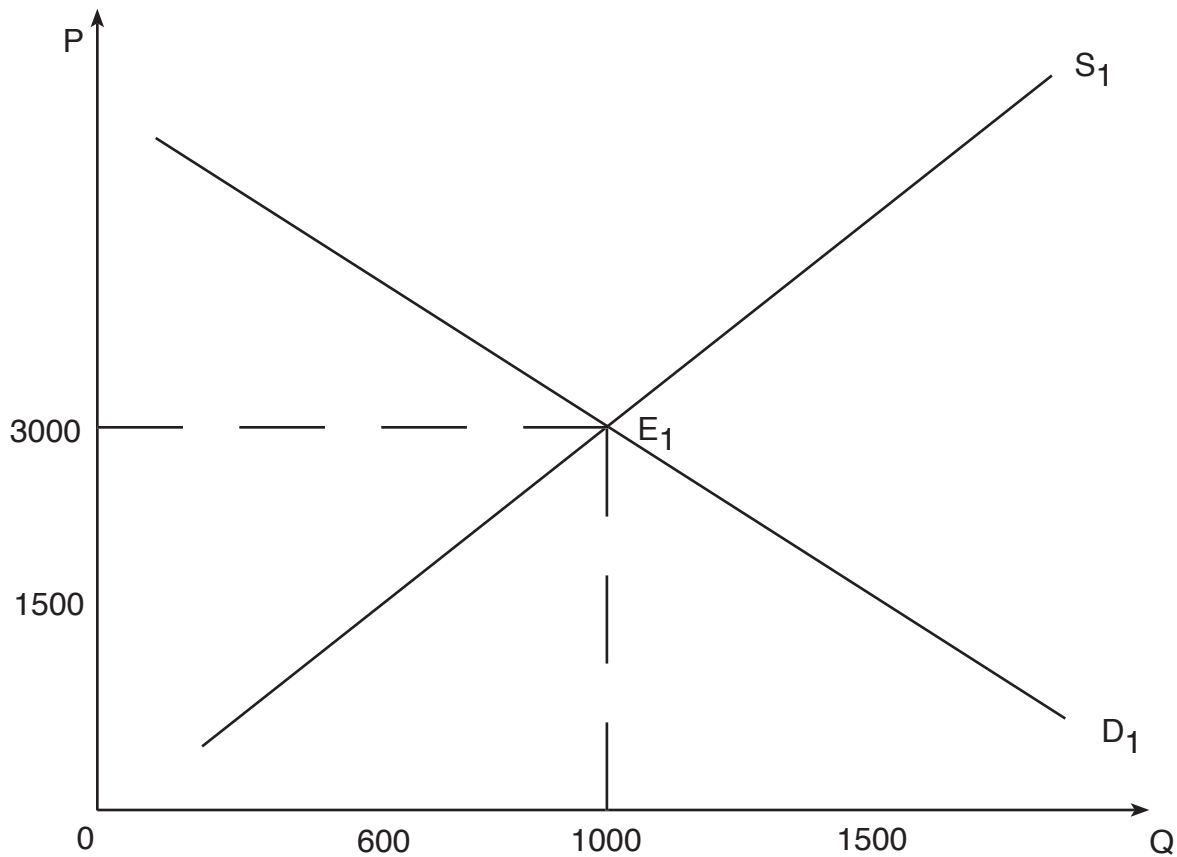


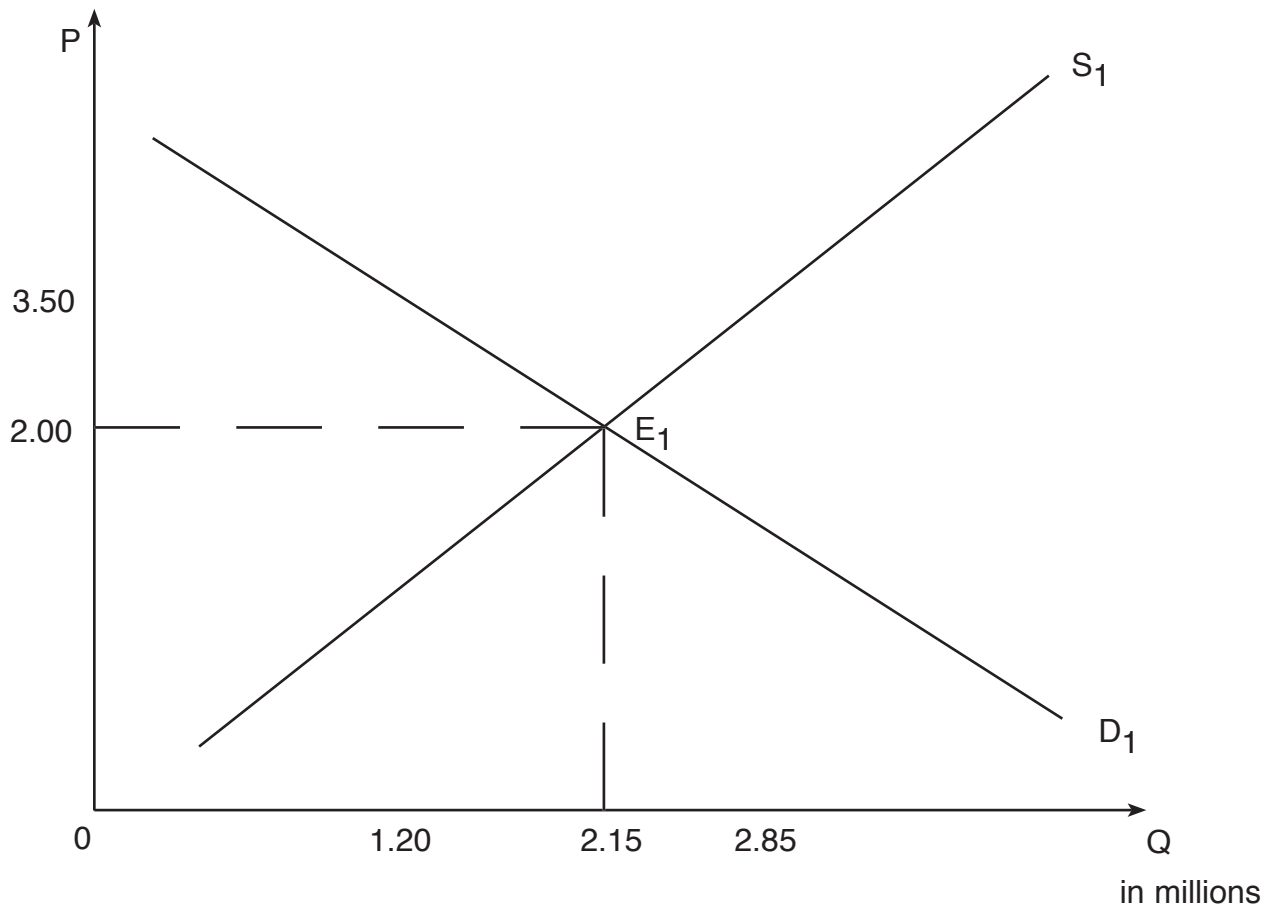
Name: _____ Date: _____ AP - Honors

Price Ceiling: a legal maximum on the price that may be charged for a commodity



The above is the Supply & Demand for apartments in NYC. If the city government instituted a price ceiling at \$1500/month in rent, what effect would it have on the market? Explain your answer both graphically and below. List and explain some of the results of this action.

Price Floor: a legal minimum on the price that may be charged for a commodity



The above is the Supply & Demand for Milk. Recently, Congress enacted a law to protect failing dairy farmers setting standard gallon prices at \$3.50. What effect would placing this price floor have on the market? Explain your answer both graphically and below. List and explain some of the results of this action.