

























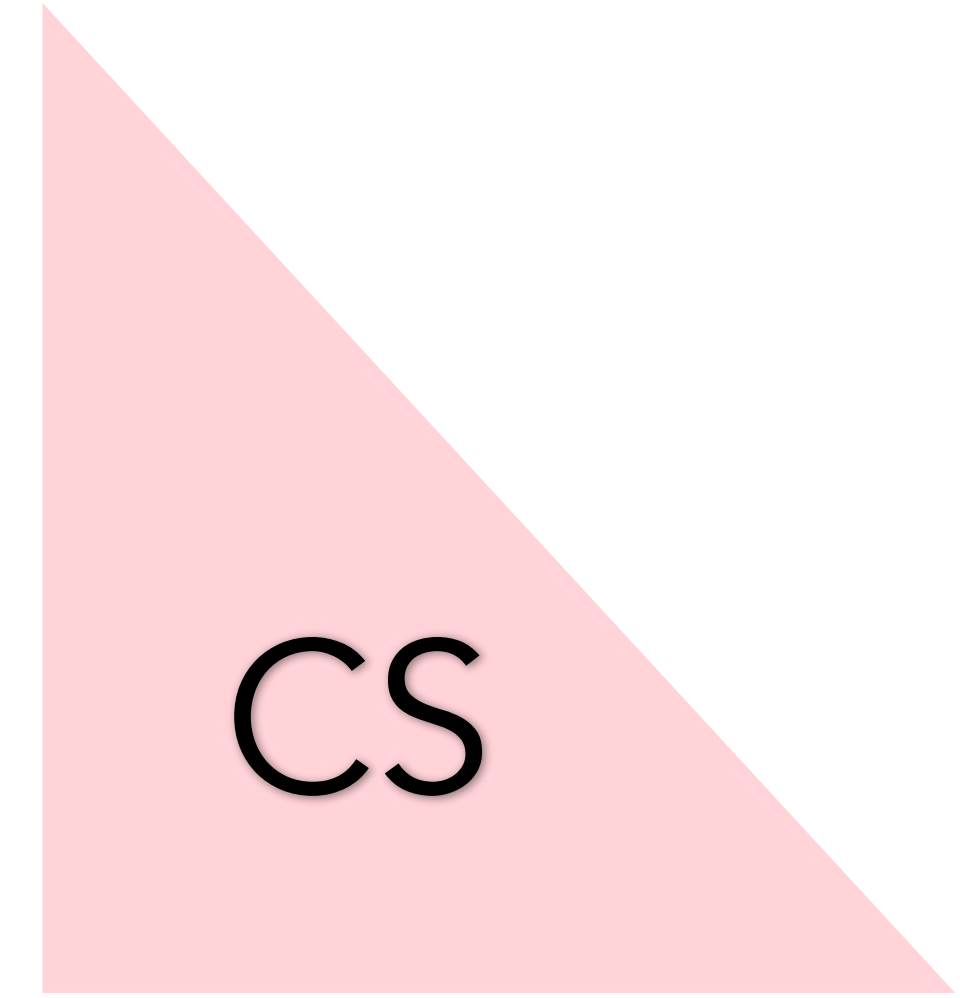






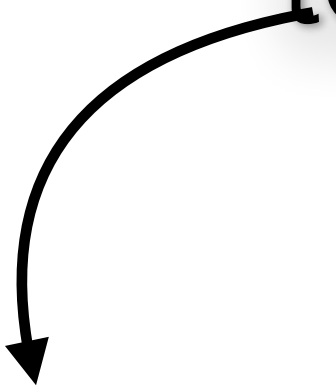


Consumer
Actually
pays 40×7



CS

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









Consumer
buys 7 units

110

100

90

80

70

60

50

40

30

20

10

40



If the price is 40
per unit

$$\text{Area} = \frac{(\text{Base} \times \text{Height})}{2}$$

To calculate Consumer Surplus, we can also calculate the area for this triangle:

The area of a triangle is calculated
using the formula:

