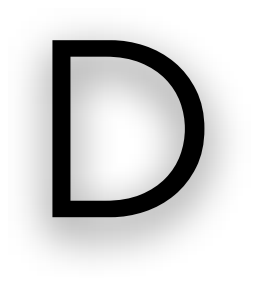
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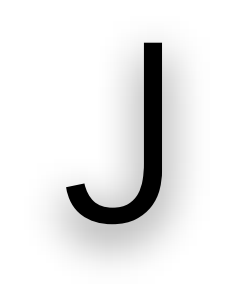
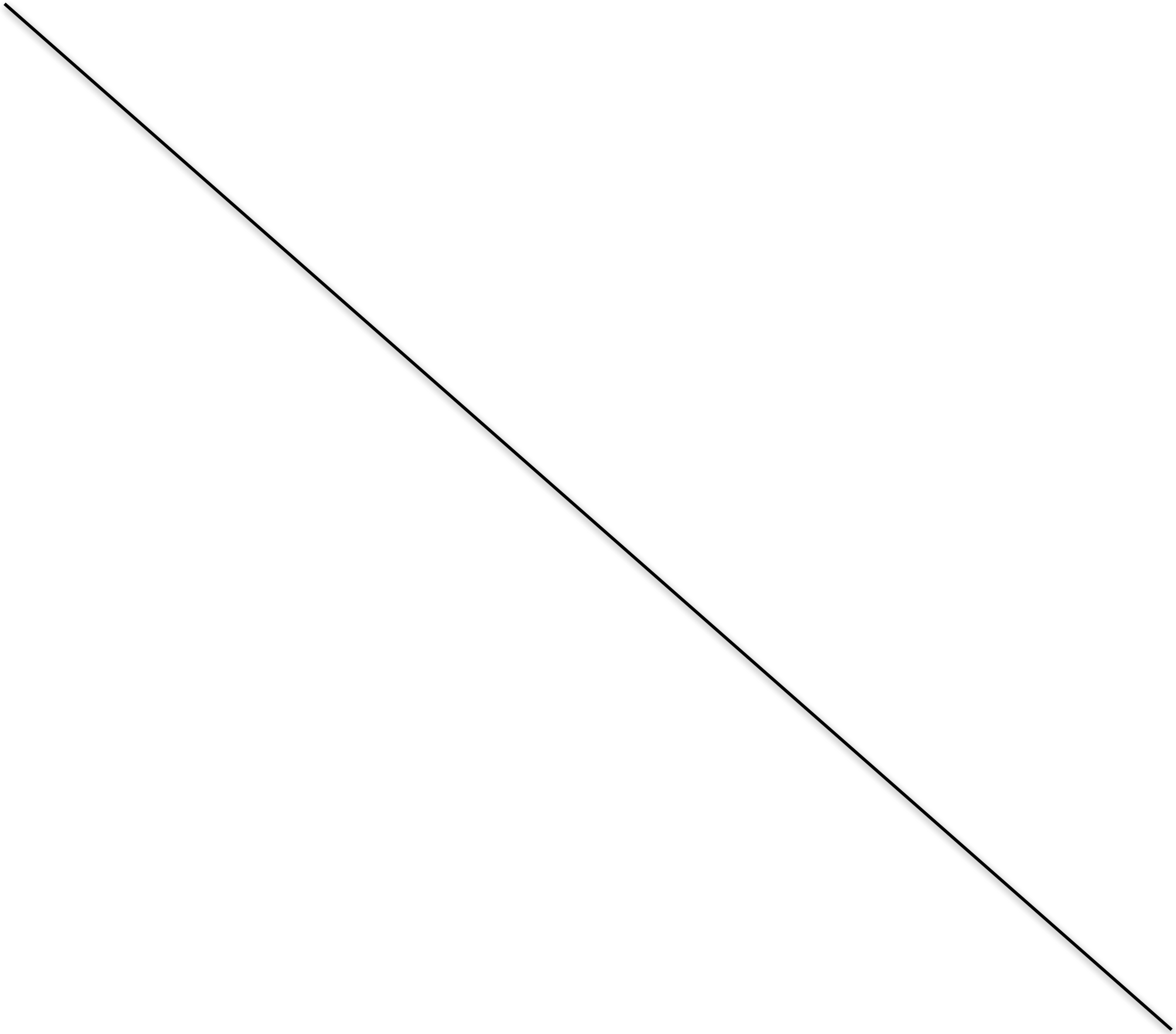
