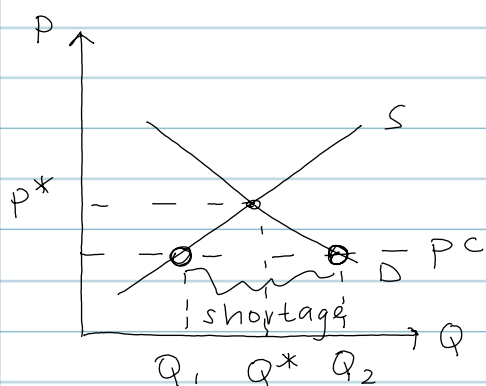


Economics

- price ceiling - producers can't charge above that price



Q. so, why is the price ceiling below equilibrium?

A. consumers will not pay above equilibrium price anyways

Q. will there be a shortage or surplus?

Q. can the price ceiling be above equilibrium?

A. shortage

A. yes, but it will not have an effect on the economy

Why will there be a shortage?

- at such a low price, more consumers will want to buy, but less producers will want to sell
- Q_1 is where producers want to be
- Q_2 is where consumers want to be