





50



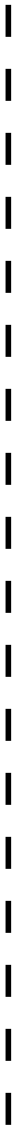
2

3

40

30















# Consumer Surplus

=

$$120 - 90 = 30$$

If the price is \$30  
per unit

This consumer is  
willing to pay

\$50

for

1<sup>st</sup>

\$40

for

2<sup>nd</sup>

\$30

for

3<sup>rd</sup>



30

3



\$120

for 3

units



Consumer  
Actually  
pays  $\$30 \times 3$



\$90

CS=30







Consumer  
buys 3 units

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y

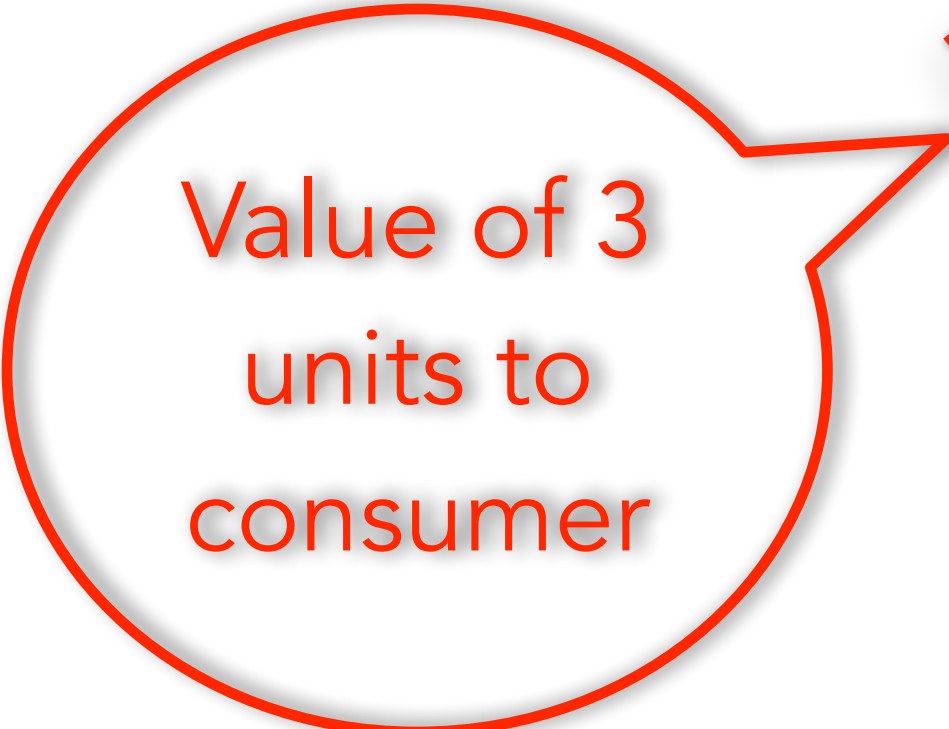


9

0



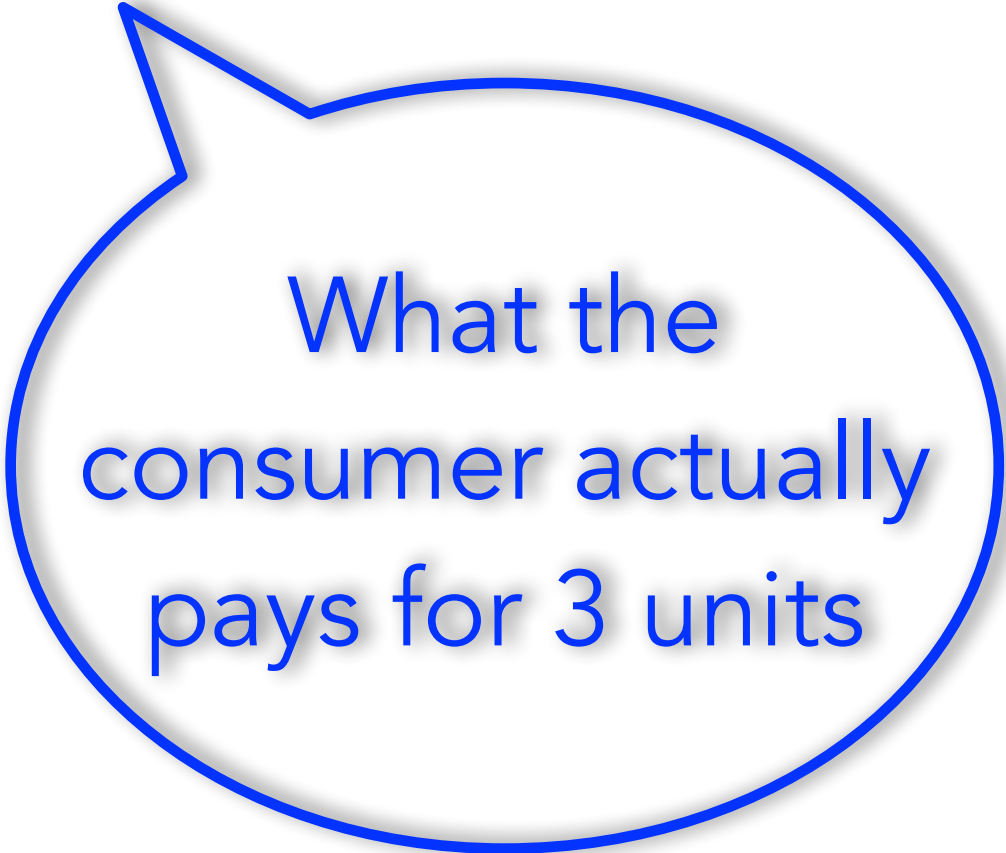




Value of 3  
units to  
consumer

120

90