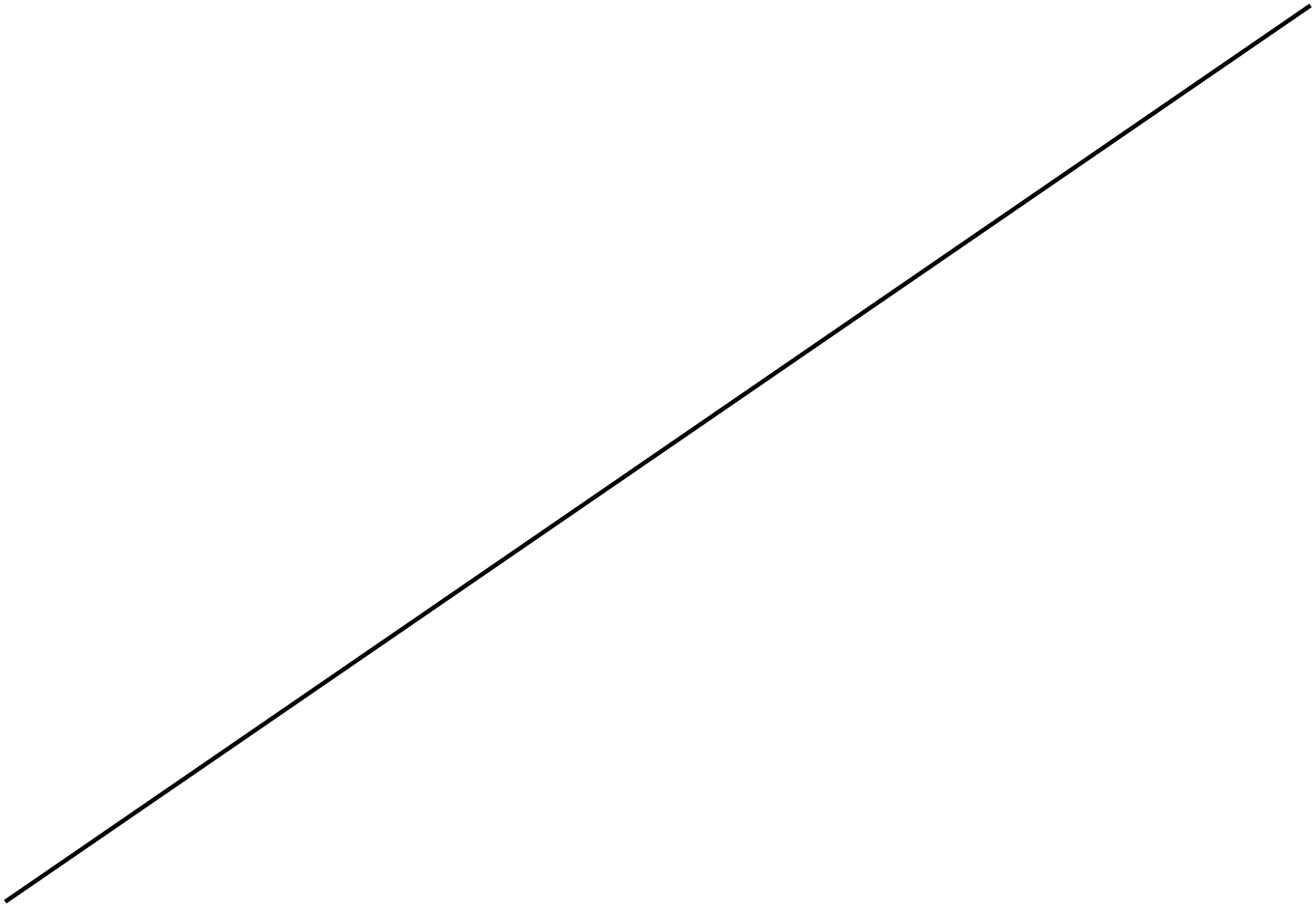
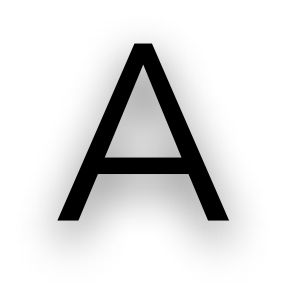
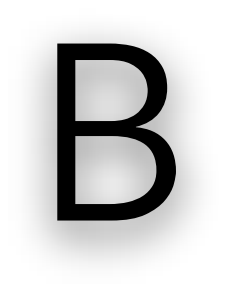
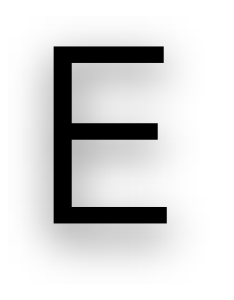








