

H



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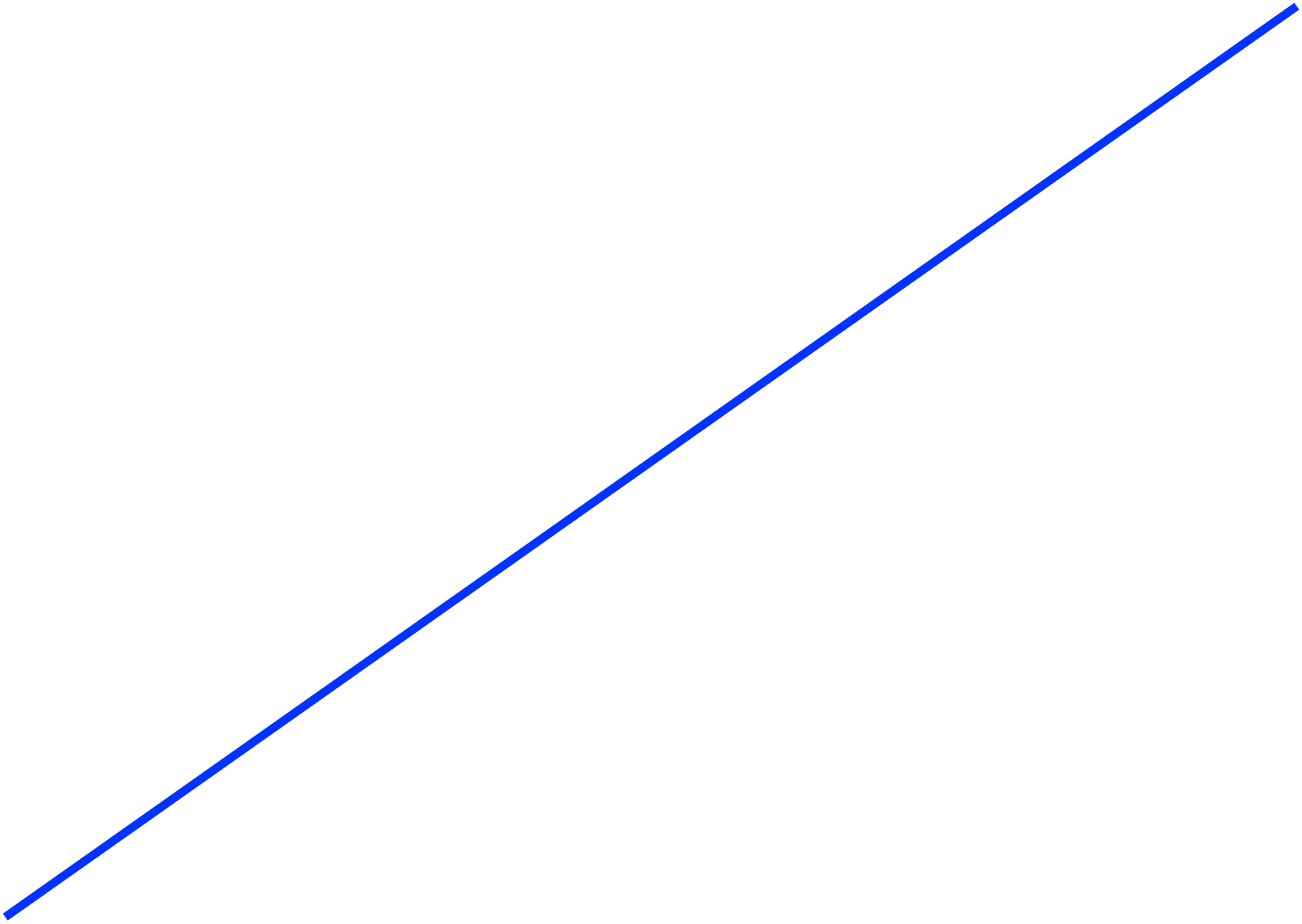


