















40



Demand for cell phone
service





1

2

3

4

5

6

7











50

60

70

80

90

100

110

Consumer Surplus

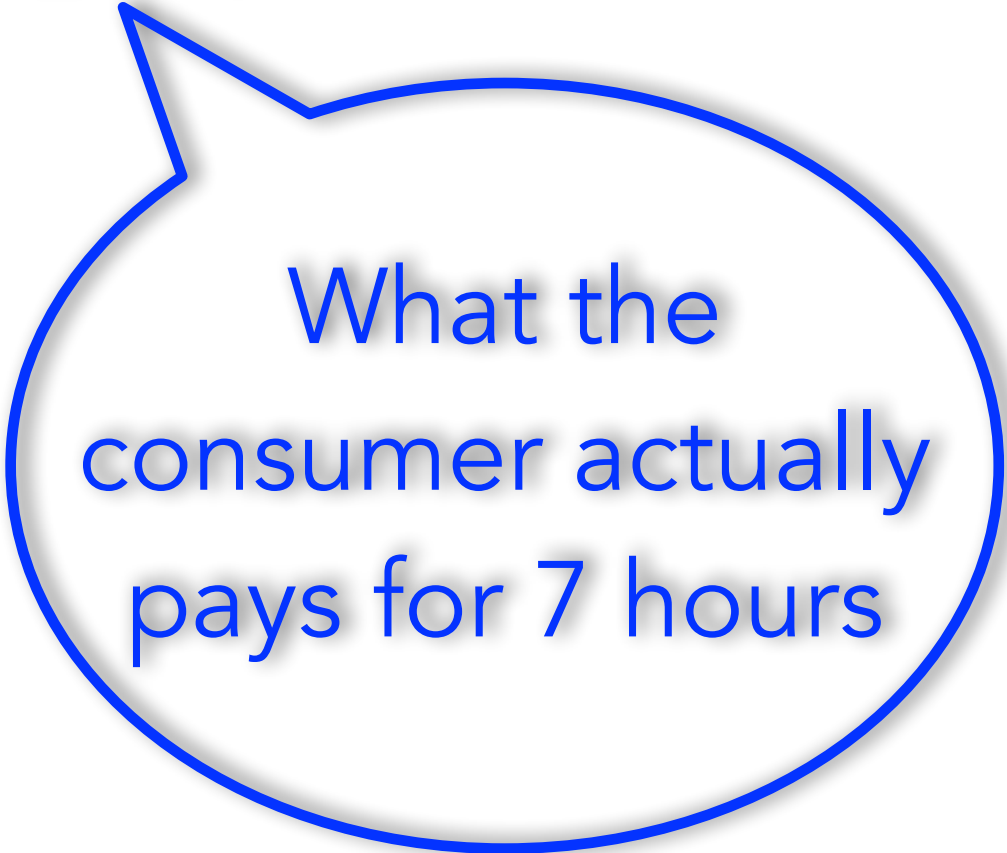
=

$$525 - 280 = 245$$

525

Value of 7
hours to
consumer

280



What the
consumer actually
pays for 7 hours

40



If the price is \$40
per unit

Willingness
to pay for 7
hours of cell
service =
\$525

The background is a solid orange color. A diagonal line runs from the top-left corner to the bottom-right corner, creating a white triangular area in the top-right corner.