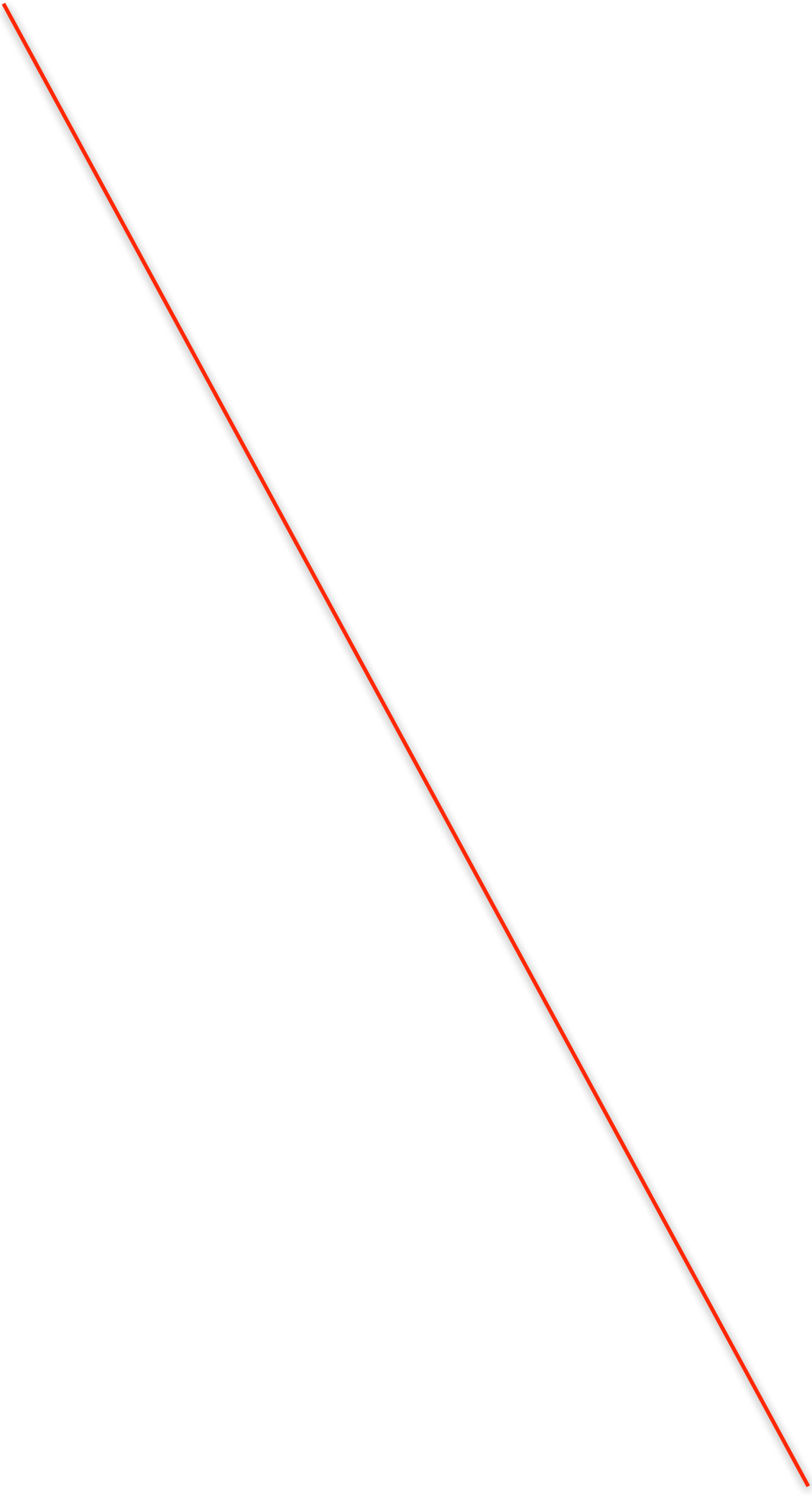

B




P
0


P
1

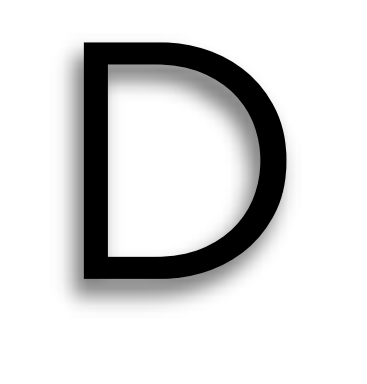

P
2




Q2

