



New chat



1. Input:

MO

Price ceiling and price floor. Describe them, especially the consequences.



2. Output ChatGPT:

Price ceiling and price floor are two types of government intervention in markets that aim to regulate the price of a particular good or service.

A price ceiling is a legal maximum price that can be charged for a good or service. It is typically implemented to protect consumers from price gouging by sellers in markets where there is a shortage of a good or service. The consequence of a price ceiling is that it can create a situation where there is excess demand for the product, leading to shortages or rationing. Additionally, sellers may be discouraged from producing or selling the product due to the reduced profit margin caused by the price ceiling.

On the other hand, a price floor is a legal minimum price that must be charged for a good or service. It is typically implemented to ensure that producers receive a minimum price for their product, which can help support their livelihoods. The consequence of a price floor is that it can create a situation where there is excess supply for the product, leading to surpluses or waste. Additionally, buyers may be discouraged from purchasing the product due to the increased cost caused by the price floor.

In both cases, price ceilings and price floors can have unintended consequences that may harm the intended beneficiaries of the policy. It is important for policymakers to carefully consider the potential impacts of such policies and weigh the benefits against the costs before implementing them.



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3. *Graphs* about price ceiling and price floor

Price ceiling	
Graph	Explanations
	<p>Price ceiling = maximum price (by government intervention)</p> <p>It usually helps consumers with essential goods that are in short supply.</p> <p>Consequence: excess demand, empty stores, black market</p> <p>Remedy: Rationing</p>

Price floor	
Graph	Explanations
	<p>Price floor = minimum price (by government intervention)</p> <p>"It is typically implemented to ensure that producers receive a minimum price for their product, which can help support their livelihoods."</p> <p>Consequence: excess supply</p> <ul style="list-style-type: none"> labour market: unemployment market for agricultural products: too much production (milk, butter etc.) <p>Remedy: Social security measures, buying surplus production by the government</p>

Abbreviations:

P = Price
 Q = Quantity
 D = Demand
 S = Supply