- Price supports to raise farmer's income by providing a better market price
- Increases price and decrease in quantity demanded
- Consumer surplus decreases
- Govt may have to purchase excess supply
    - Has to arrange to sell it to another country but countries may protest
    - Much of the output may be destroyed - clear waste of resources

- Minimum wage
    - Used as a tool to raise living standards among the poor
    - Minimum pay for all workers, and those earning the least wages will be able to get basic necessities
    - If price of labour above equilibrium,
        - Quantity of labour demanded by firms decreased
        - Higher wage has brought new entrants into the labour market
        - Unemployment occurs due to surplus
        - Those still employed enjoy the higher wages at the cost of unemployment for other workers
        - Increased incentives for firms to hire illegal workers, typically migrants, for their cheapest jobs

- Fixed prices
    - Firms may set a fixed price on their own
    - Depending on the good, the price may be fixed below or above the equilibrium
        - E.g. sporting events, movies, plays and concerts
    - The amount of supplied by the seating capacity is fixed, so supply is completely inelastic
    - Demand, however, can vary significantly
    - If set too high, there will be a surplus of tickets
        - Extra seats will be sold on the black market to buyers willing to pay a price in line with demand
    - If set too low, there will be a shortage
        - This shortage will also be sold at the black market - buyers between qe and qd will bid the price higher by making online offers or buying the ticket more expensively outside the event itself
    - Theatres - make up for this by having variety of shows and having multi-screen buildings. Less demanded movies can move to smaller venue, etc.
    - Sporting venues - charge different prices for different seats, effectively discriminating between those at different points (high and low) on the demand curve.. If demand too low, move to a smaller stadium

Tax:

Tax --> inelastic goods

Analysis: As consumers are inelastic to change in price, the government can earn tax revenue without hurting the industry too much. There is also comparatively less deadweight loss as opposed to when PED > PES. The loss of consumer and producer surplus is also relatively low and there is little market size decrease.