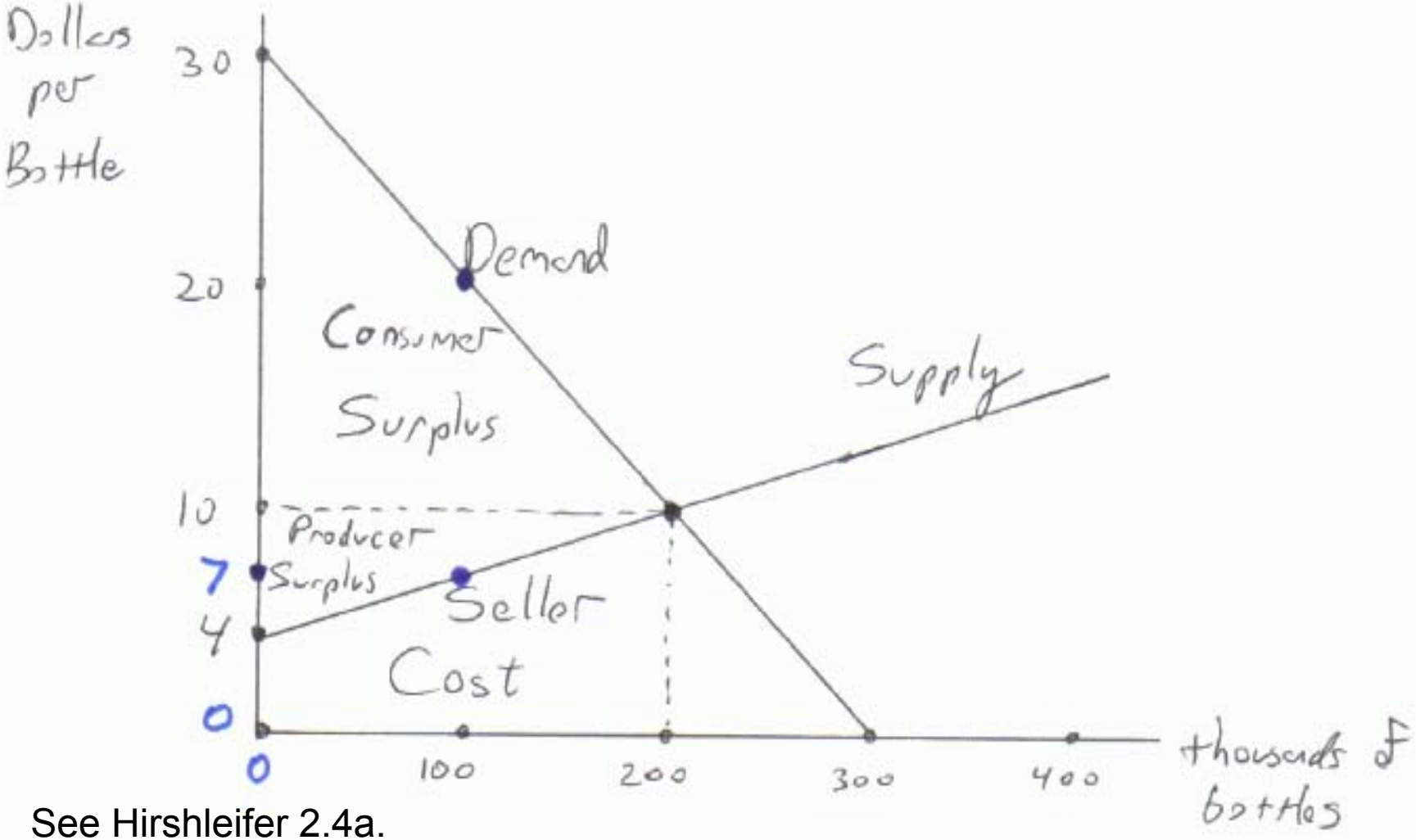
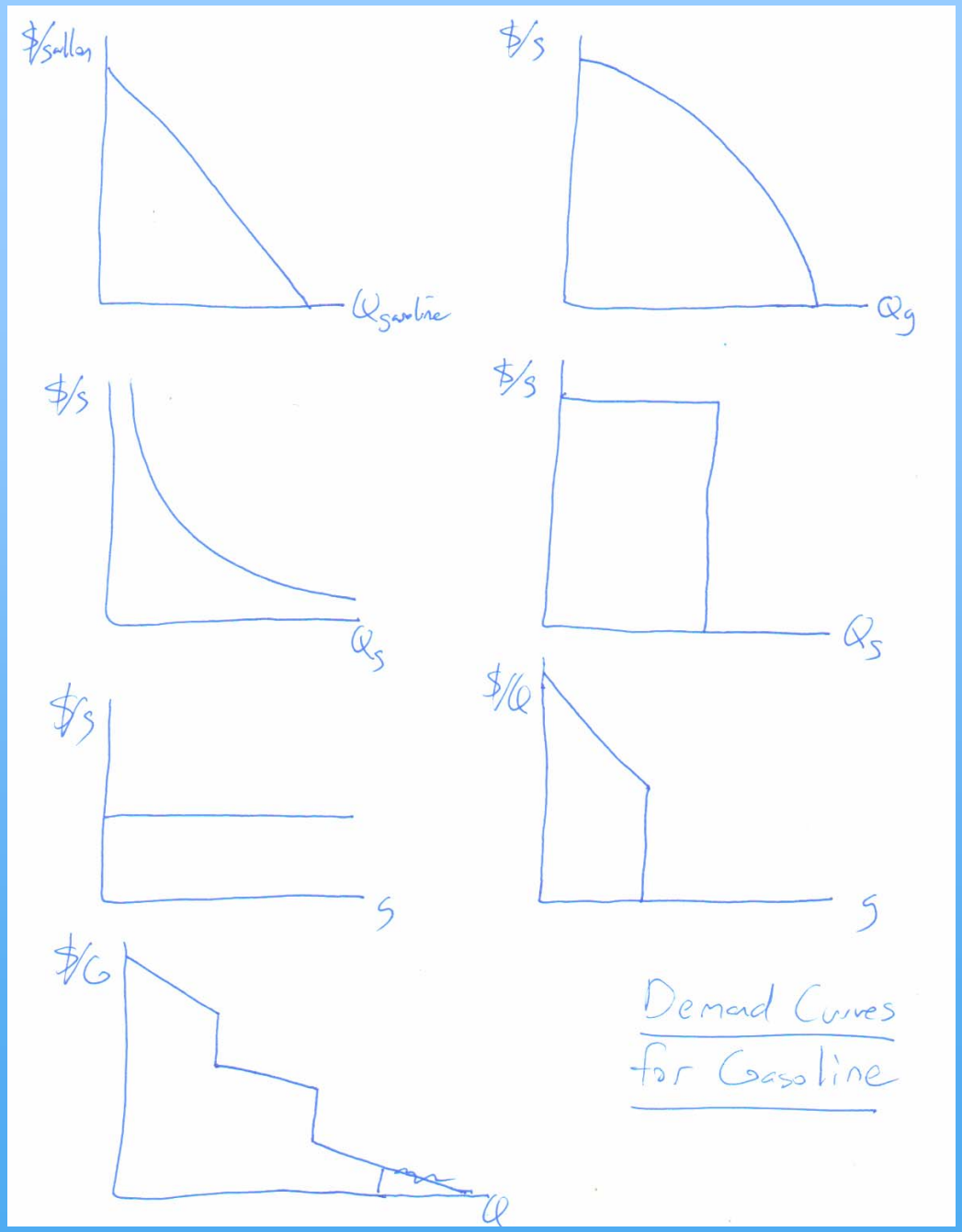
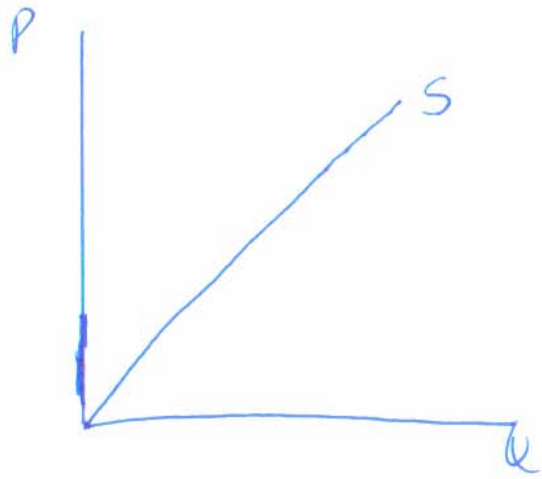
Figure 1: Consumer and Producer Surplus

