











Supply

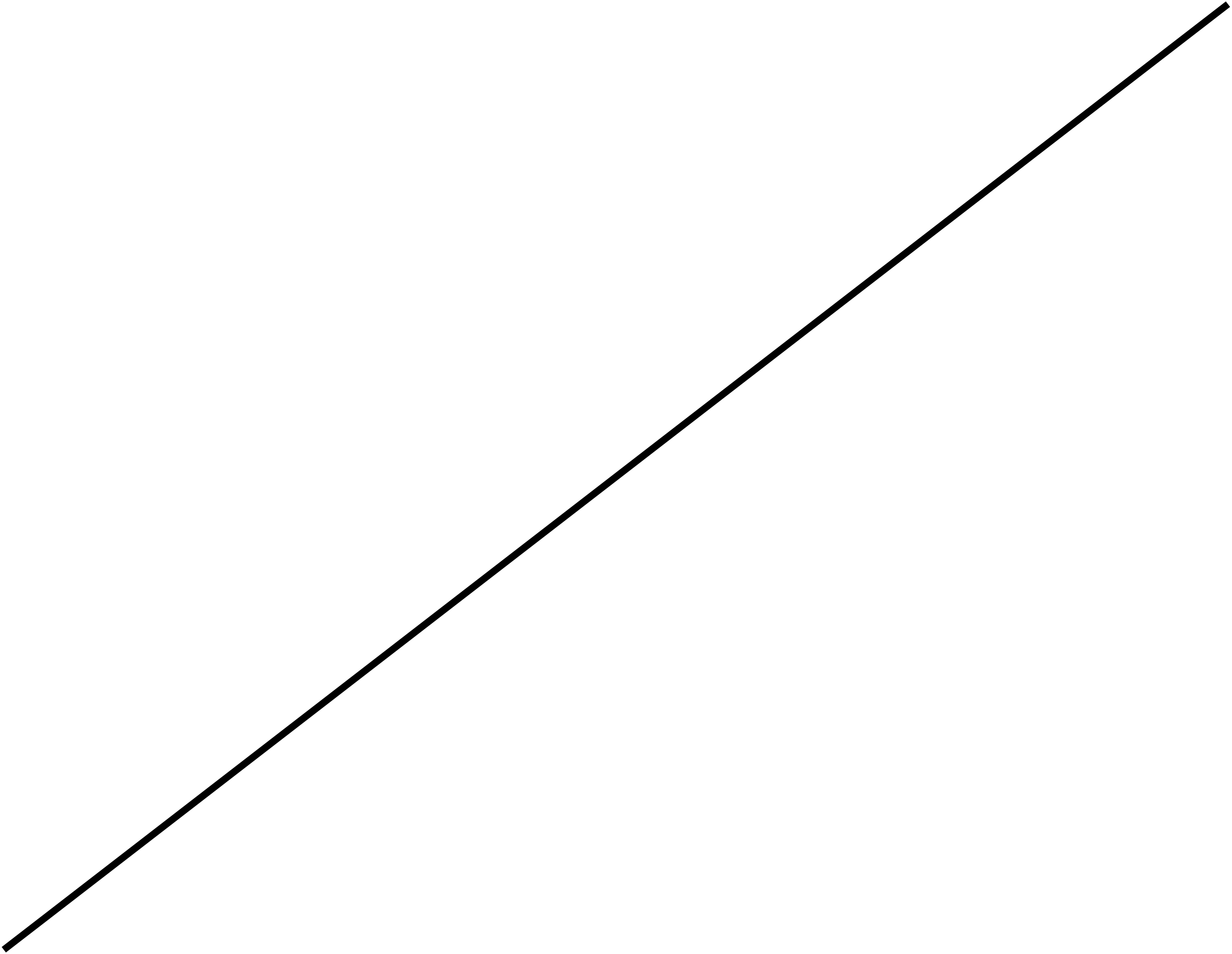
Price per unit

Quantity Supplied





PS





Producer Surplus: area above supply
and below the price the producer
receives: P_e

