

Price Ceiling Vs Price Floor

Price Ceiling Vs Price Floor - Price Ceilings. A price ceiling is the opposite of a price floor: It's a government-mandated maximum price for a good or service. As economists Paul Krugman and Robin Wells note in their basic text "Microeconomics," price ceilings are far less common than price floors in the modern U.S. economy. Still, there are some. Price Floors and Ceilings Price Floors and Price Ceilings are Price Controls , examples of government intervention in the free market which changes the market equilibrium. They each have reasons for using them, but there are large efficiency losses with both of them.