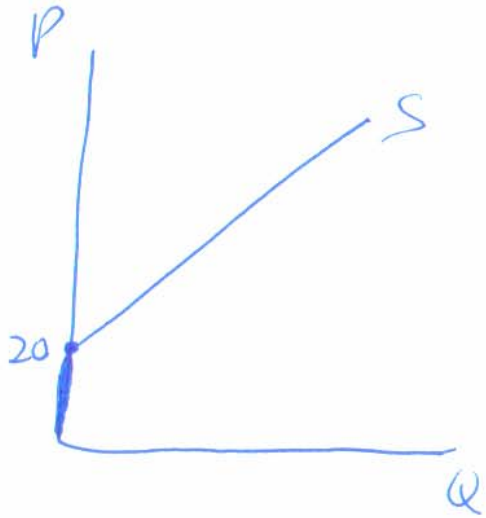


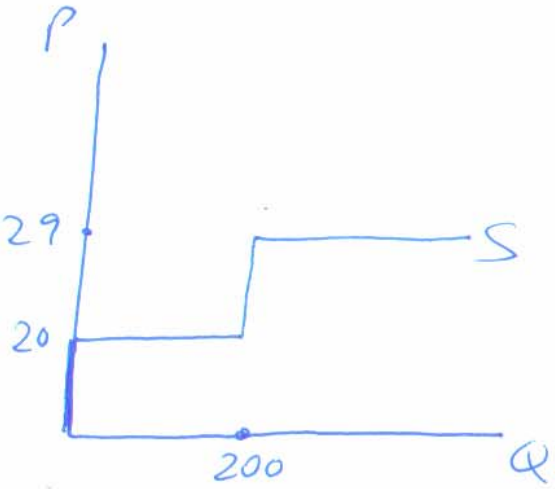
See Hirshleifer 2.4a.

