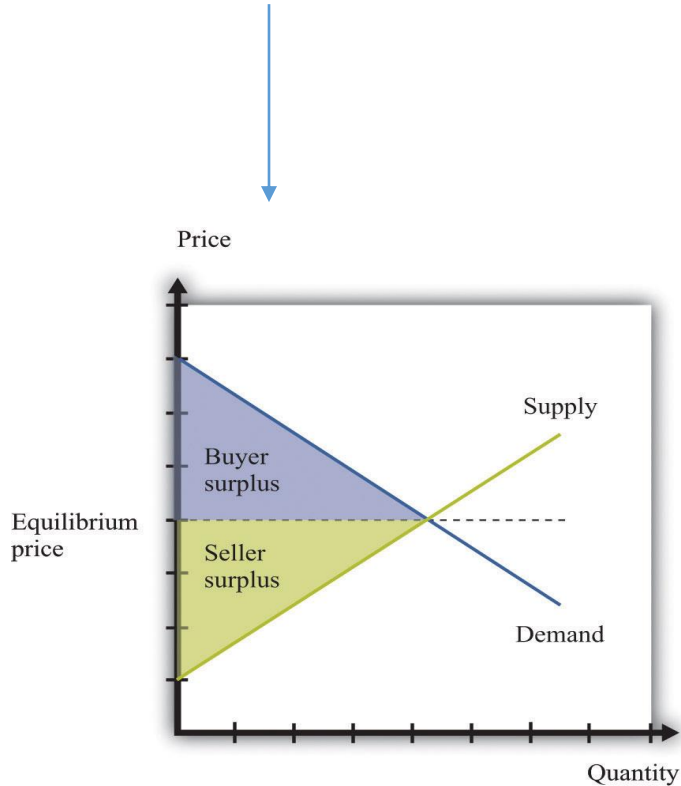


After Price Ceiling

Note: The price ceiling acts like a new Demand Curve. In this graph, the Consumer surplus is between PC and Old D curve, and the Producer surplus is between PC and S curve.

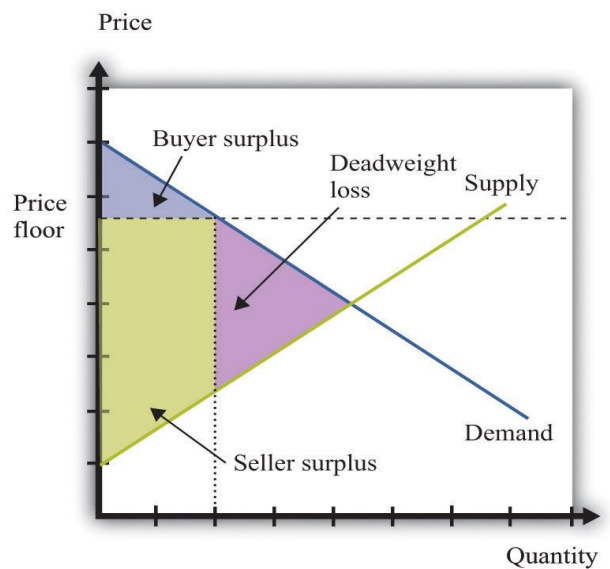


Before Price Floor



After Price Floor

Note: The price floor acts like a new Demand Curve. So in this graph, the Consumer surplus is between the Price floor and Old D curve, and the Producer surplus is between the Price floor and S curve.



(a)

(b)