e

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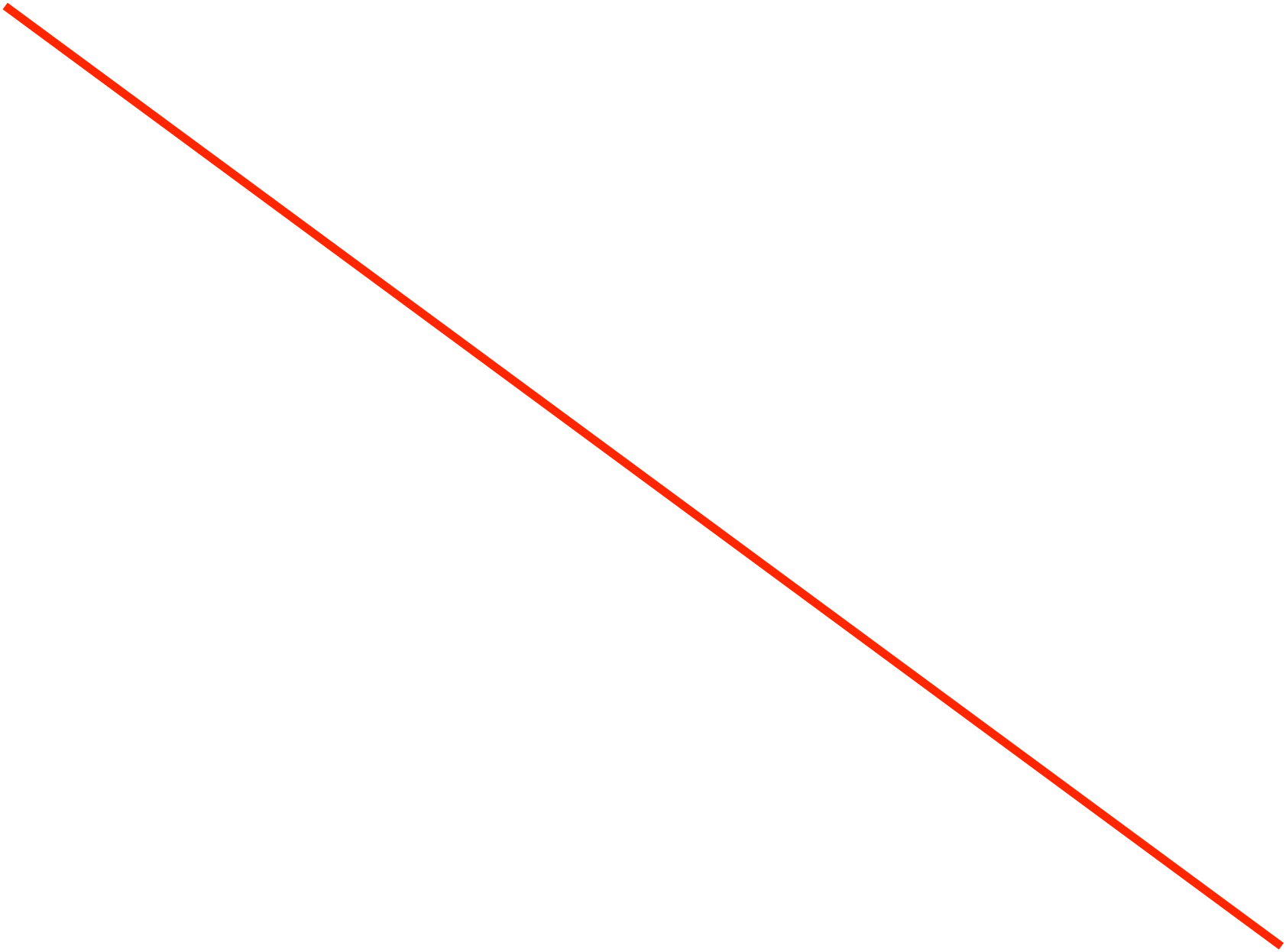






$S(\text{cost})$







Value to consumer

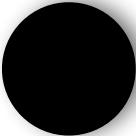
Cost

Value to
consumer
Greater than
Cost

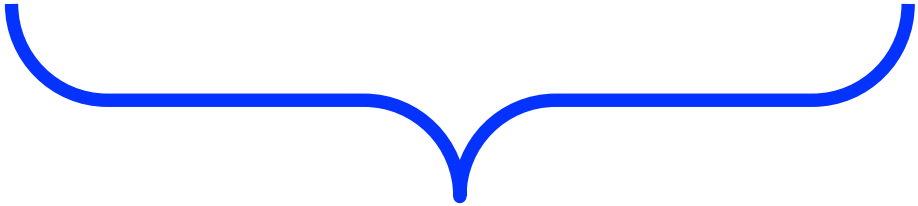
Cost

Greater than

Value to
consumer



We **should not** produce units
consumers **do not value** enough to pay
the **cost** of producing these units