Height

CS

Base

0

110

40

0

7

110

$$CS = \frac{7 \times (110 - 40)}{2}$$

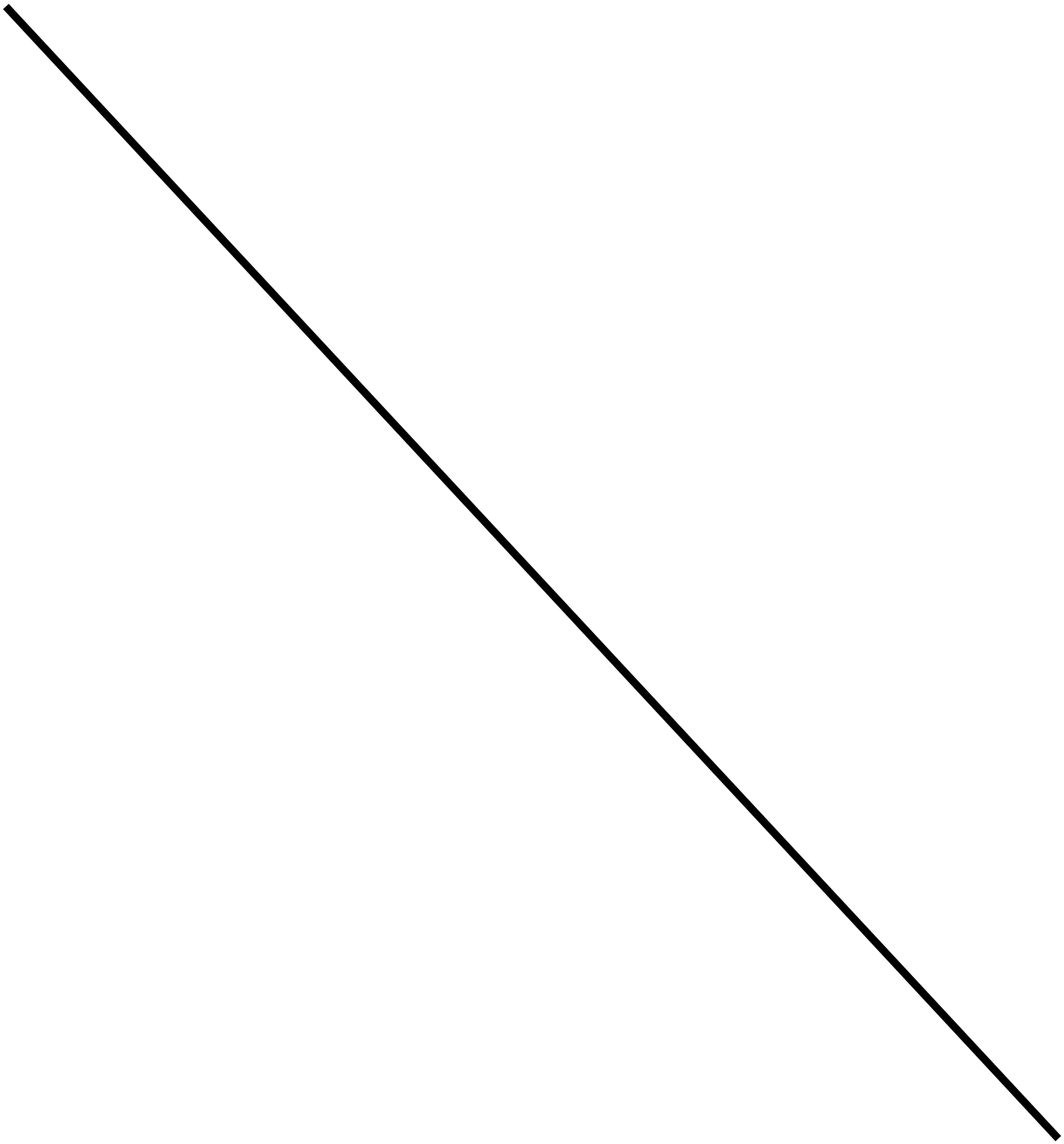
$$CS = \frac{7 \times 70}{2}$$

$$CS = \frac{490}{2}$$

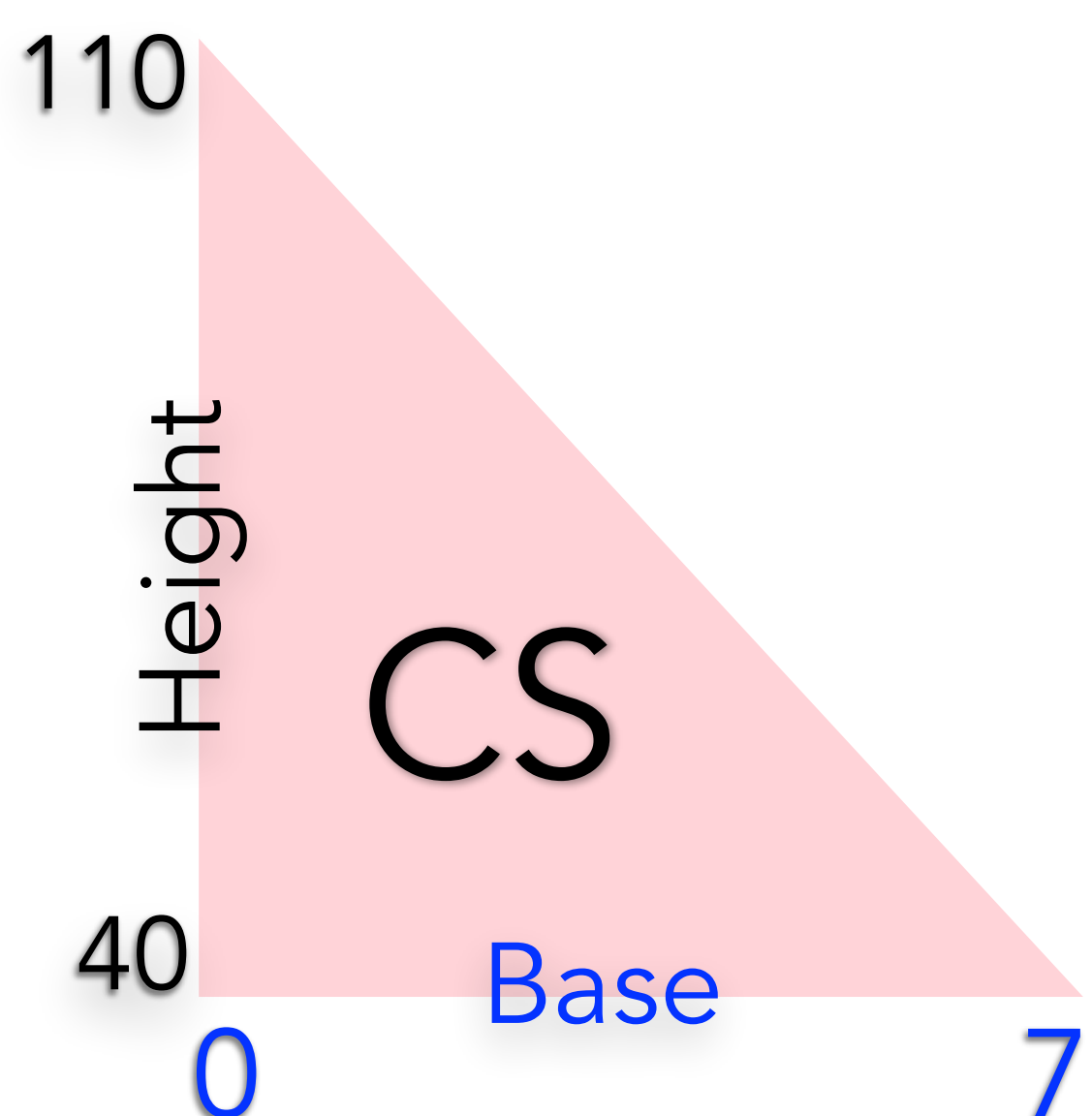
