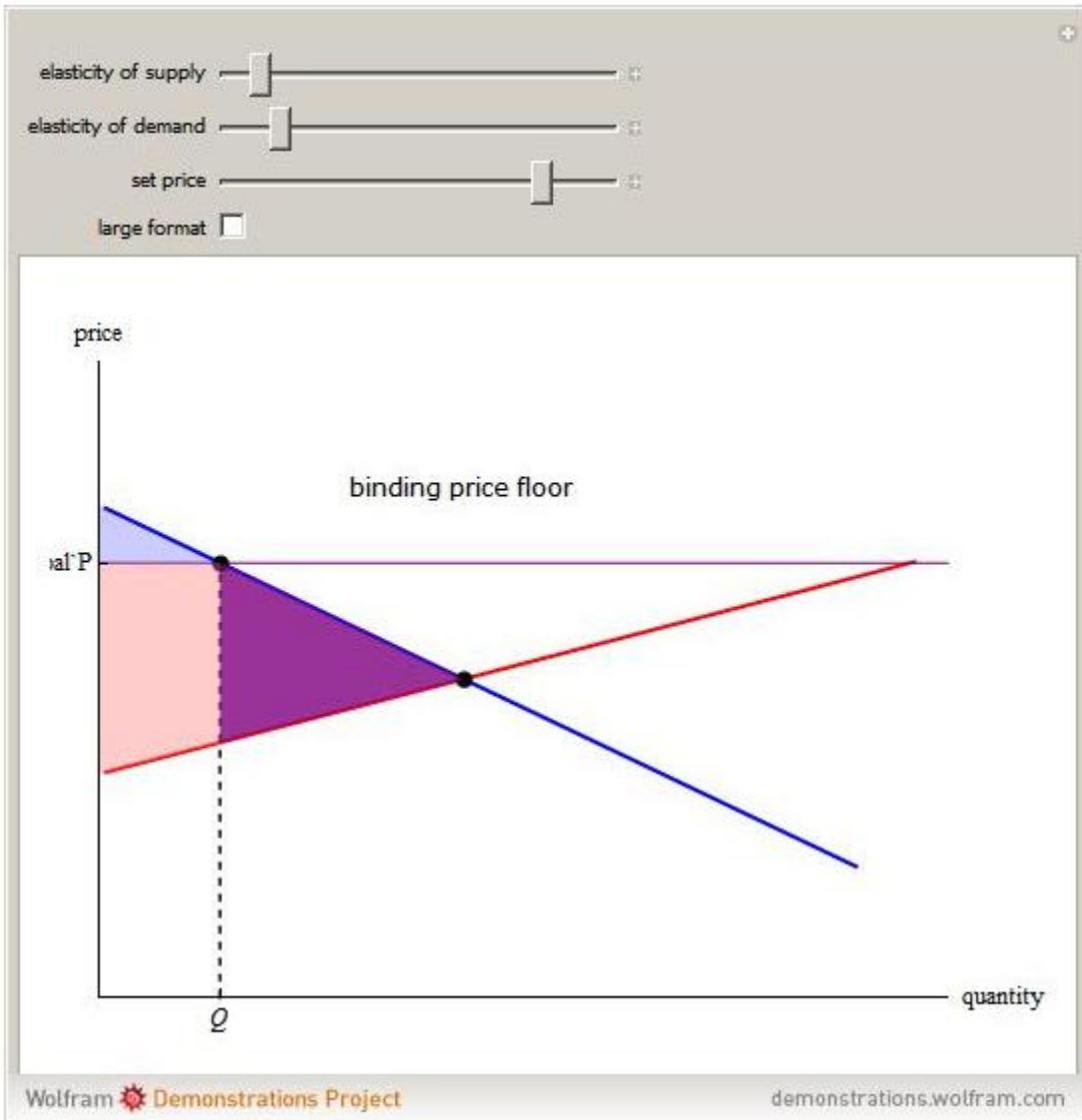


Price controls

Price controls are laws that set prices. A price ceiling sets a maximum allowable price, and a price floor sets a minimum allowable price. When a price control prevents the market equilibrium price from being reached, the total surplus (i.e., the consumer plus the producer surplus) is reduced. This reduction is known as the deadweight loss and is represented above by the purple triangle.

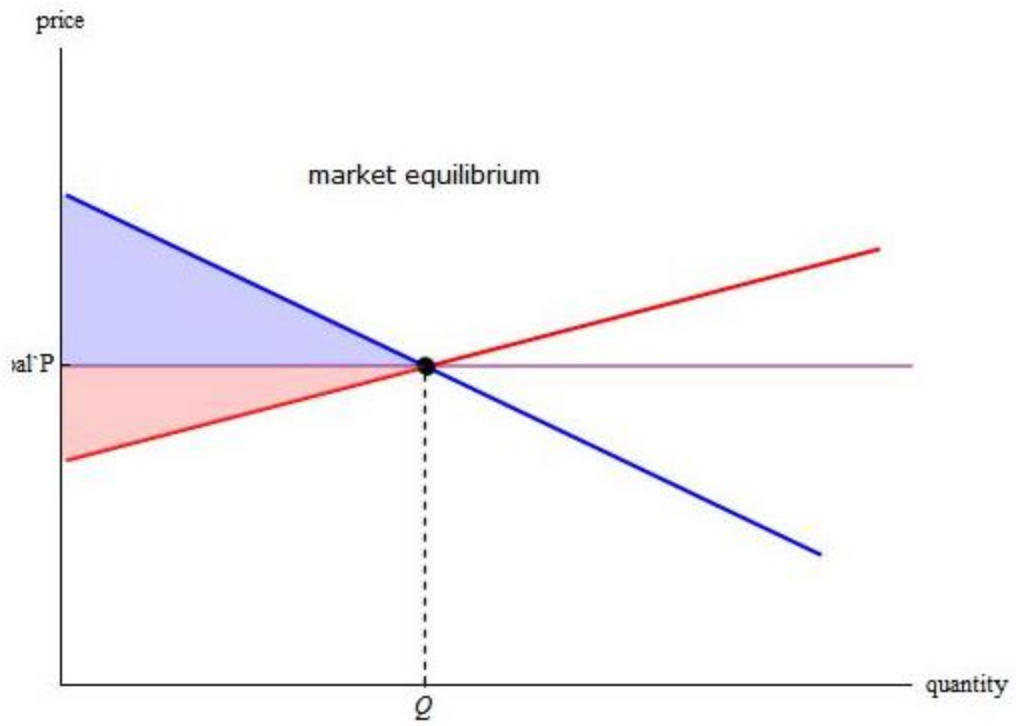


elasticity of supply

elasticity of demand

set price

large format



elasticity of supply

elasticity of demand

set price

large format

