









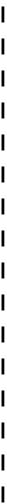






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Consumer Actually pays 40 x 7

CS

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





Consumer buys 7 units



If the price is 40 per unit 40

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

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

The area of a triangle is calculated using the formula:

Height

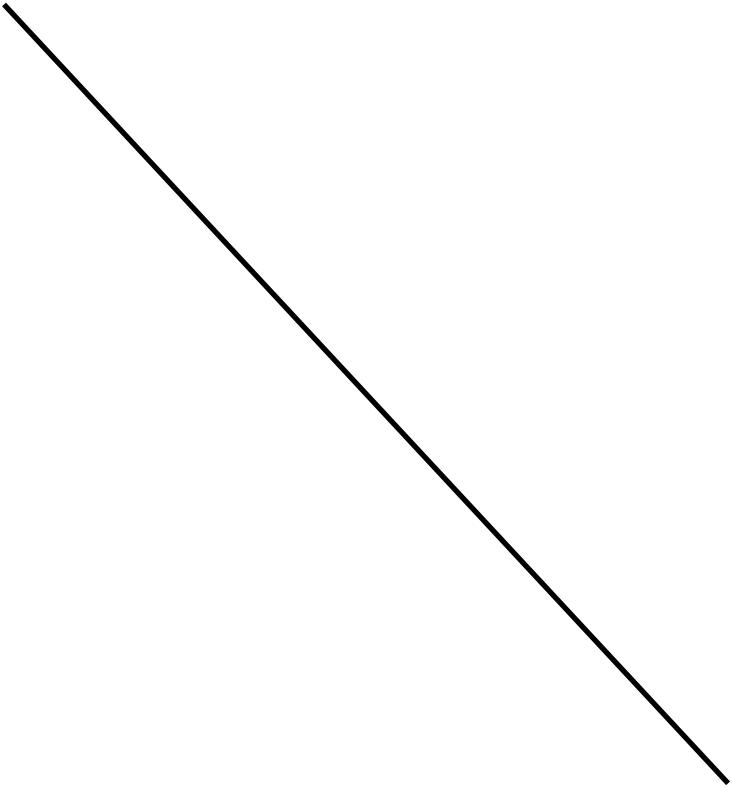
CS

Base

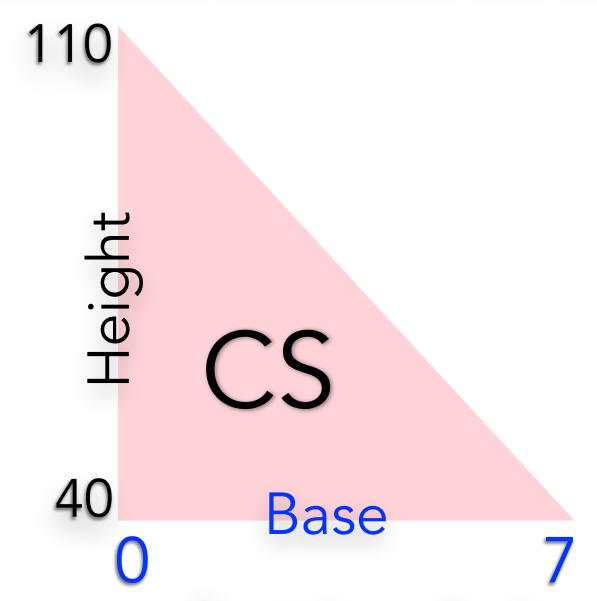


$$CS = \frac{7 \times (110 - 40)}{2}$$

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



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



The area of a triangle is calculated using the formula:

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

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

