

1st









100th



Supply(cost)

100<sup>th</sup> unit  
costs \$10 to  
produce





\$10





\$1



The 1<sup>st</sup> unit is  
worth \$10 to  
consumer

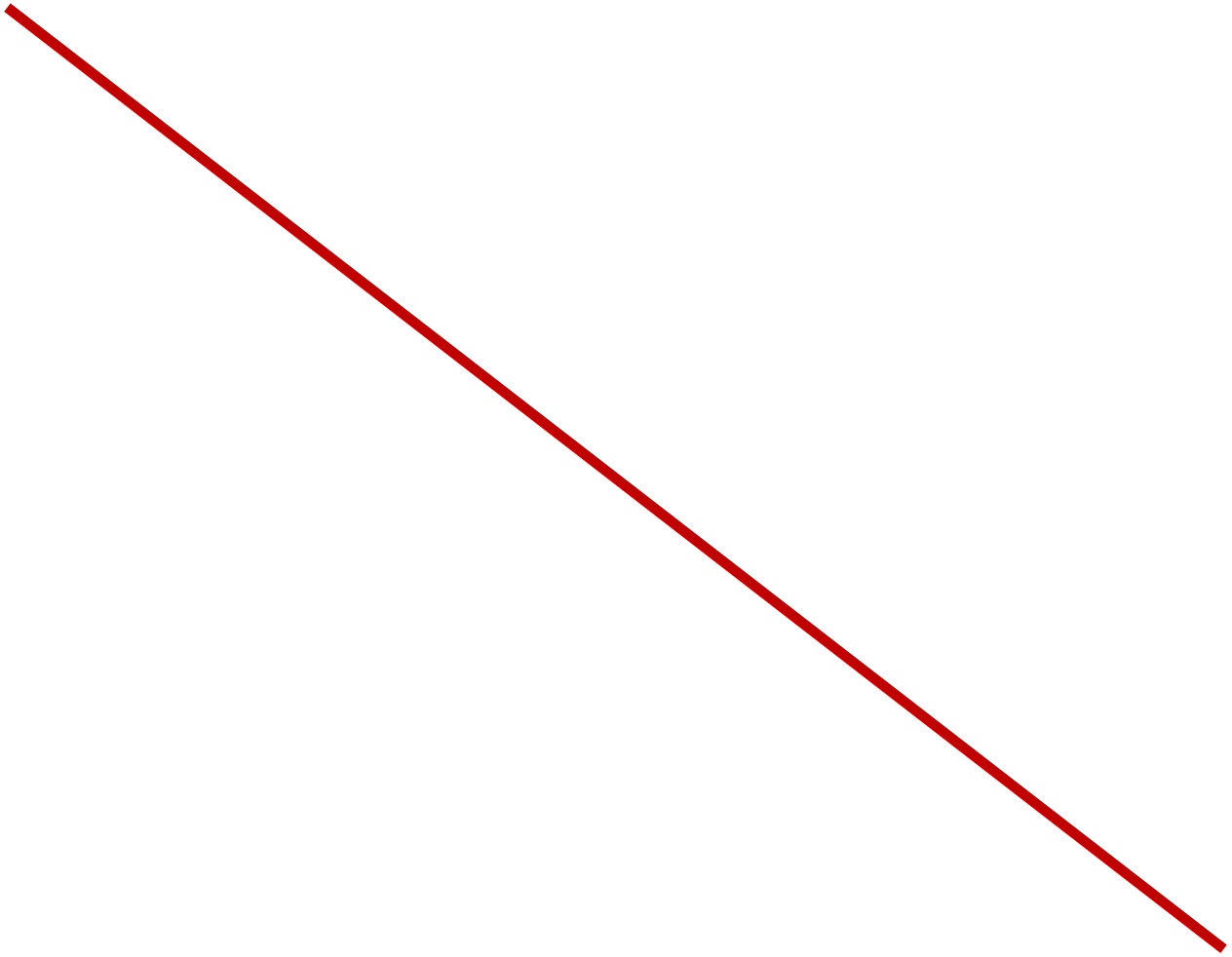
Demand (Value  
to consumer)

100<sup>th</sup> 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 1<sup>st</sup> unit  
costs \$1 to  
produce







A large, white speech bubble with a black outline and a soft grey drop shadow. It has two pointed tails extending to the right. Inside the bubble, the text "Consumers are willing to pay enough to cover the cost" is written in a black, sans-serif font, centered and arranged in three lines.

Consumers are  
willing to pay enough  
to cover the cost



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





\$10

\$1

# The Optimum Output Level

