





Producers Surplus















$$\begin{aligned} \text{Producer Surplus} &= \\ \text{Total Revenue} &- \text{Total Cost} \\ 18 - 12 &= 6 \end{aligned}$$



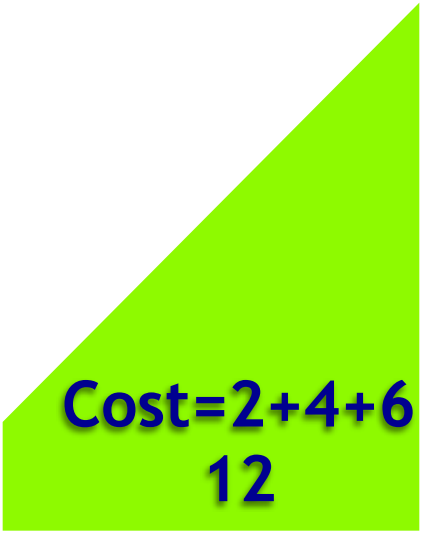


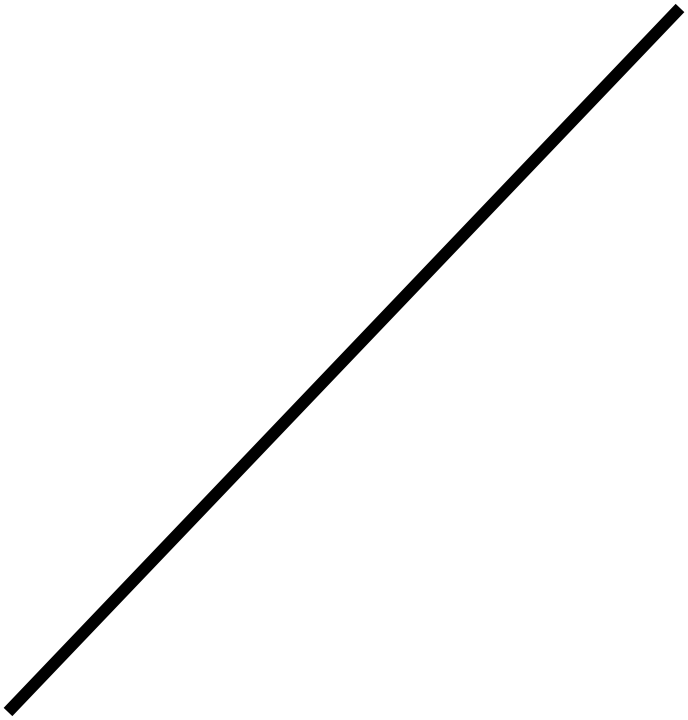









$$\text{Cost} = 2 + 4 + 6$$
$$12$$

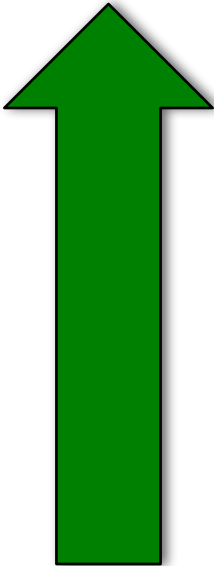


**= Area above
supply and below
the price**

Profit

Total Revenue =

$$\text{\$6} * 3 = \text{\$18}$$



**Distance to
Supply = cost of
each unit**

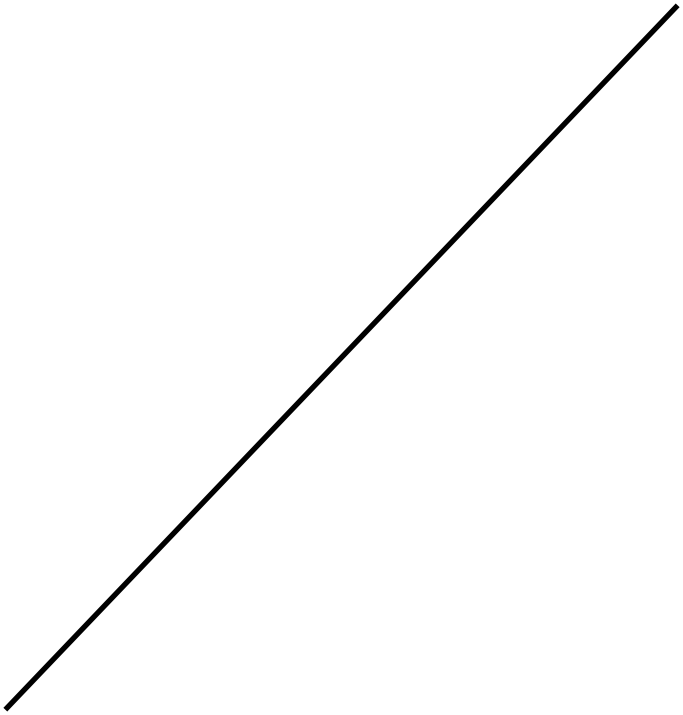