We should

produce all units consumers **value**

enough to pay the **cost** of producing

these units























*Equilibrium
Quantity*

D(value to consumer)

The Optimum Output Level

For these units



For these units







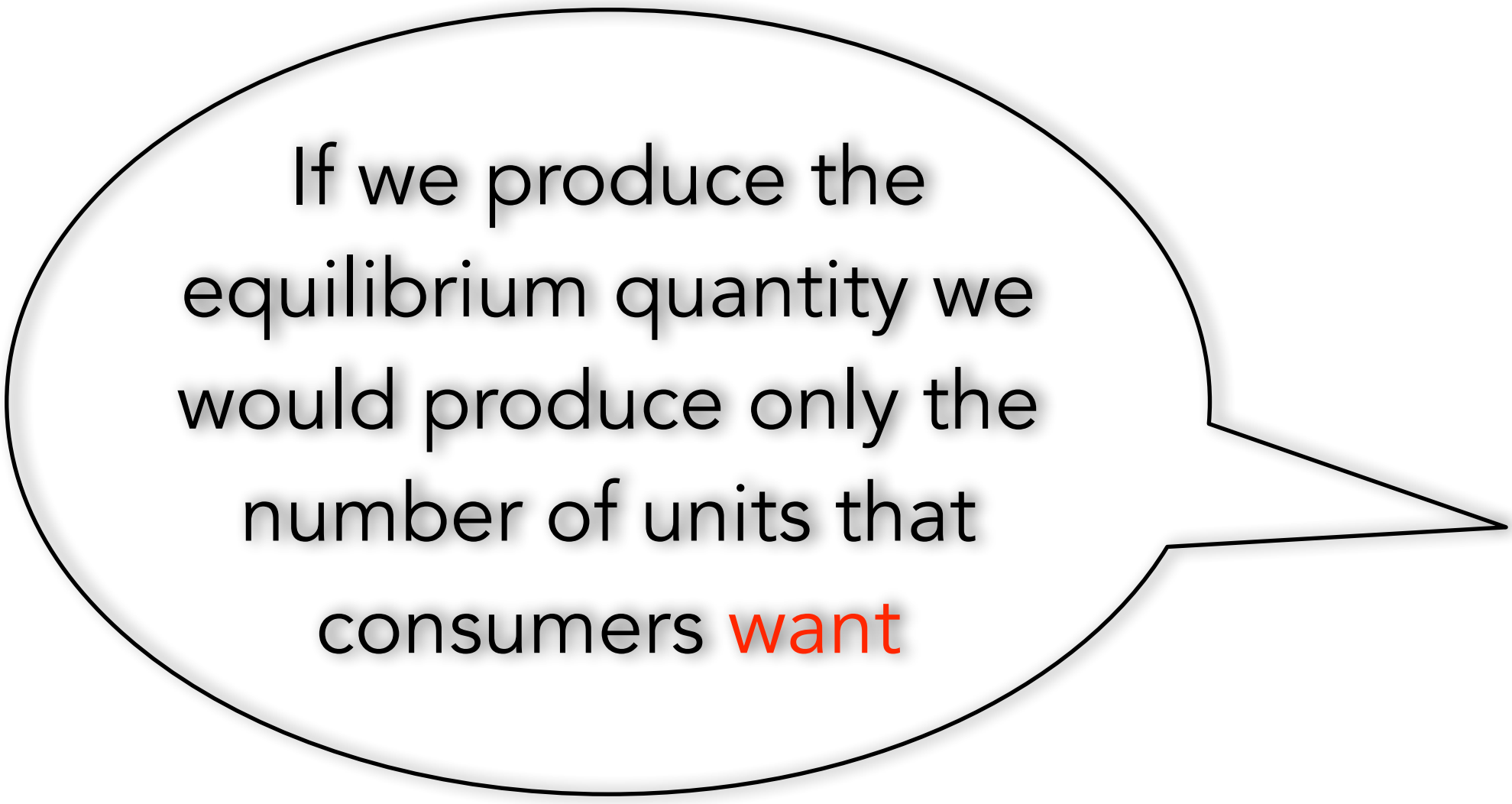




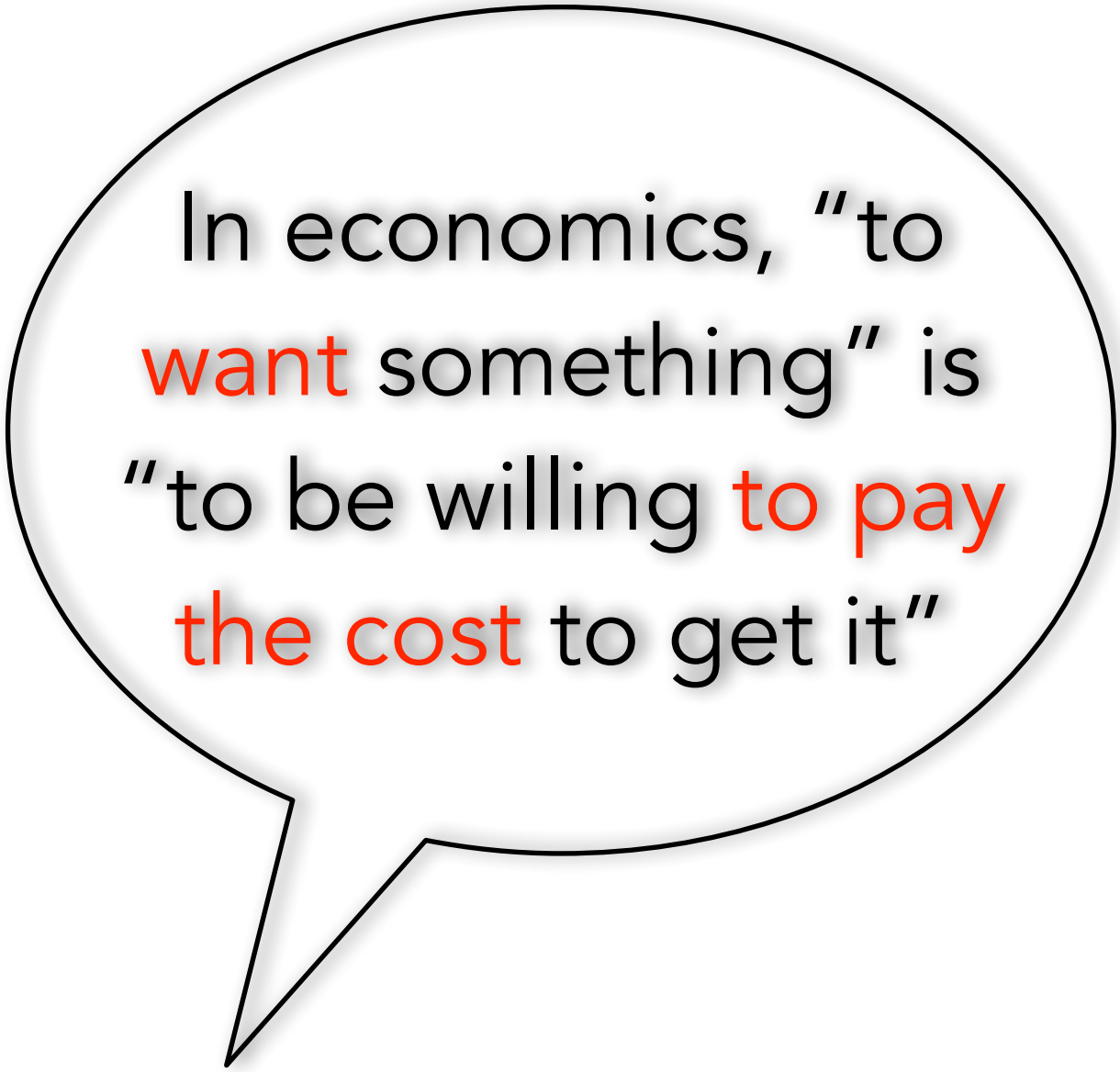
We should

produce all units consumers want

We should not produce units
consumes do not want