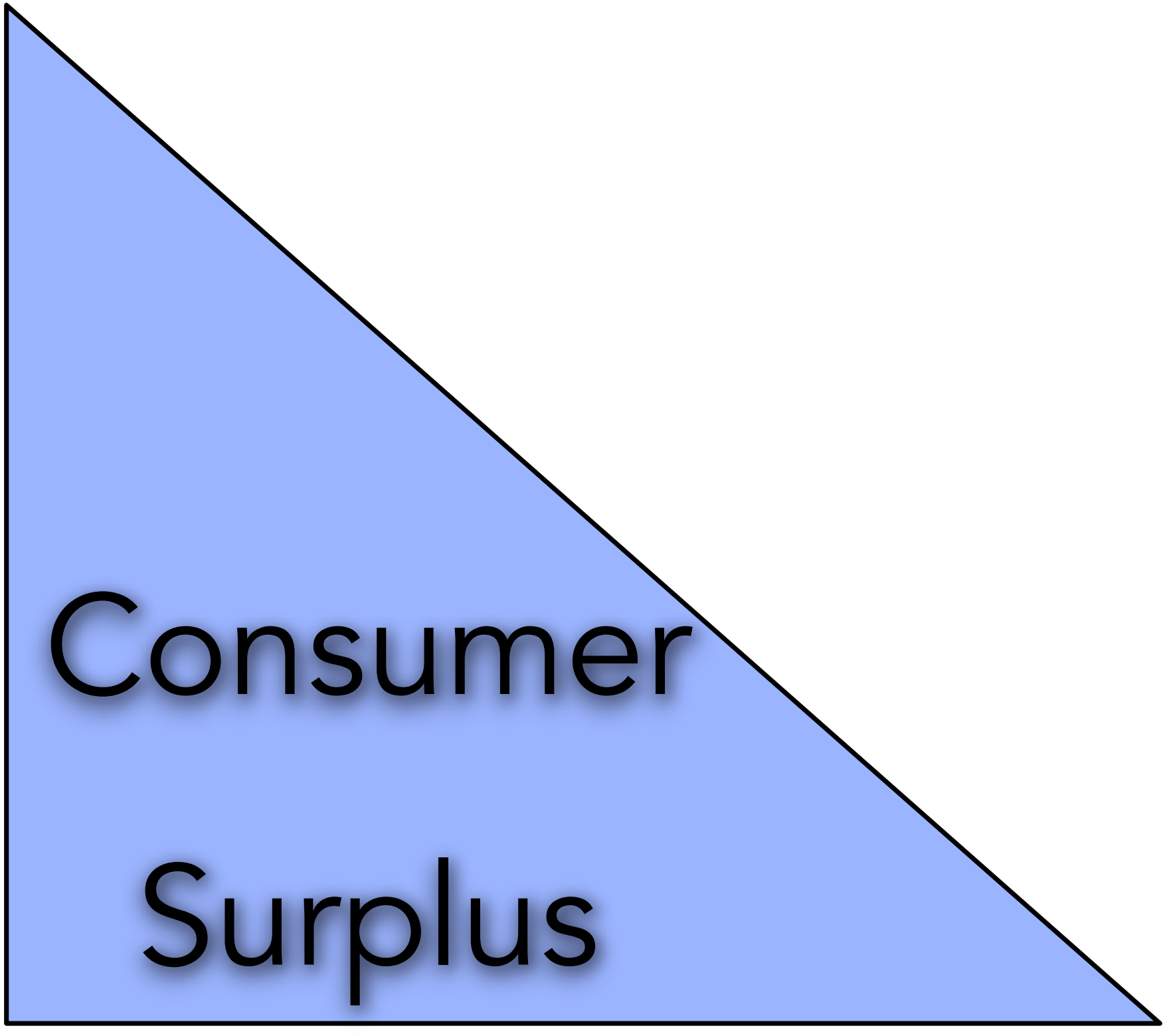

MR


Q1



Monopoly

Price Consumer Pays:


Consumer
Surplus

Marginal Cost (last unit)

