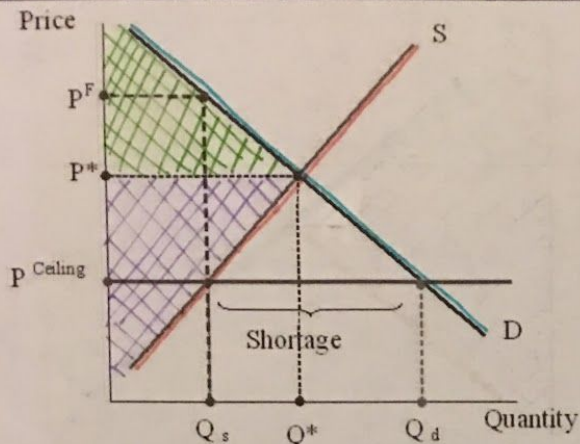
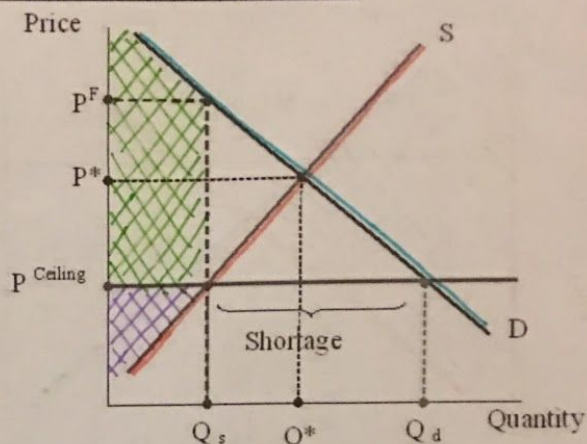


Samantha King-Cash 10/18/18

The following graphs depict a market for good X before and after a ceiling is imposed.



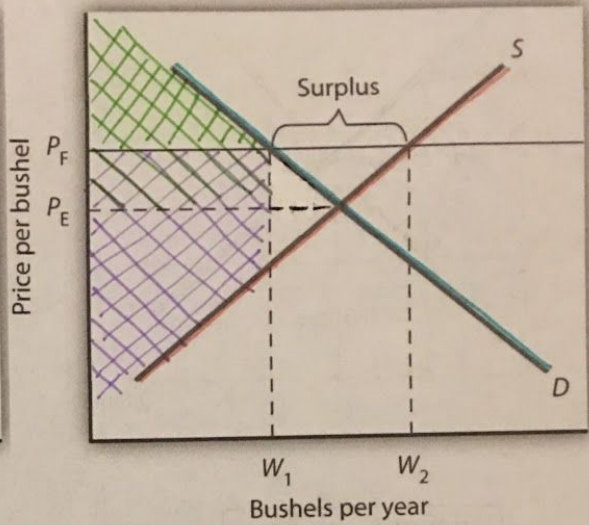
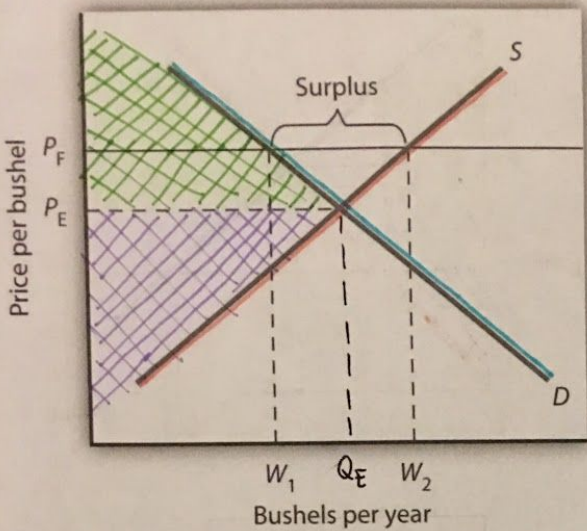
BEFORE CEILING



AFTER CEILING

BEFORE CEILING	AFTER CEILING
What price will we see? $P^*$	What price will we see? $P_{\text{ceiling}}$
How many units will be exchanged? $Q^*$	How many units will be exchanged? $Q_s$
What area represents consumer surplus? Area above $P^*$ & to left of demand curve	What area represents consumer surplus? Area above $P_{\text{ceiling}}$ & to the left of $Q_s$
What area represents producer surplus? Area below $P^*$ & to left of supply curve	What area represents producer surplus? Area below $P_{\text{ceiling}}$ & to left of supply curve
When we compare before and after the ceiling...	
a. Has there been a transfer of surplus between consumers and producers? If so, who received, who lost? Yes, there is a transfer of surplus. Consumers gained, but producers lost.	
b. Has any surplus simply disappeared? If so, what areas? Was any of this CS? PS? Yes, surplus disappeared from the area right of $Q_s$ . It was both CS and PS.	
c. What do we call this area of surplus that has disappeared? Dead weight loss	

The following graphs depict a market for good X before and after a floor is imposed.



BEFORE FLOOR

AFTER FLOOR

BEFORE FLOOR	AFTER FLOOR
What price will we see? $P_E$	What price will we see? $P_F$
How many units will be exchanged? $Q_E$	How many units will be exchanged? $W_1$
What area represents consumer surplus? Area above $P_E$ & to left of demand curve	What area represents consumer surplus? Area below $P_F$ & left of supply curve
What area represents producer surplus? Area below $P_E$ & to left of supply curve	What area represents producer surplus? Area below $P_F$ & left of $W_1$
When we compare before and after the floor...	
<p>a. Has there been a transfer of surplus between consumers and producers? If so, who received, who lost? Yes, there was a transfer of surplus. Producers gained surplus, while consumers lost it.</p> <p>b. Has any surplus simply disappeared? If so, what areas? Was any of it CS? PS? Yes, the area right of <math>W_1</math> disappeared. Consumer and Producer surplus disappeared.</p> <p>c. What do we call this area of surplus that has disappeared? Dead weight loss</p>	