- - - - - - - - - - - - -

A

C

F

G

H

I

P_0

P_1

P_2

S

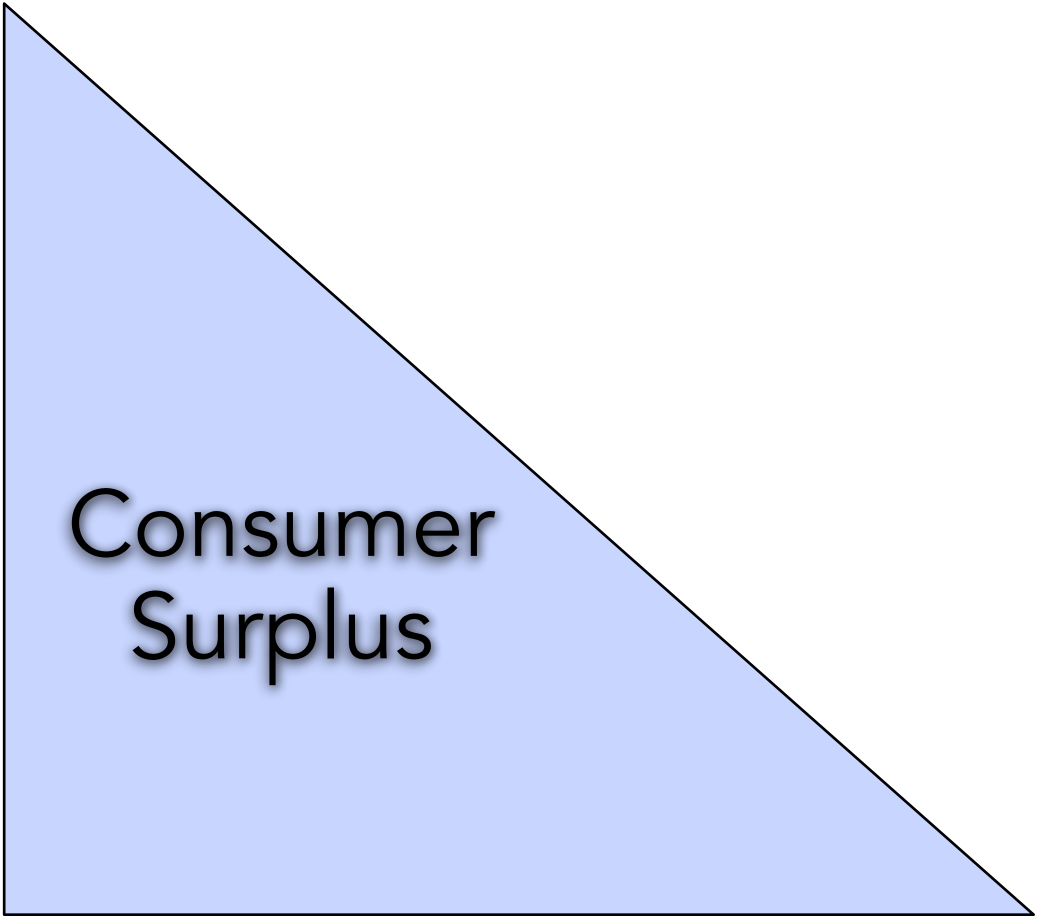
O_2

Q_1

D

Perfect Competition

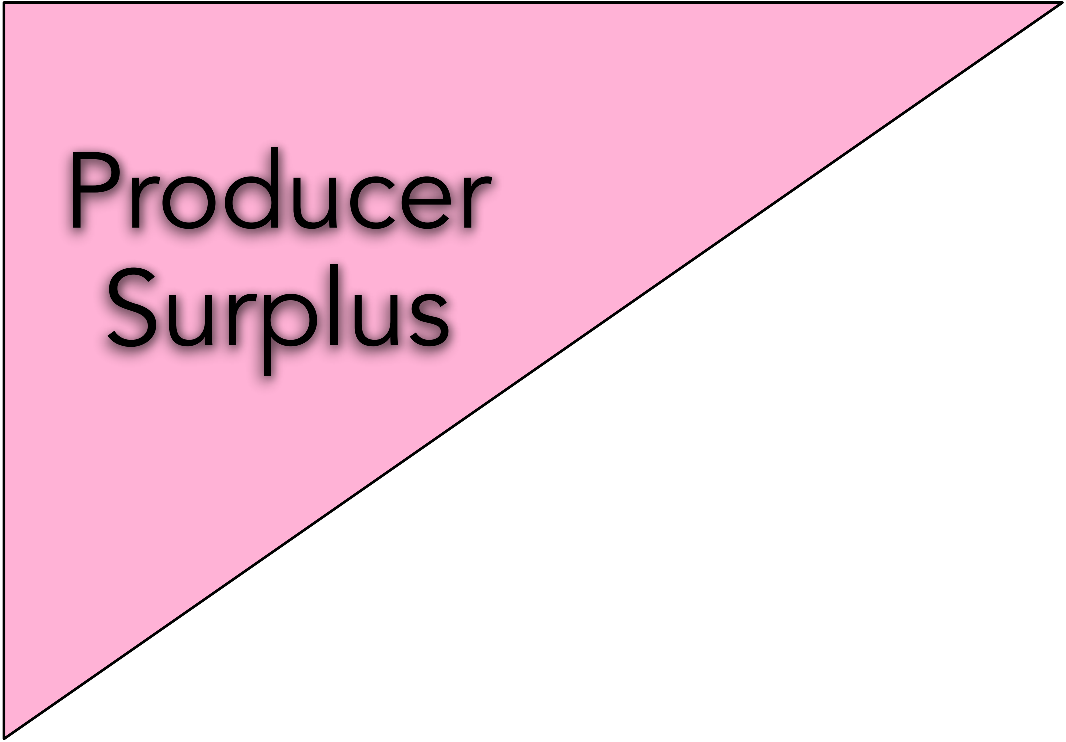
Price Consumer Pays:


