

1st









100th

Supply(cost)

100th unit
costs \$10 to
produce





\$10





\$1

The 1st unit is
worth \$10 to
consumer

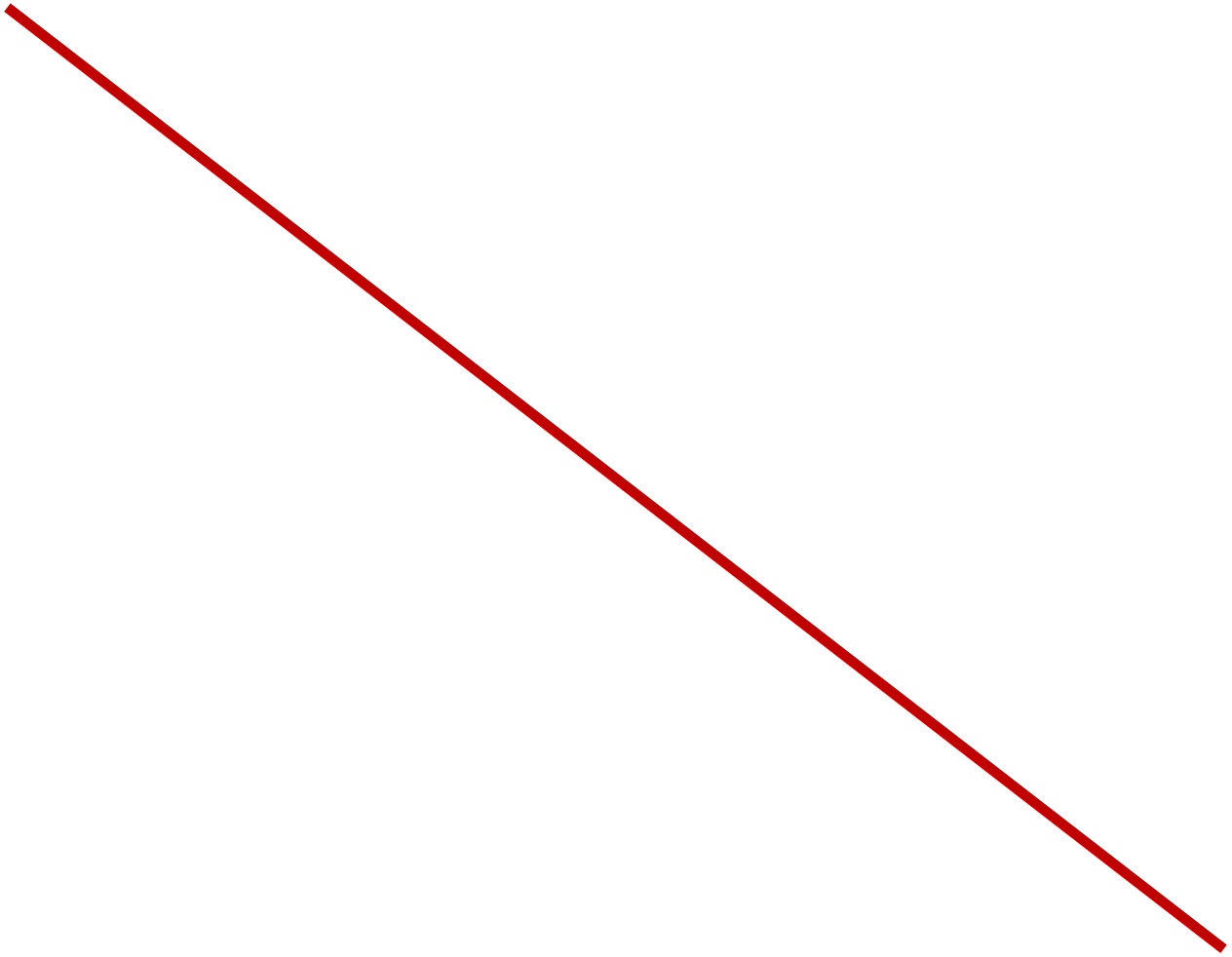
Demand (Value
to consumer)

100th unit is
worth \$1 to
consumer

How many many units should be produced?