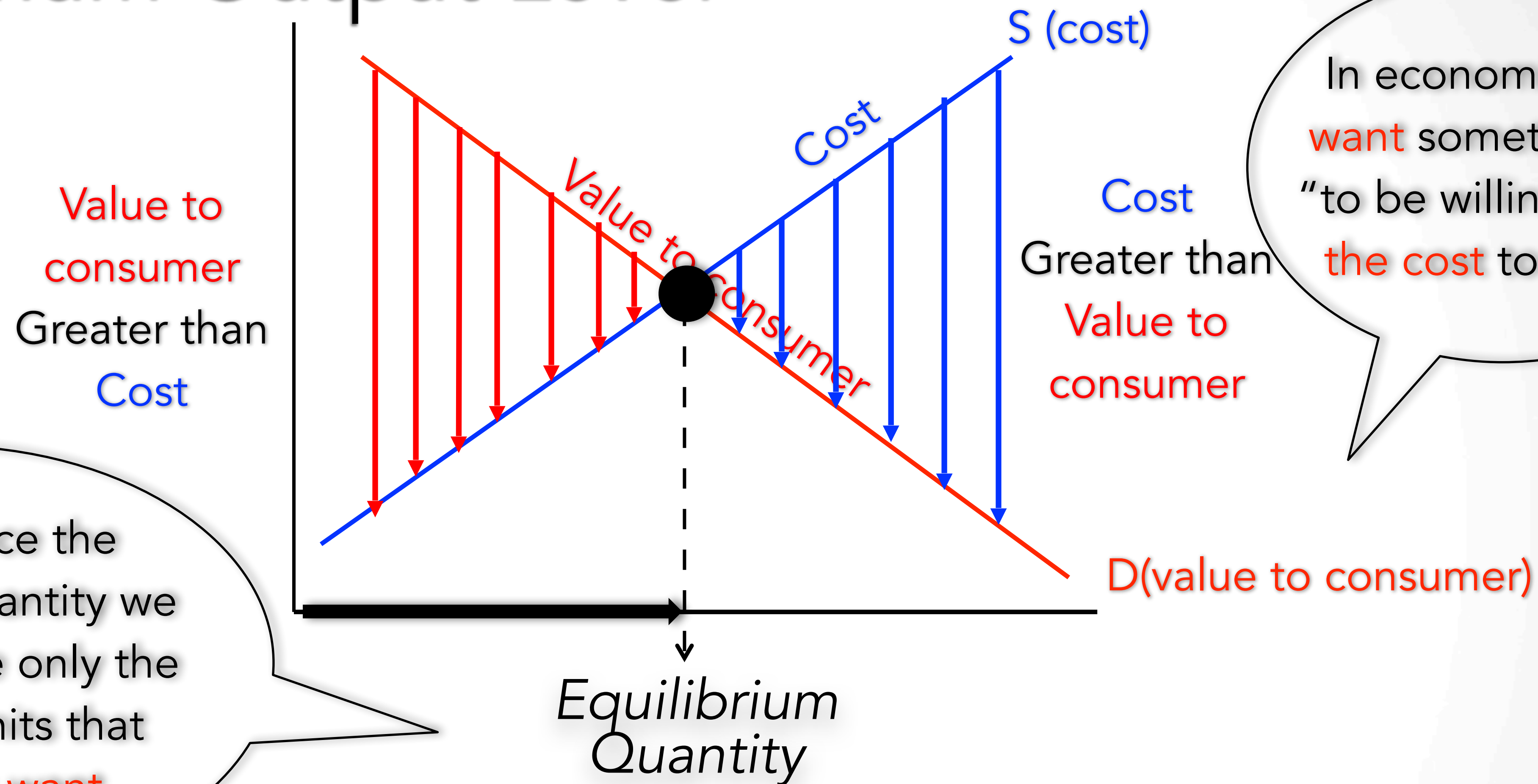
If we produce the
equilibrium quantity we
would produce only the
number of units that
consumers **want**

A large, black-outlined speech bubble with a tail pointing towards the bottom-left corner. Inside the bubble, text is written in a sans-serif font. The words 'want', 'to pay', and 'the cost' are highlighted in red, while the rest of the text is black.

In economics, "to
want something" is
"to be willing **to pay**
the cost to get it"

How many many units should be produced?

The Optimum Output Level



In economics, "to **want** something" is "to be willing to **pay** the **cost** to get it"

If we produce the equilibrium quantity we would produce only the number of units that consumers **want**

We **should** produce all units consumers **want**

We **should not** produce units consumers **do not want**