Consumer
Surplus

Marginal Cost (last unit)

Profit Maximizing Quantity:

P_1


Producer
Surplus

Q_1

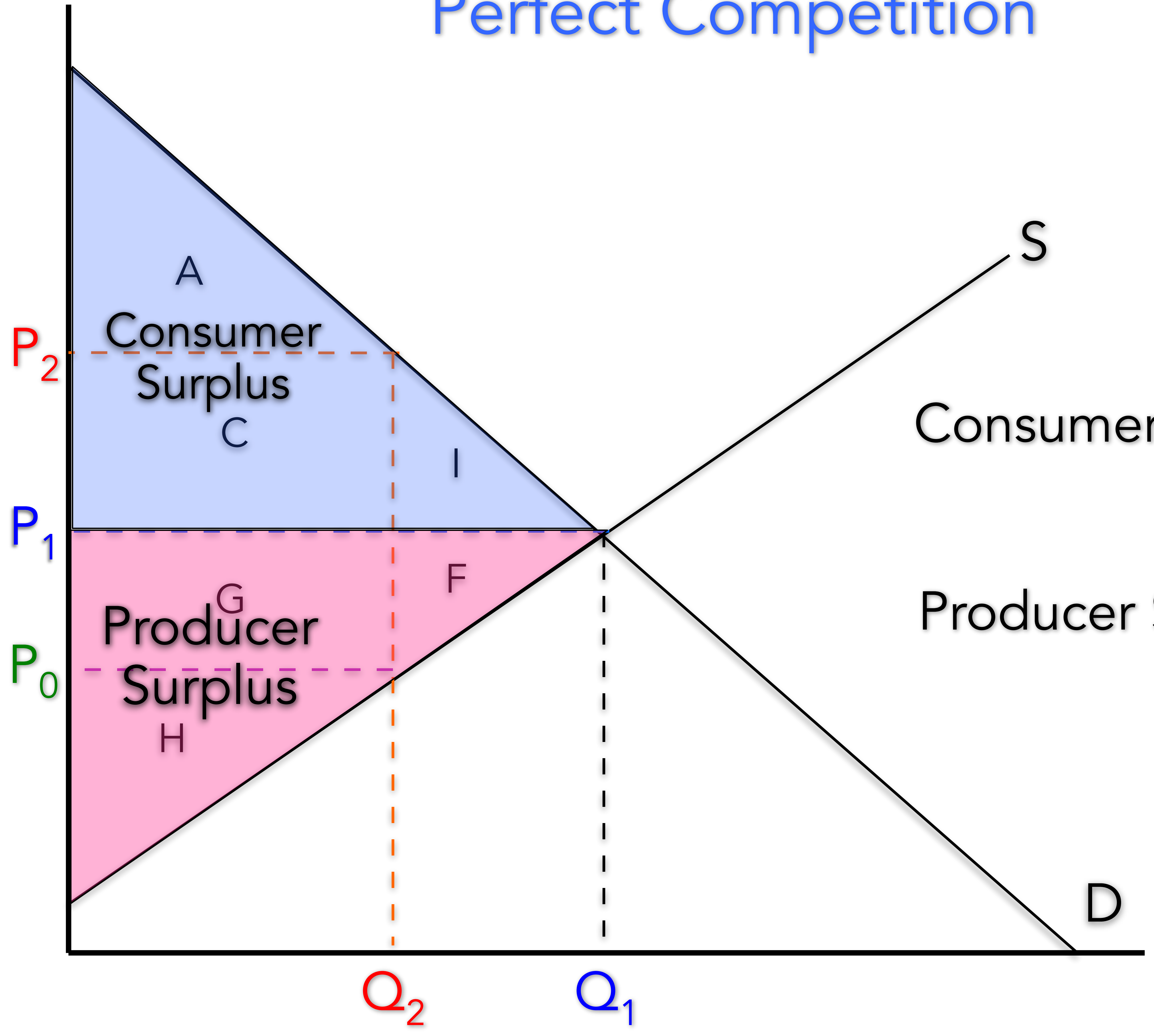
$=$

Consumer Surplus = Areas A + C + I

Producer Surplus = Areas G + H + F

There is no Welfare Loss in Perfect Competition

Perfect Competition



Consumer Surplus = Areas A + C + I

Producer Surplus = Areas G + H + F

There is no Welfare Loss in Perfect Competition

Profit Maximizing Quantity: Q_1

Marginal Cost (last unit) = Price Consumer Pays: P_1

Monopoly