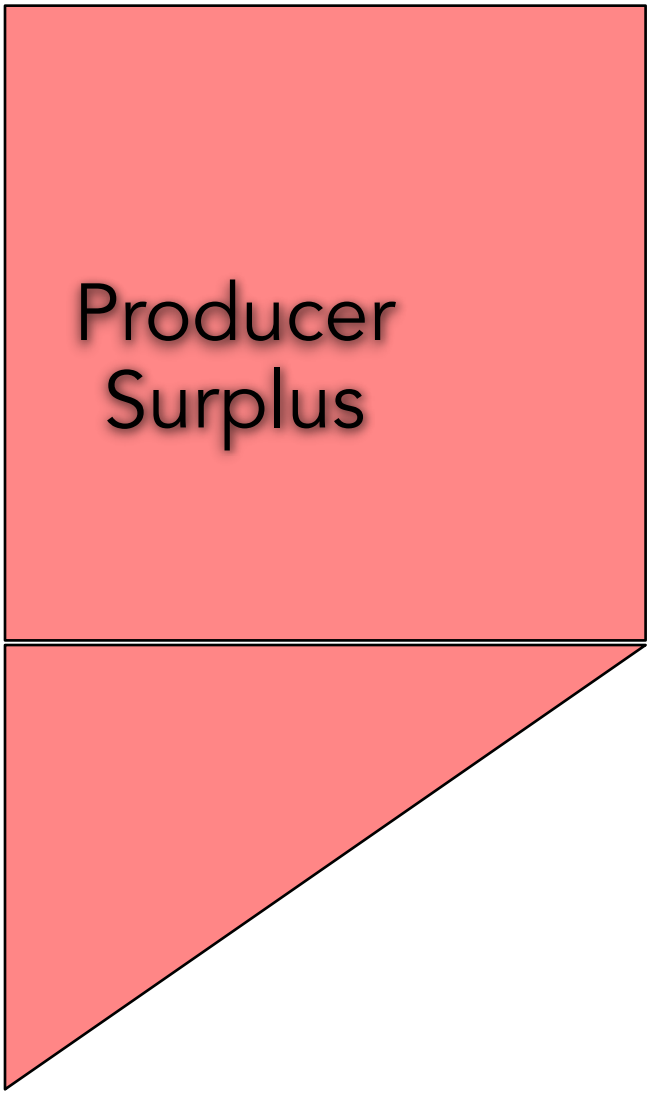
Profit Maximizing Quantity:


