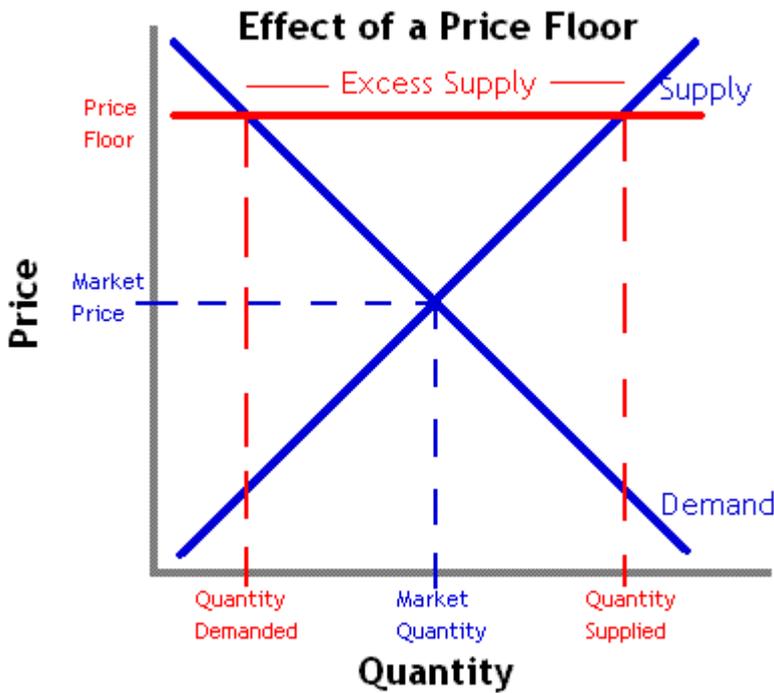


Answer on Question #42471, Economics, Microeconomics

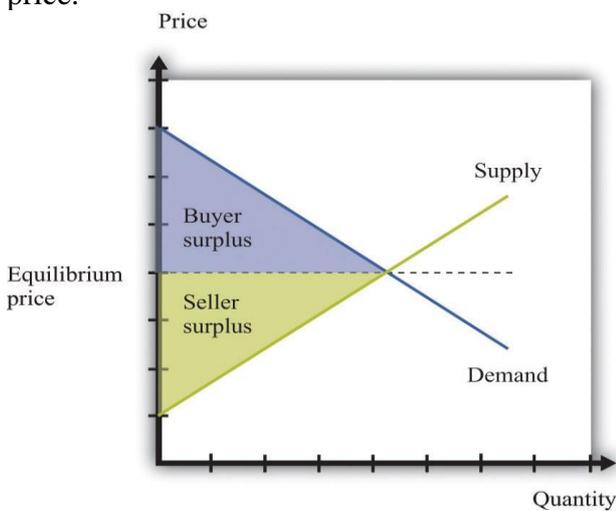
$P = \$350$ per ton, $P_e = \$300$ per ton, $Q_{se} = 100$ ton.

(a) Such kind of wheat price control in the US, when $P_e > P$ is called a price floor.

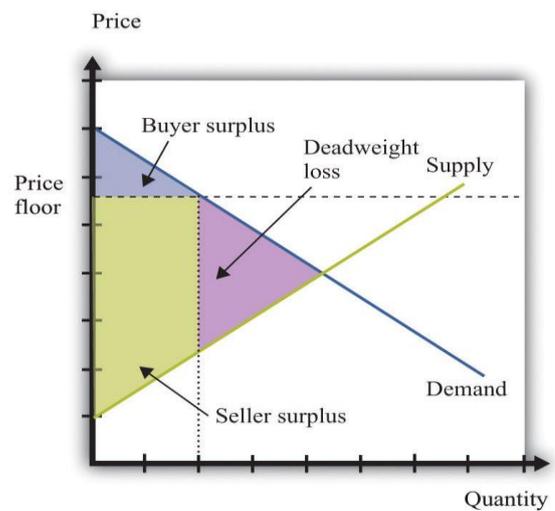
(b) On a graph below we can see, that price floor in the US creates a surplus in the market for wheat, assuming that the US does not trade wheat internationally, because quantity supplied will be higher than quantity demanded.



(c) As we can see on the graph below price floor decreases consumer surplus, increases producer surplus and creates deadweight loss, because an excess supply appears after the increase of price.



(a)



(b)