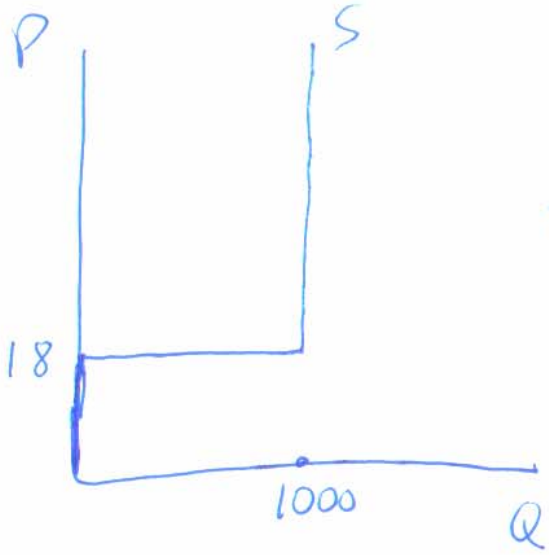


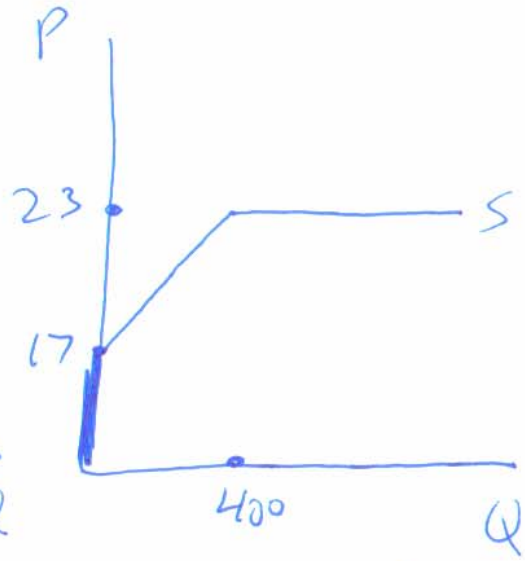
Demand Curves for Gasoline

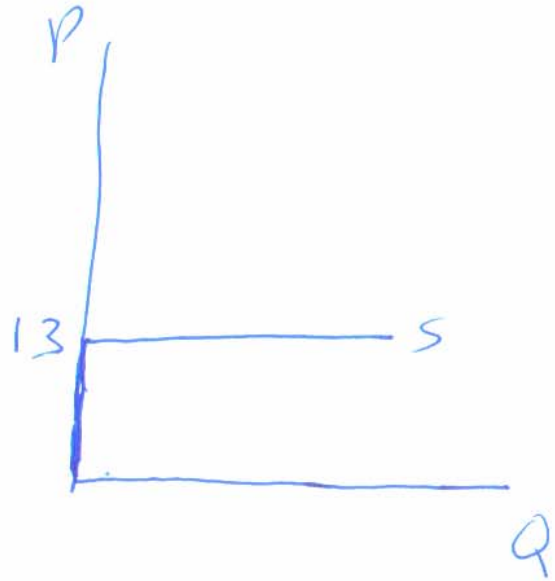




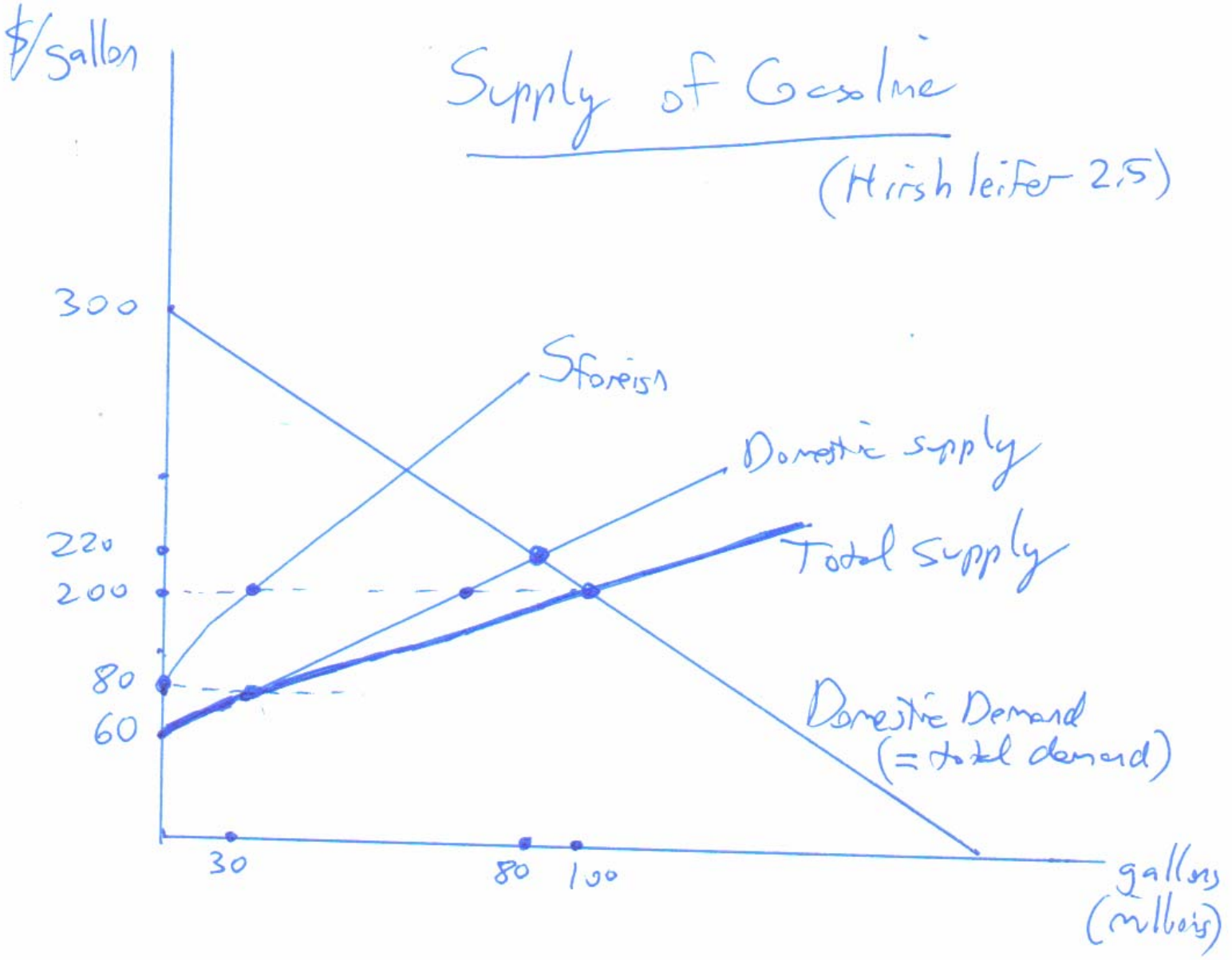


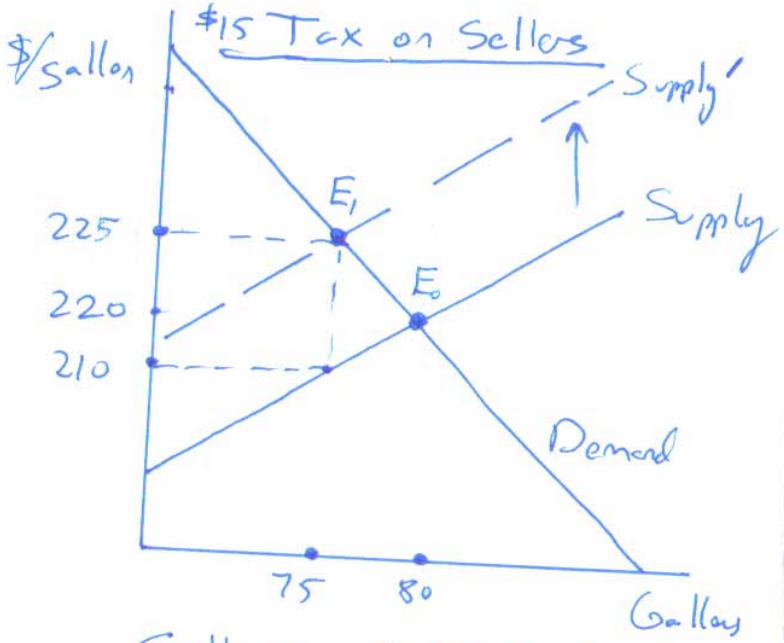