\$525

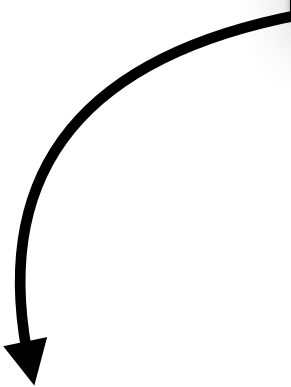
Consumer
Actually
pays $\$40 \times 7$

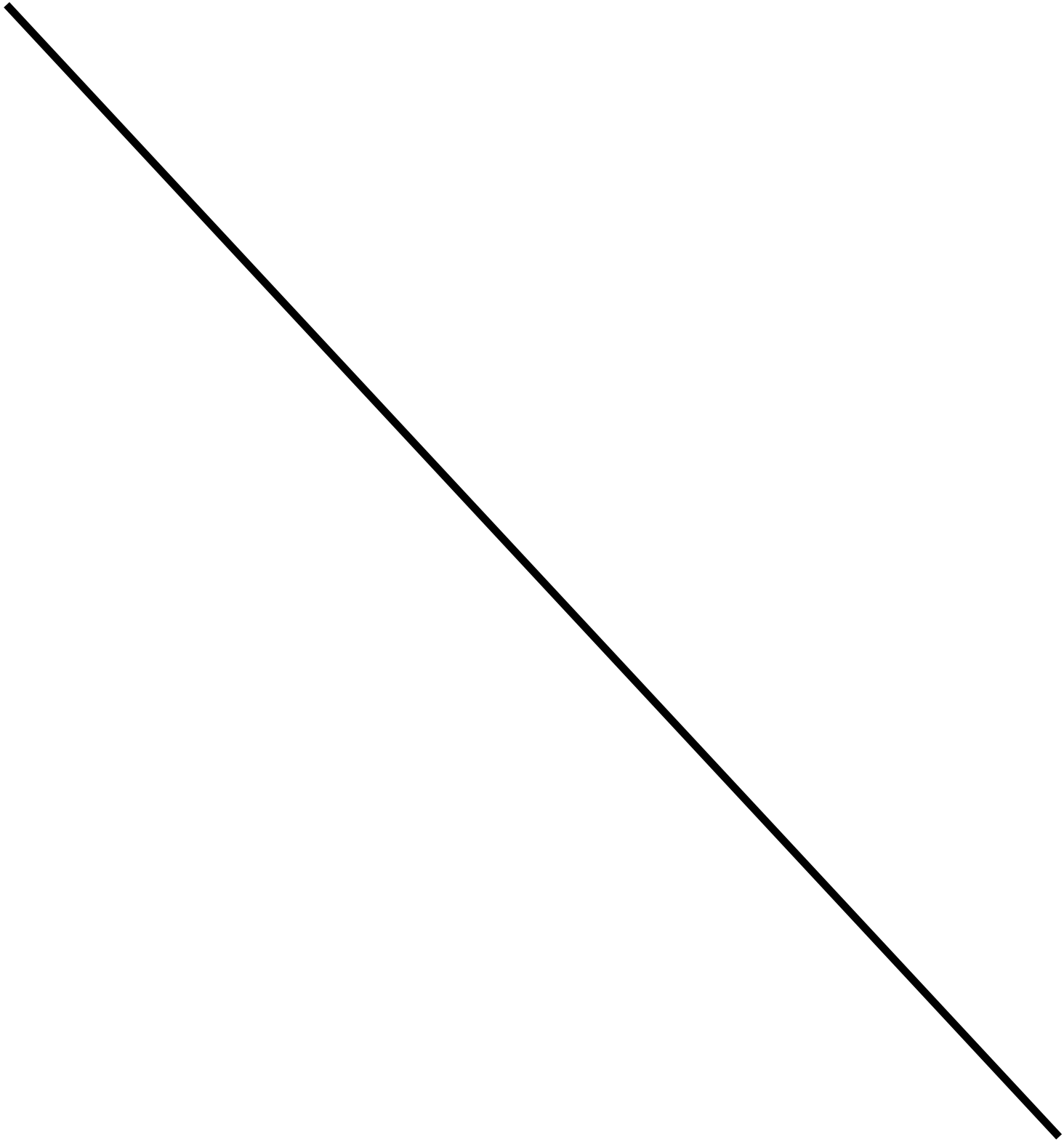
\$280

A large pink triangle pointing downwards, occupying the left half of the image. The right half of the image is white.

\$245

The difference between “value”
to the consumer and what s/he
actually pays is Consumer
Surplus







0



Consumer
buys 7 hours

Consumer Surplus

$$= 525 - 280 = 245$$

Value of 7 hours to consumer

What the consumer actually pays for 7 hours