P
2


Q2

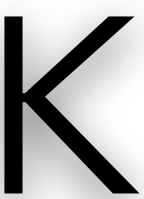
$$= P_0 <$$

Welfare Loss = I + F

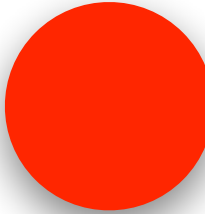

Producer
Surplus

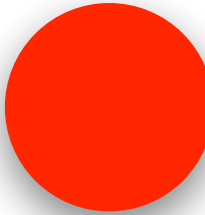
Consumer Surplus = Areas A + B

Producer Surplus = Areas C+E+G+D+H




M

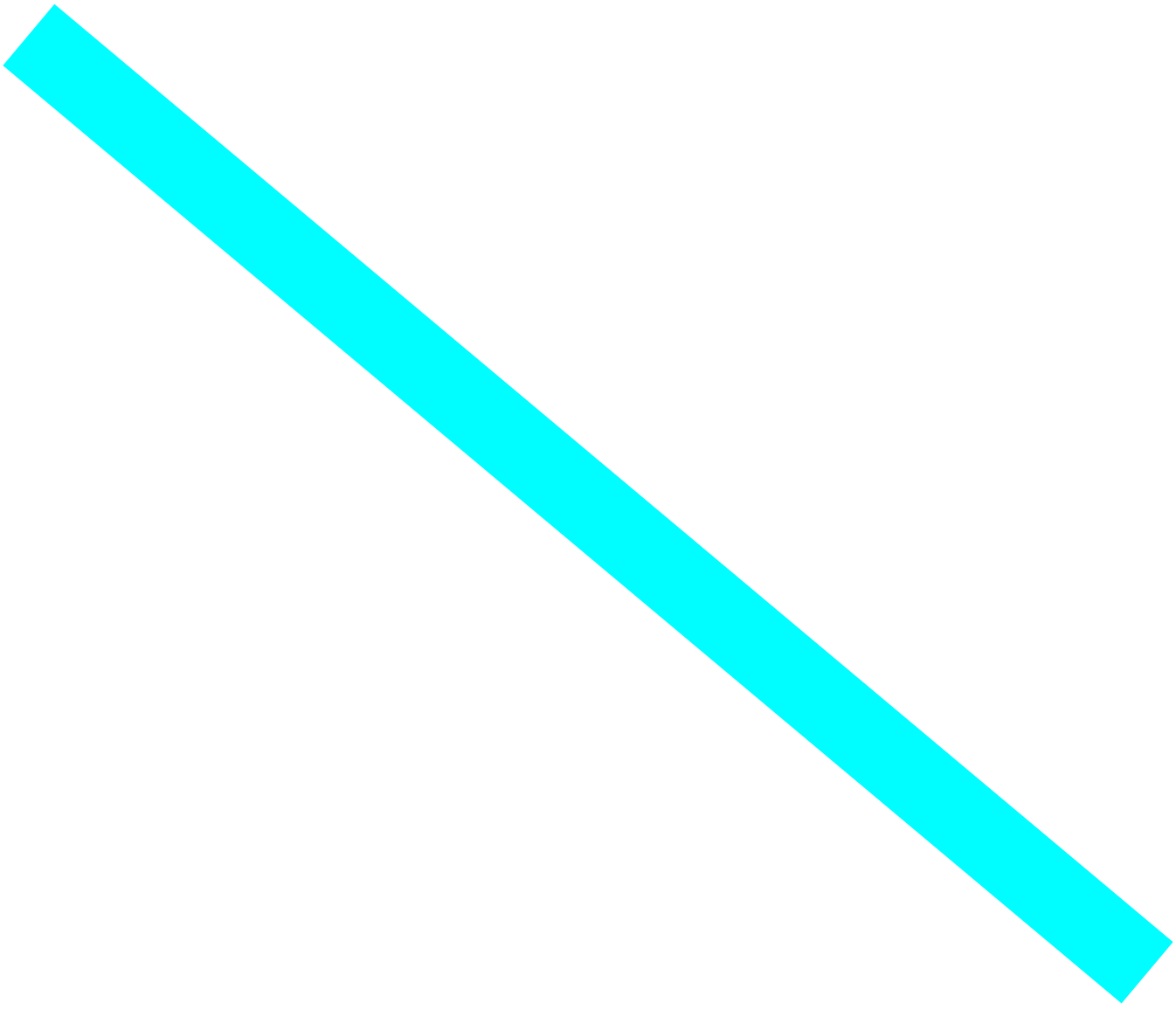





Welfare
Loss

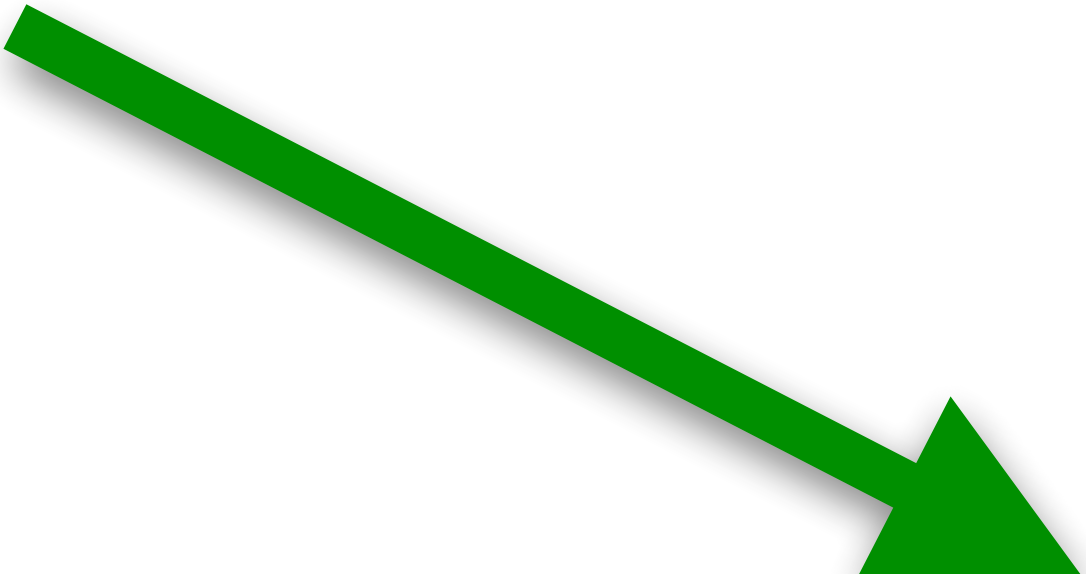
Lost Consumer Surplus relative to Perfect Competition = Areas C + E + I