What the  
consumer actually  
pays for 3 units
















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



This consumer takes home  
3 units worth \$120 to him/  
her for only \$90!

# Consumer Surplus

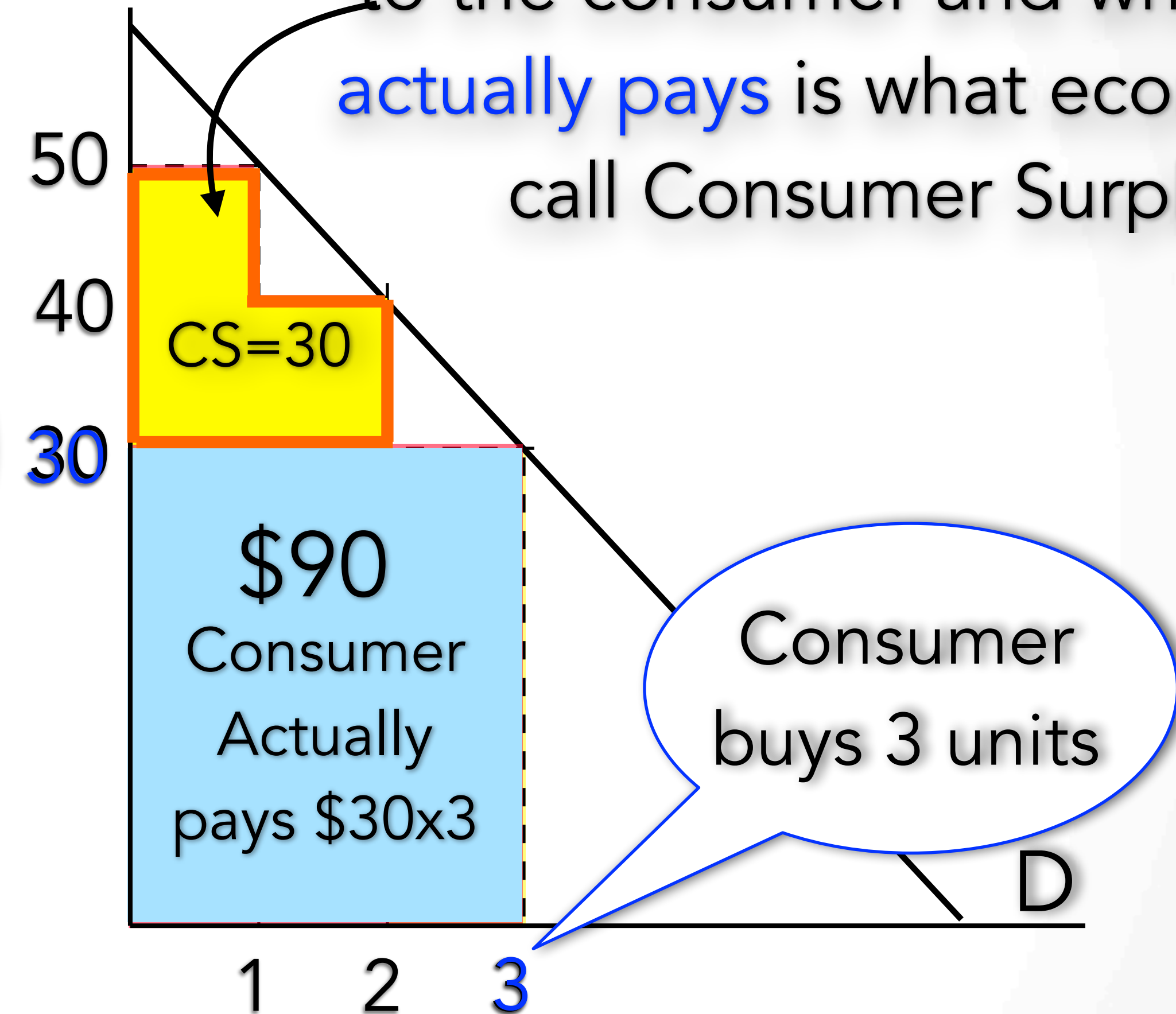
$$= 120 - 90 = 30$$

Value of 3  
units to  
consumer

What the  
consumer actually  
pays for 3 units

This consumer takes home  
3 units worth \$120 to him/  
her for only \$90!

The difference between "value"  
to the consumer and what s/he  
actually pays is what economists  
call Consumer Surplus



This consumer is  
willing to pay

