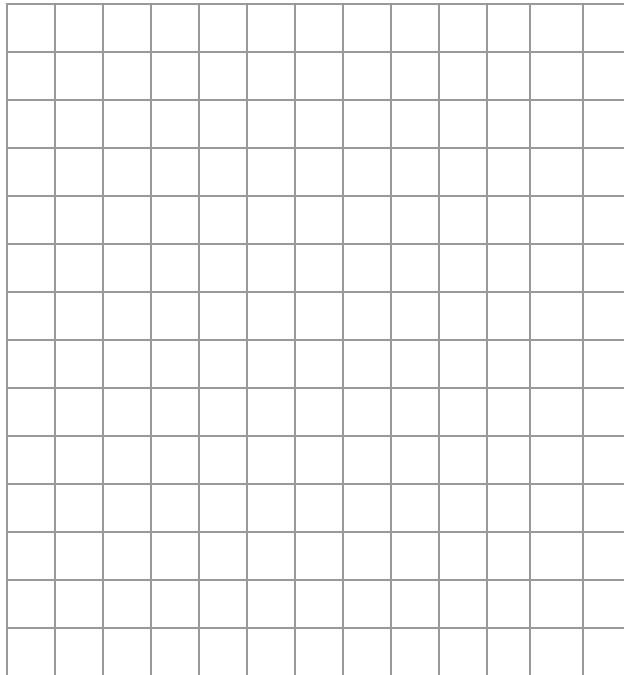


Ceilings and Floors

Name:

Hour:

Price	Quantity Supplied	Quantity Demanded
1.00	8	0
.90	7	3
.80	6	6
.70	5	9
.60	4	12
.50	3	15
.40	2	18



What is the equilibrium price? What is the equilibrium quantity?

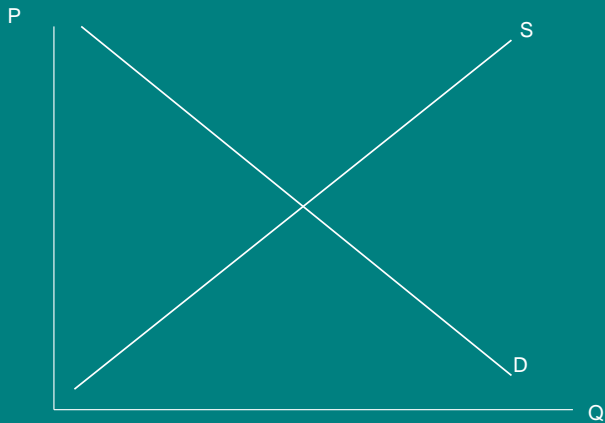
Suppose the government imposed a price ceiling at a price of .60. What would be the result?

Suppose the price ceiling were changed to 1.00. What would be the result?

Now imagine a price floor were imposed at .90. What would be the result?

What would be the result of a price floor imposed at .80?

How do shifts in D or S affect equilibrium?



Consider the market for ice cream. First, indicate which curve would shift, and in which direction. Then indicate what will happen to equilibrium price and quantity. Circle the correct options.

1. A new ice cream producer enters the market.
D/S INCREASES/DECREASES

P INCREASES/DECREASES

Q INCREASES/DECREASES
2. Advertising campaign for ice cream is very successful.
D/S INCREASES/DECREASES

P INCREASES/DECREASES

Q INCREASES/DECREASES
3. The price of sugar increases.
D/S INCREASES/DECREASES
P INCREASES/DECREASES
Q INCREASES/DECREASES
4. Many people find out they are lactose intolerant.
D/S INCREASES/DECREASES

P INCREASES/DECREASES

Q INCREASES/DECREASES
5. The price of chocolate topping decreases.
D/S INCREASES/DECREASES

P INCREASES/DECREASES

Q INCREASES/DECREASES