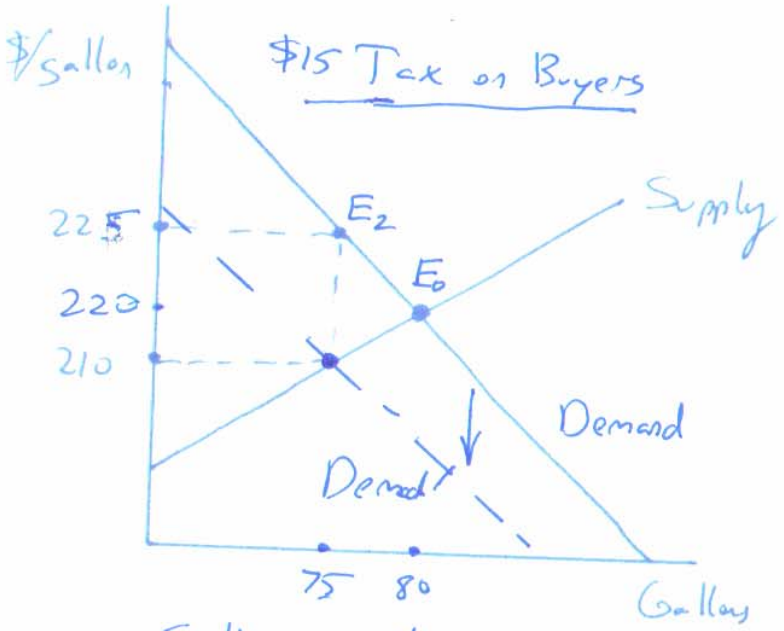
Supply Curves


$/gallon
Supply of Gasoline
(Hirshleifer 2.5)
300
220
200
80
60
S foreign
Domestic supply
Total supply
Domestic Demand
(= total demand)
30
80
100
gallons
(millions)