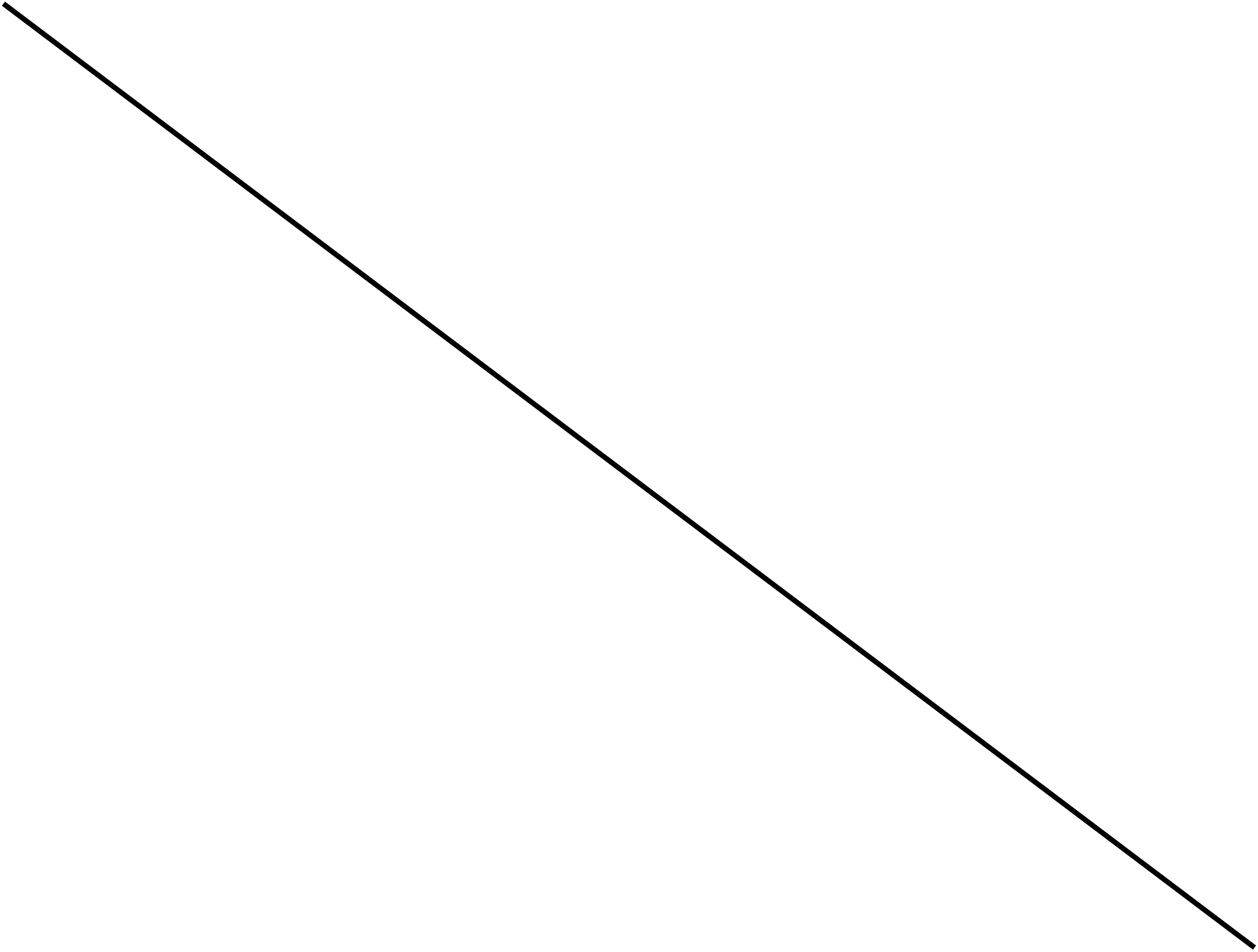
Q.0

P_e — — — — —

At Equilibrium consumers **pay** and producers
receive the equilibrium price: P_e



