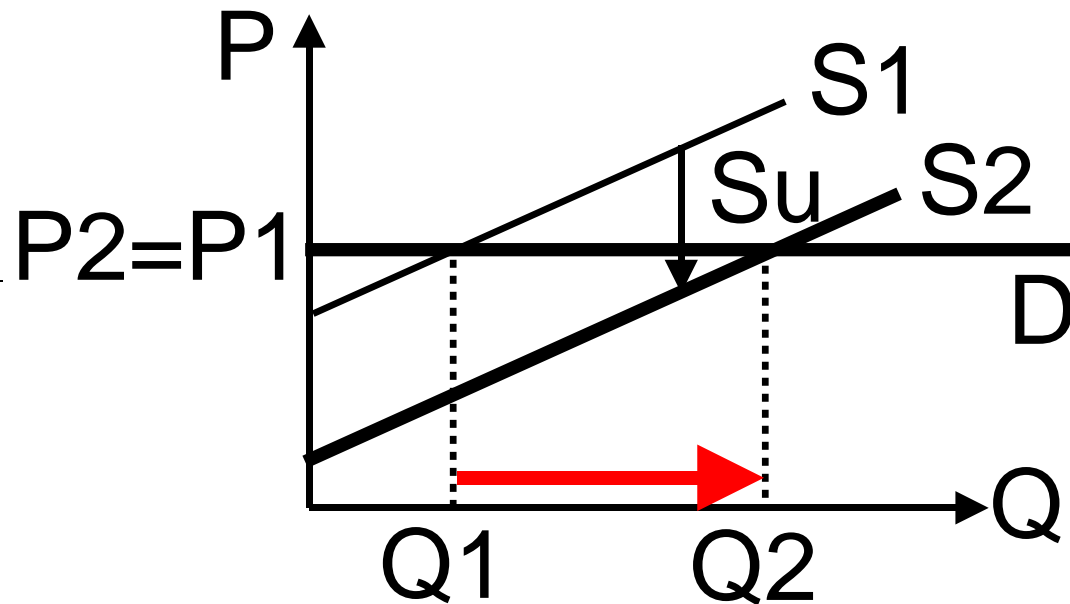


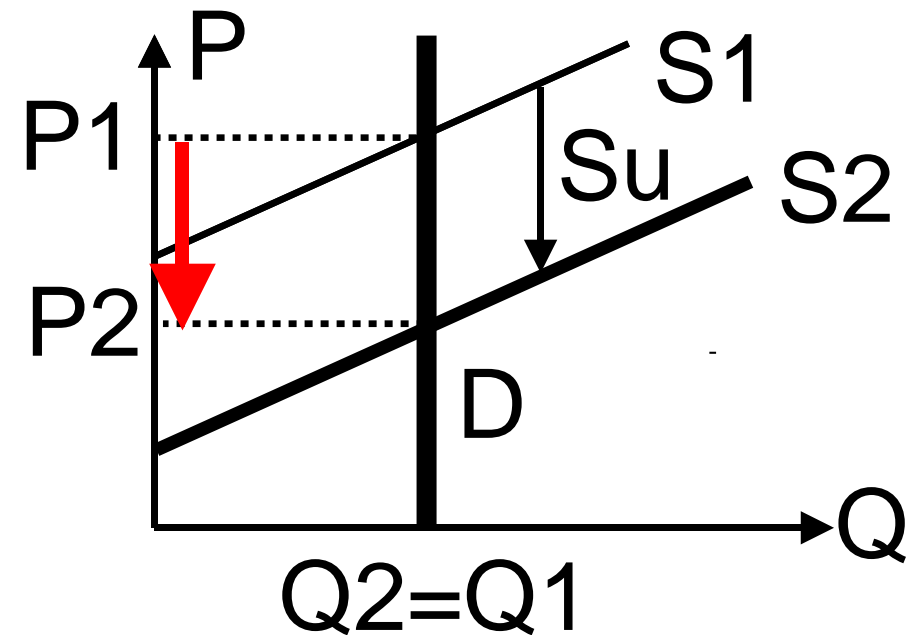
## 5.4 Subsidies 1 (extreme cases)

$e = \text{infinite}$



- **Price unchanged;**
- **Quantity rises** from  $Q_1$  to  $Q_2$ .

$e = 0$



- **Quantity unchanged;**
- **Price falls** from  $P_1$  to  $P_2$ .