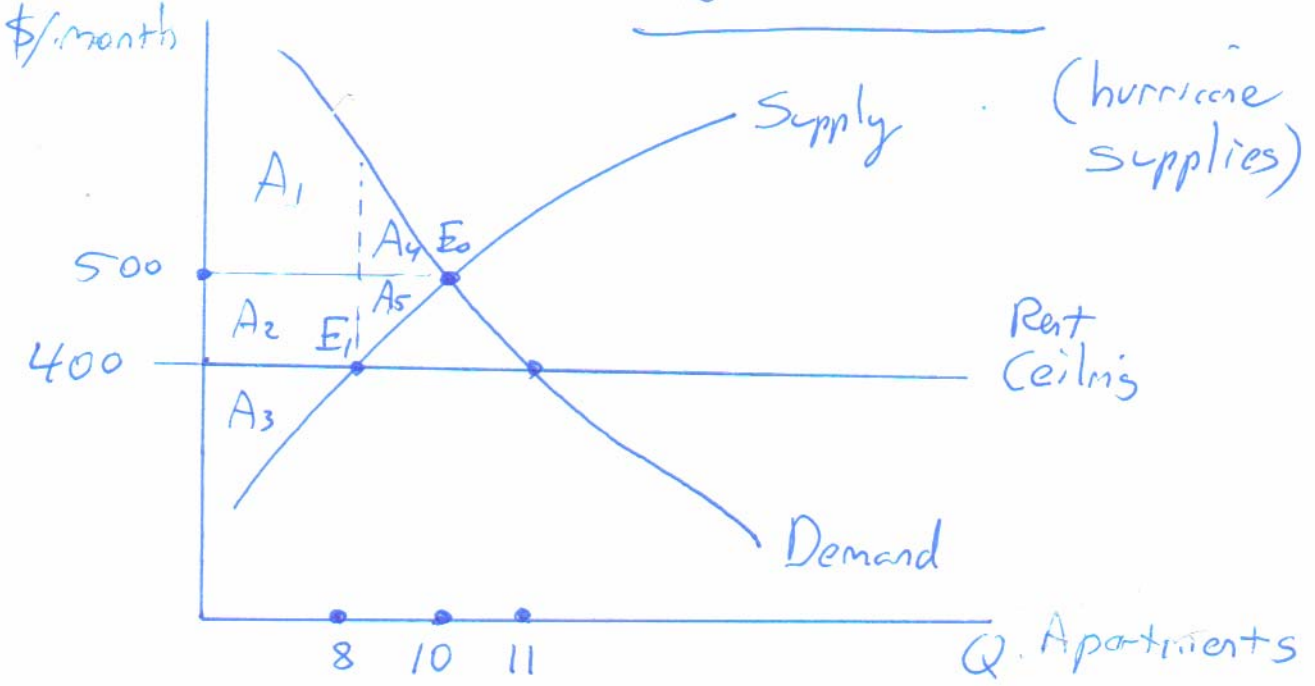
Sellers get $225/gallon from Buyers, and pay $15/gallon in tax, leaving $210/gallon.

(Hirshleifer Figure 2.6)



Sellers get $210/gallon from buyers. Buyers pay $210 to Sellers, plus $15/gallon to government.