The Optimum Output Level

Unit 1 should
be produced

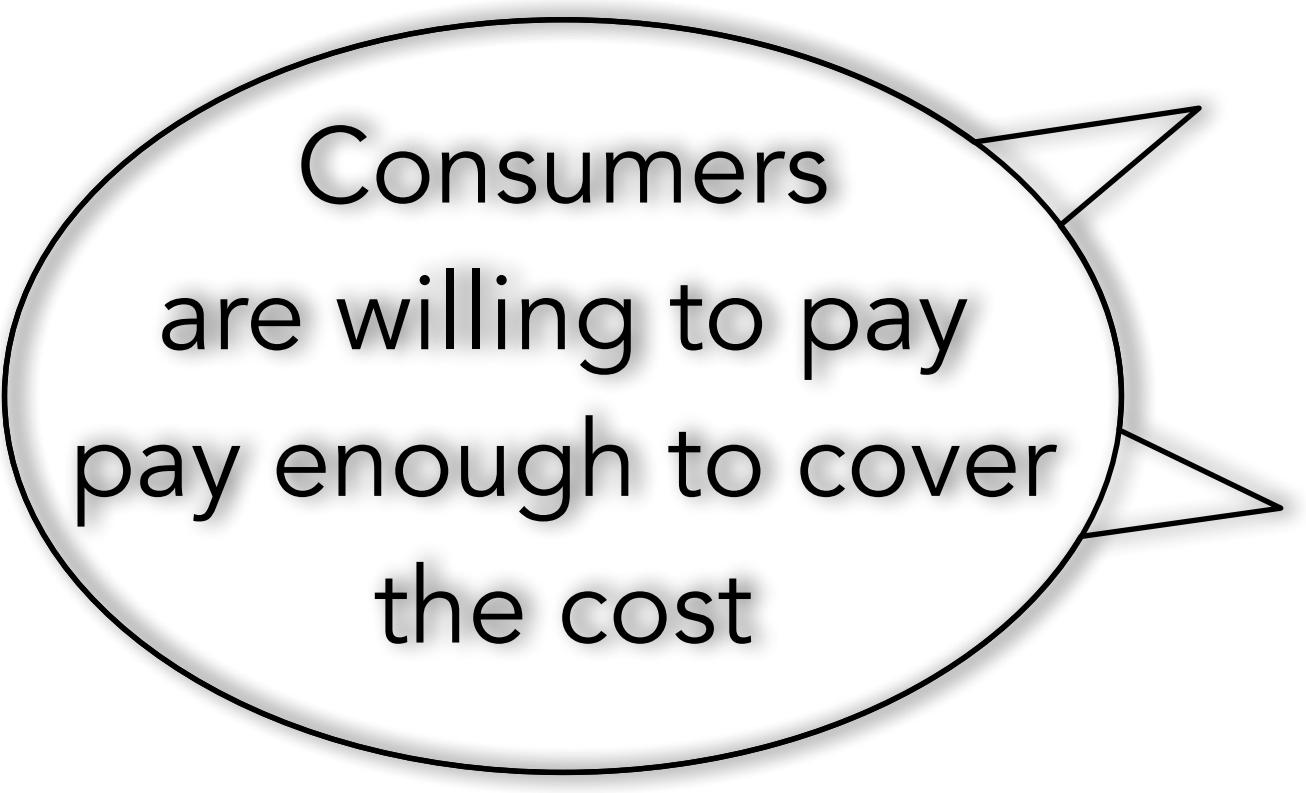
Unit 100th
should **NOT**
be produced

The 1st unit
costs \$1 to
produce








A speech bubble with a black outline and a light gray drop shadow. It has two small triangular tails pointing to the right. The text inside is black and centered.

Consumers
are willing to pay
pay enough to cover
the cost



Consumers
are **NOT** willing to
pay pay enough to
cover the cost



\$10

\$1

The Optimum Output Level