Areas C + E go to producer as Producer Surplus

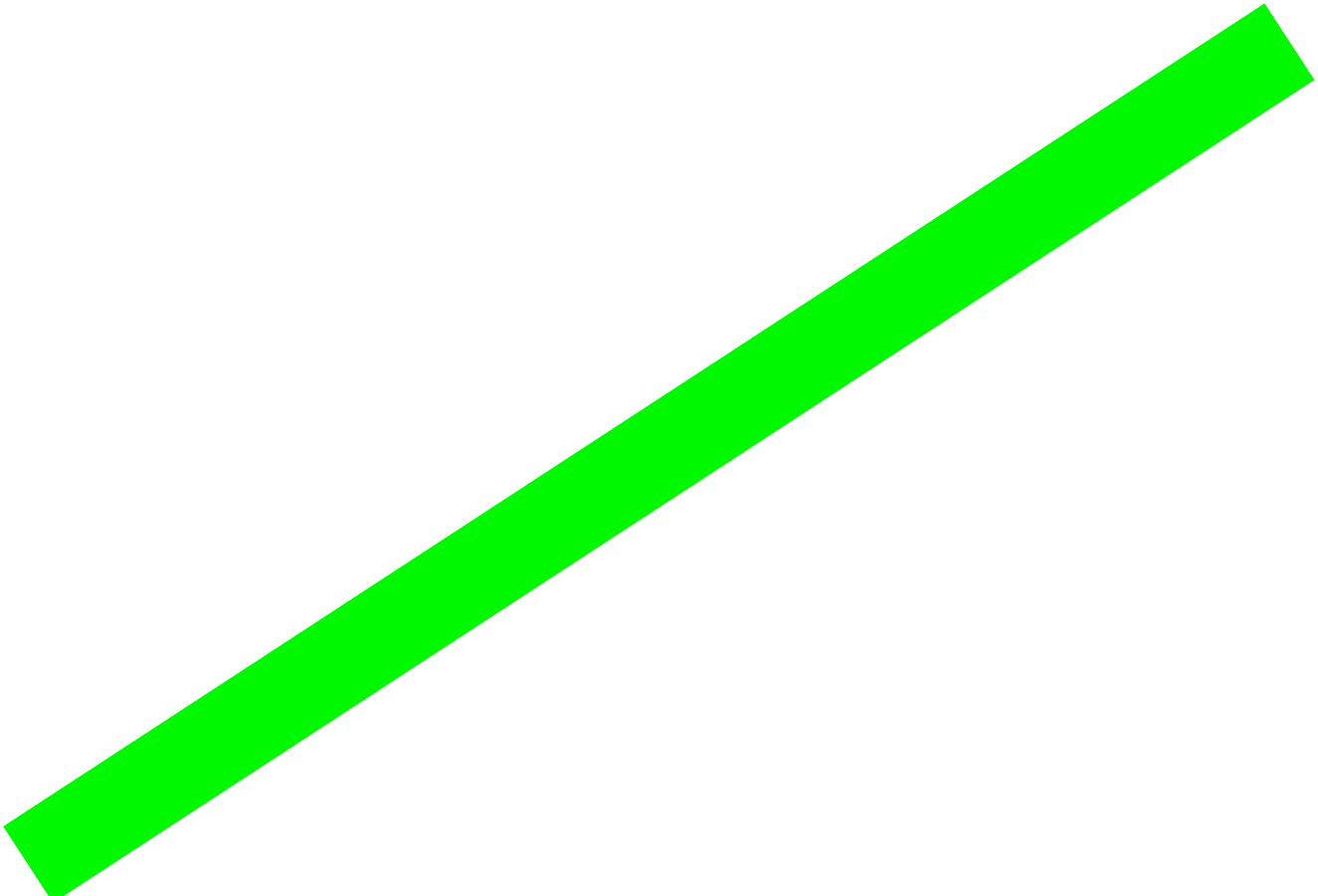


Area I become

Welfare Loss

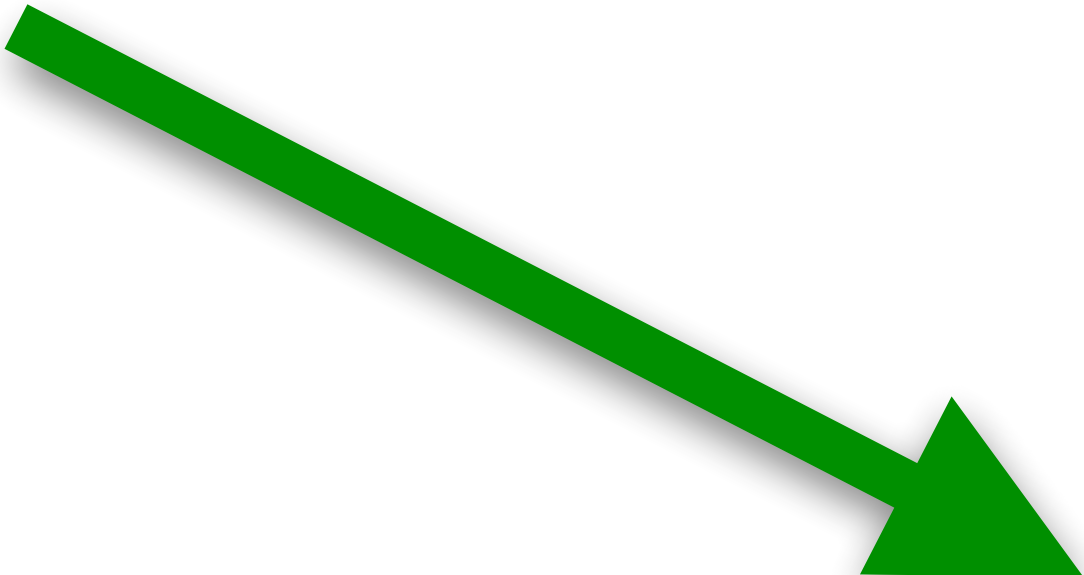


Lost Producer Surplus relative to Perfect Competition = Area F



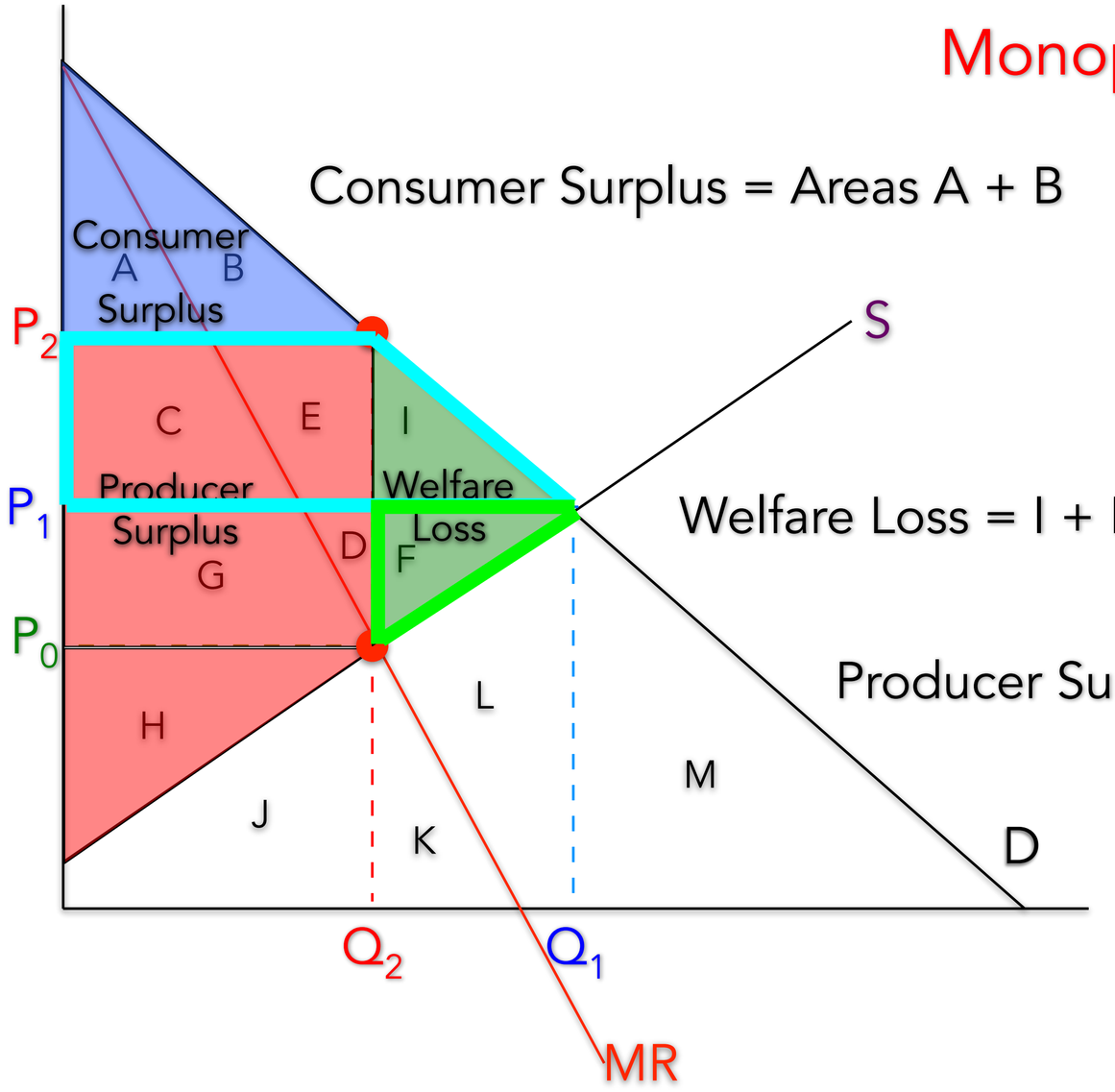
Area F become

Welfare Loss



Gained Producer Surplus relative to Perfect Competition = Areas C + E

Monopoly



Consumer Surplus = Areas A + B

Welfare Loss = I + F

Producer Surplus = Areas C+E+G+D+H

Profit Maximizing Quantity: Q_2

Marginal Cost (last unit) = P_0 < Price Consumer Pays: P_2

Lost Consumer Surplus relative to Perfect Competition = Areas C + E + I

Areas C + E go to producer as Producer Surplus

Area I become Welfare Loss

Lost Producer Surplus relative to Perfect Competition = Area F

Area F become Welfare Loss

Gained Producer Surplus relative to Perfect Competition = Areas C + E

Price Discrimination