1. **Price ceiling:**
   1. **Define** Price ceiling:
   2. Draw a price ceiling on the **graph** below. In other words….is it below or above equilibrium?

S

P

D

Q

1. Price Floor
   1. **Define** price floor:
   2. Draw a price floor on the **graph** below. In other words….is it below or above equilibrium?

S

P

D

Q

1. On the graph to the right, what is the equilibrium price? \_\_\_\_\_

P

1. What is the equilibrium quantity? \_\_\_\_\_\_\_\_

S

1. A price of $5 is a what? \_\_\_\_\_\_\_
2. What is greater at this price, QS or QD? \_\_\_\_\_\_\_\_

$10

1. What problem does this price cause? \_\_\_\_\_\_\_\_\_

$5

On the graph to the right, what is the equilibrium price? \_\_\_\_\_

30

10

20

D

Q

P

1. What is the equilibrium quantity? \_\_\_\_\_\_\_\_

$15

S

1. A price of $15 is a what? \_\_\_\_\_\_\_
2. What is greater at this price, QS or QD? \_\_\_\_\_\_\_\_

$7

1. What problem does this price cause? \_\_\_\_\_\_\_\_\_

D

50

30

15

Q

1. Price ceilings cause what problems? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (shortage or surplus)
2. Price Floors cause what problems? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (shortage or surplus)
3. Price ceilings are primarily targeted to help \_\_\_\_\_\_\_\_\_\_, while price floors generally benefit \_\_\_\_\_\_\_\_\_\_.
   1. producers; no one
   2. increase tax revenue for governments; producers
   3. increase tax revenue for governments; consumers
   4. producers; consumers
   5. consumers; producers
4. Price floors and price ceilings
   1. lead to the same prices and quantities that would be found in a competitive market
   2. lead to technical efficiency
   3. cause the demand curve to shift to the left
   4. usually result from government intervention