$$CS = 245$$



245



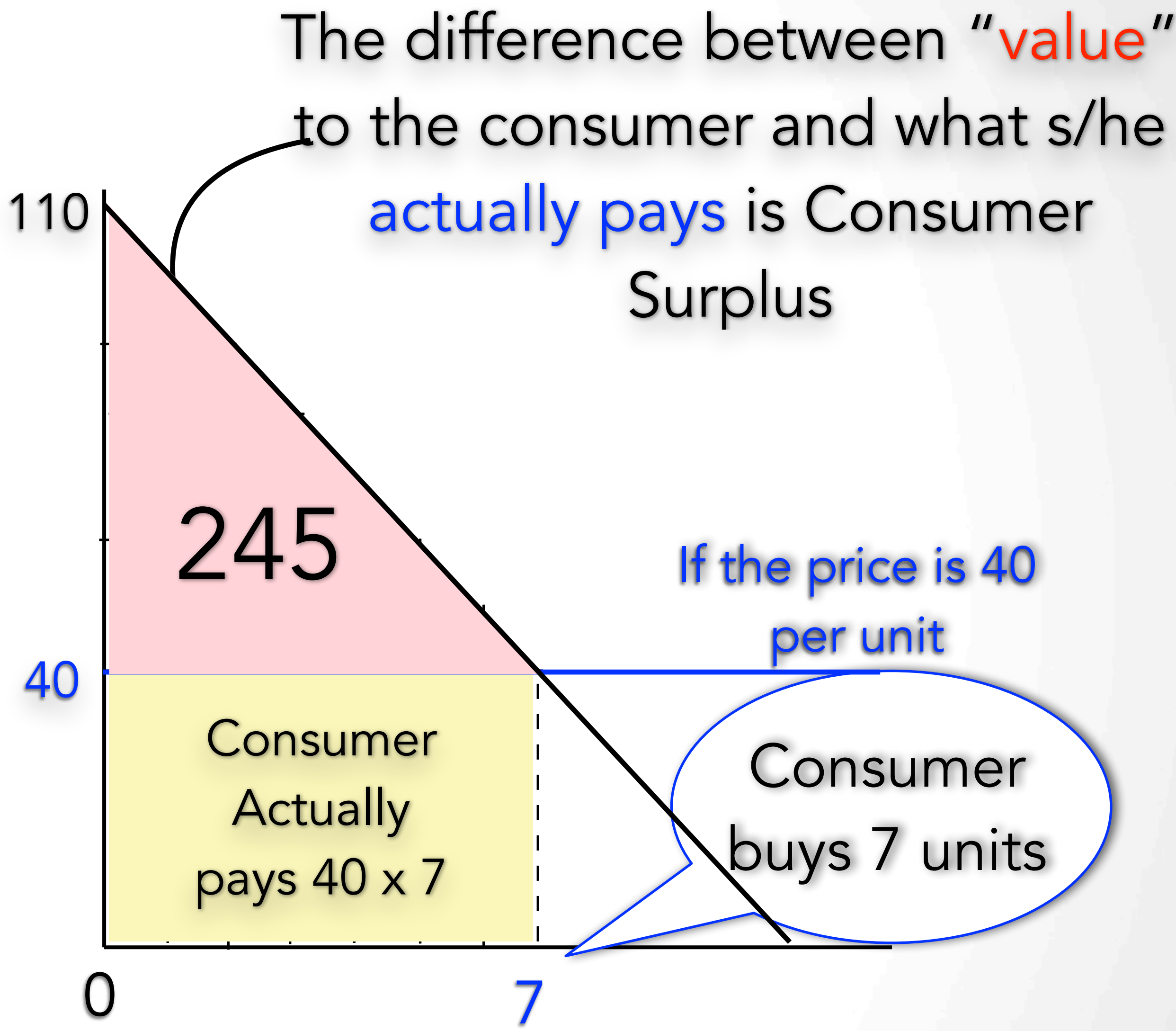
To calculate Consumer Surplus, we can also calculate the area for this triangle:



The area of a triangle is calculated using the formula:

$$\text{Area} = \frac{(\text{Base} \times \text{Height})}{2}$$

$$\text{CS} = \frac{7 \times (110 - 40)}{2}$$



$$\text{CS} = \frac{7 \times 70}{2} \qquad \text{CS} = \frac{490}{2} \qquad \text{CS} = 245$$