If Price is \$6



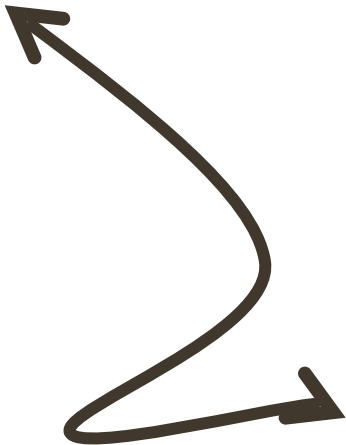
$$\begin{aligned} \text{TR} &= \$6 * 3 \\ &= \$18 \end{aligned}$$

PS = 6

PS

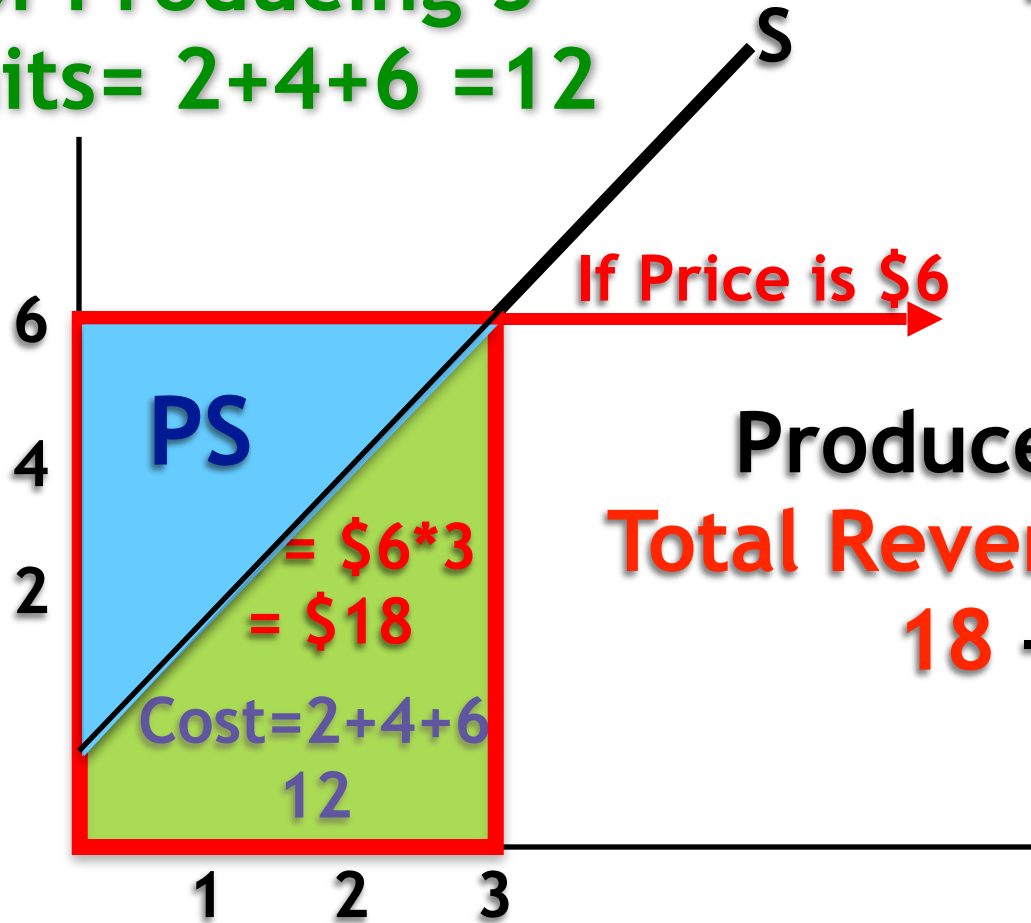


**Area = Total Cost
of Producing 3
units = $2+4+6 = 12$**



Producer Surplus = Area **above supply and below the price**

**Area = Total Cost
of Producing 3
units = $2+4+6 = 12$**



**Total Revenue =
 $\$6 * 3 = \18**

**Producer Surplus = Profit
Total Revenue - Total Cost
 $18 - 12 = 6$**

At Equilibrium

CALCULATING CONSUMER AND PRODUCER SURPLUS