Rent Control (Hirshleifer 2.9a)



CS_0 (tenants) $= A_1 + A_4$

$CS_1 = A_1 + A_2$

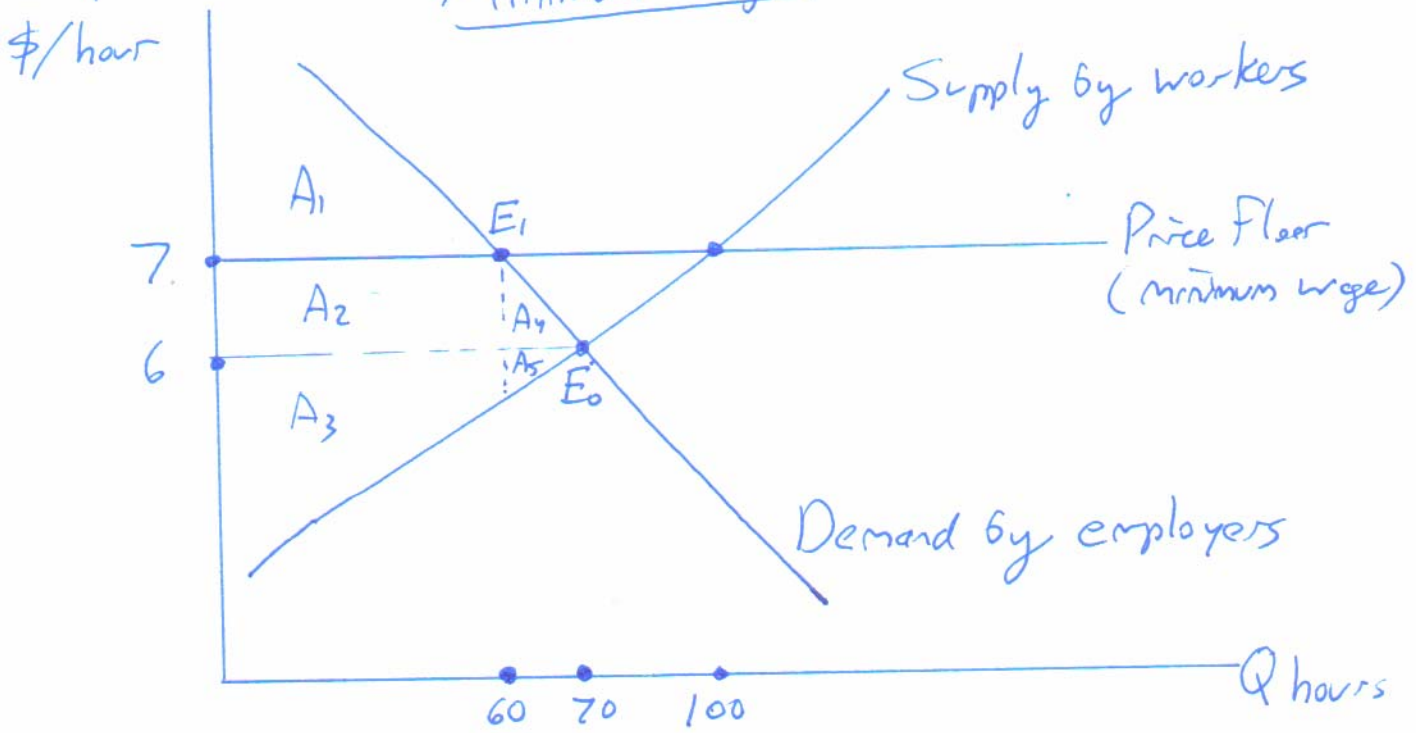
PS_0 (landlords) $= A_3 + A_2 + A_5$

$PS_1 = A_3$

lost Surplus $= A_4 + A_5$

"triangle loss"

Minimum Wage (Hirshleifer 2.9b)



$CS_0 = A_1 + A_2 + A_4$

$CS_1 = A_1$

(Employers)

$PS_0 = A_3 + A_5$

$PS_1 = A_2 + A_3$

(Workers)

Vanished: $A_4 + A_5$ Surplus