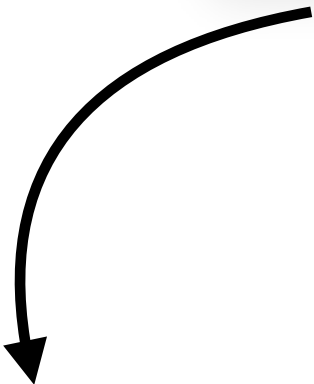
CS





Producers
supply Q_0
units

Consumer Surplus: area below
demand and above the price the
consumer pays: P_e



Demanded



Consumers
buy Q_0
units



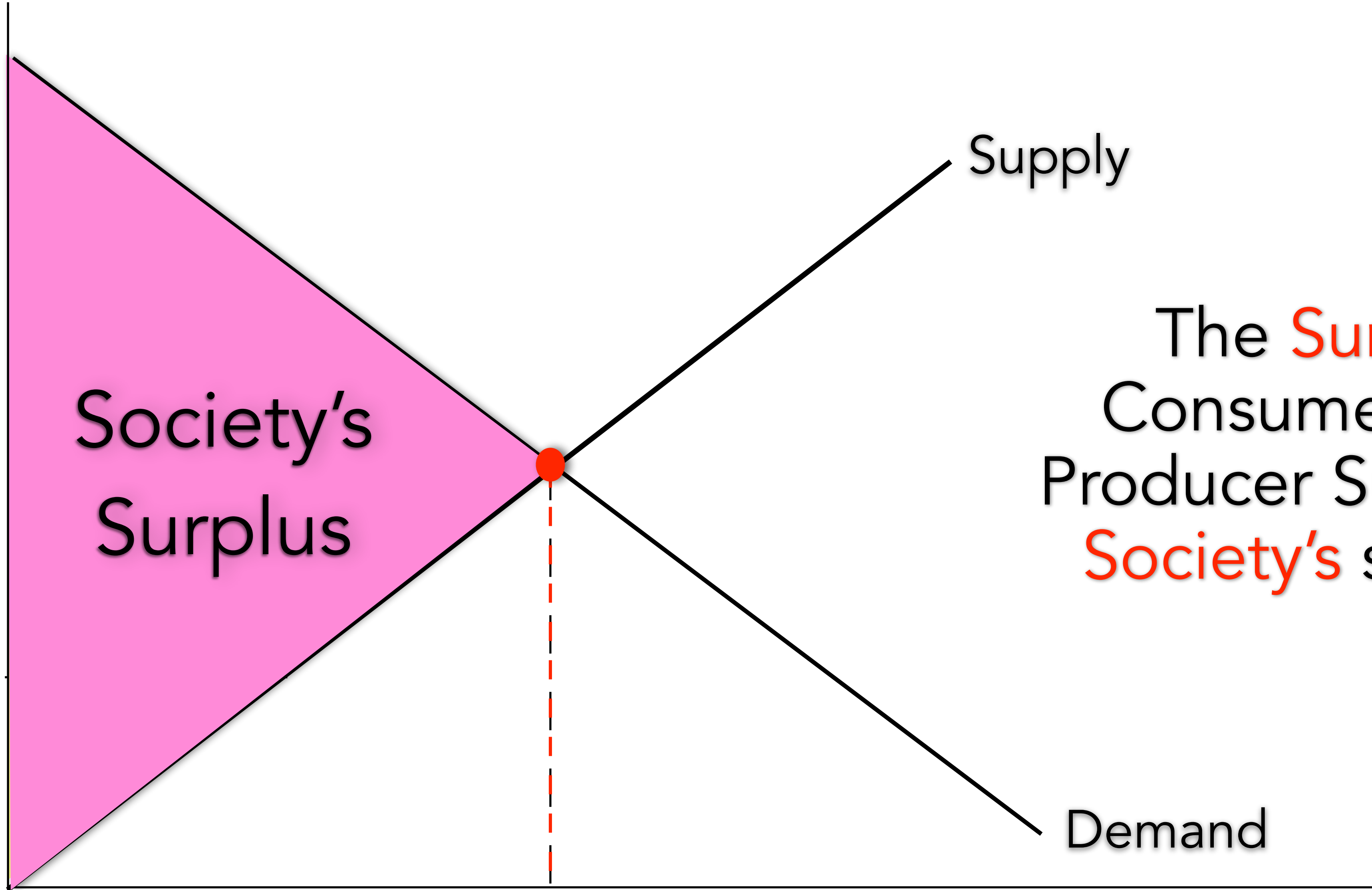
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Society's
Surplus

The **Sum** of
Consumer plus
Producer Surplus is
Society's surplus



Price per unit



Supply

The **Sum** of
Consumer plus
Producer Surplus is
Society's surplus

Demand

Q_0

Quantity Supplied

Consumer Surplus at Equilibrium

