

MC



W

h

a



h

a

p

p



n

S







h

e

mm



n



p







S





n

W

S

h



W

u



e

a



h

p

e



S



n



W





n

9





P

a

Y

a





h

a



9



S

a









e





n



p











a



u

n









Welfare Loss
shrinks to
zero

























S



W



U

















3











3







V

W









2













U









W











9







a











2





U







If the monopolist can **Perfectly Price Discriminate**, it leaves consumers without any Consumer Surplus

R



















2







W



U



















U











W











9







a











2



U









Y











A large, stylized red letter 'S' is centered on a white background. The letter is thick and has a slightly irregular, hand-drawn appearance. It is oriented vertically, with the top of the 'S' pointing towards the top of the image. The red color is a vibrant, slightly dark shade. The overall image is simple and minimalist.



a





















6



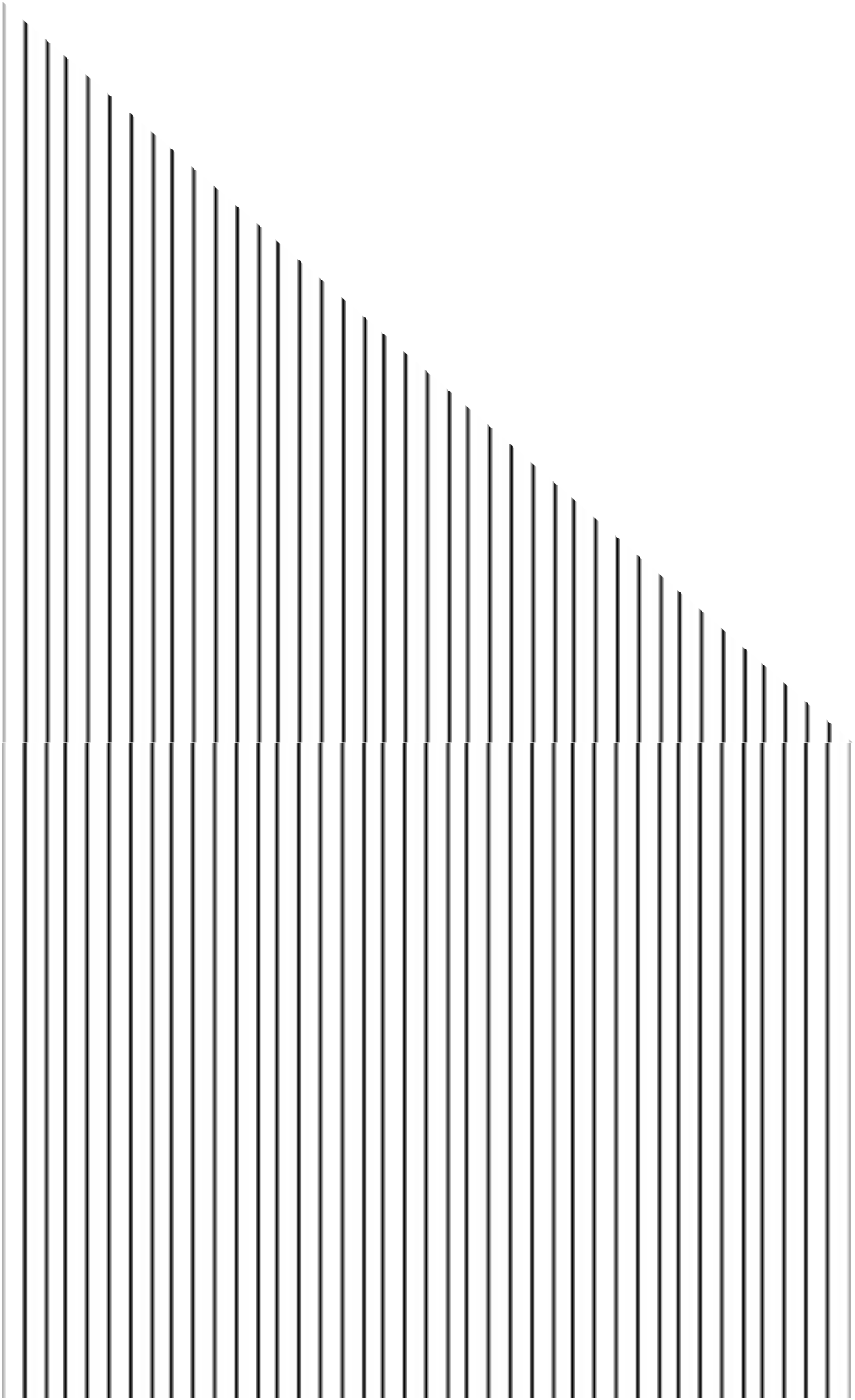




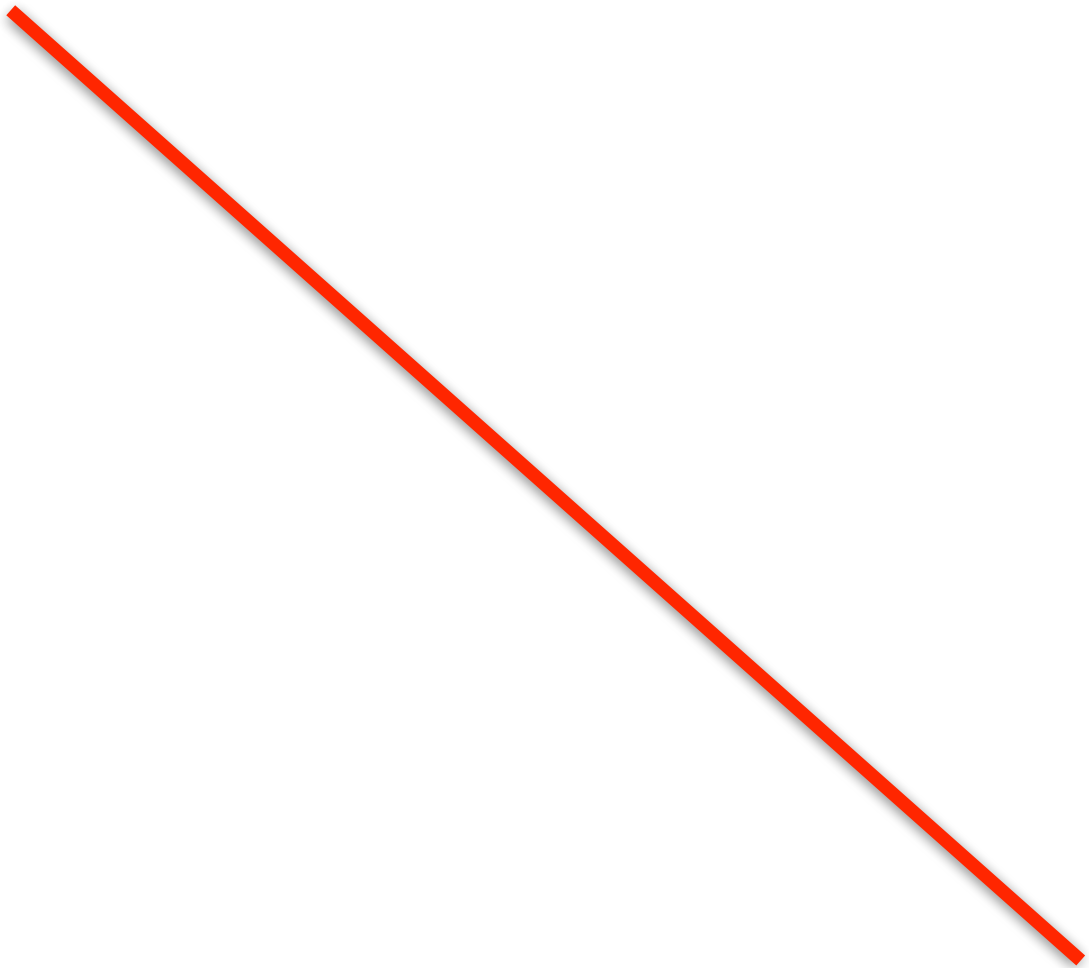
















W





















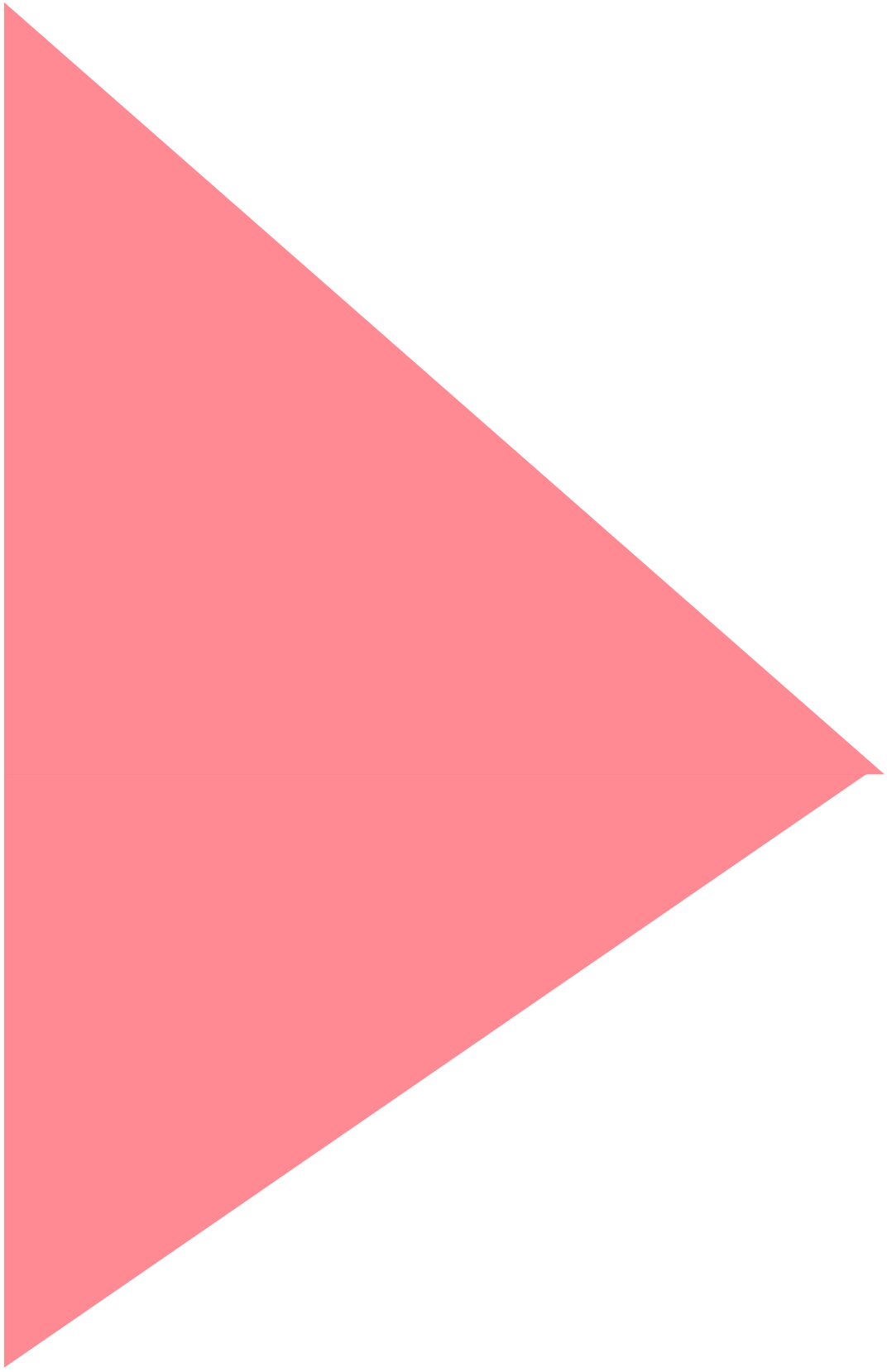









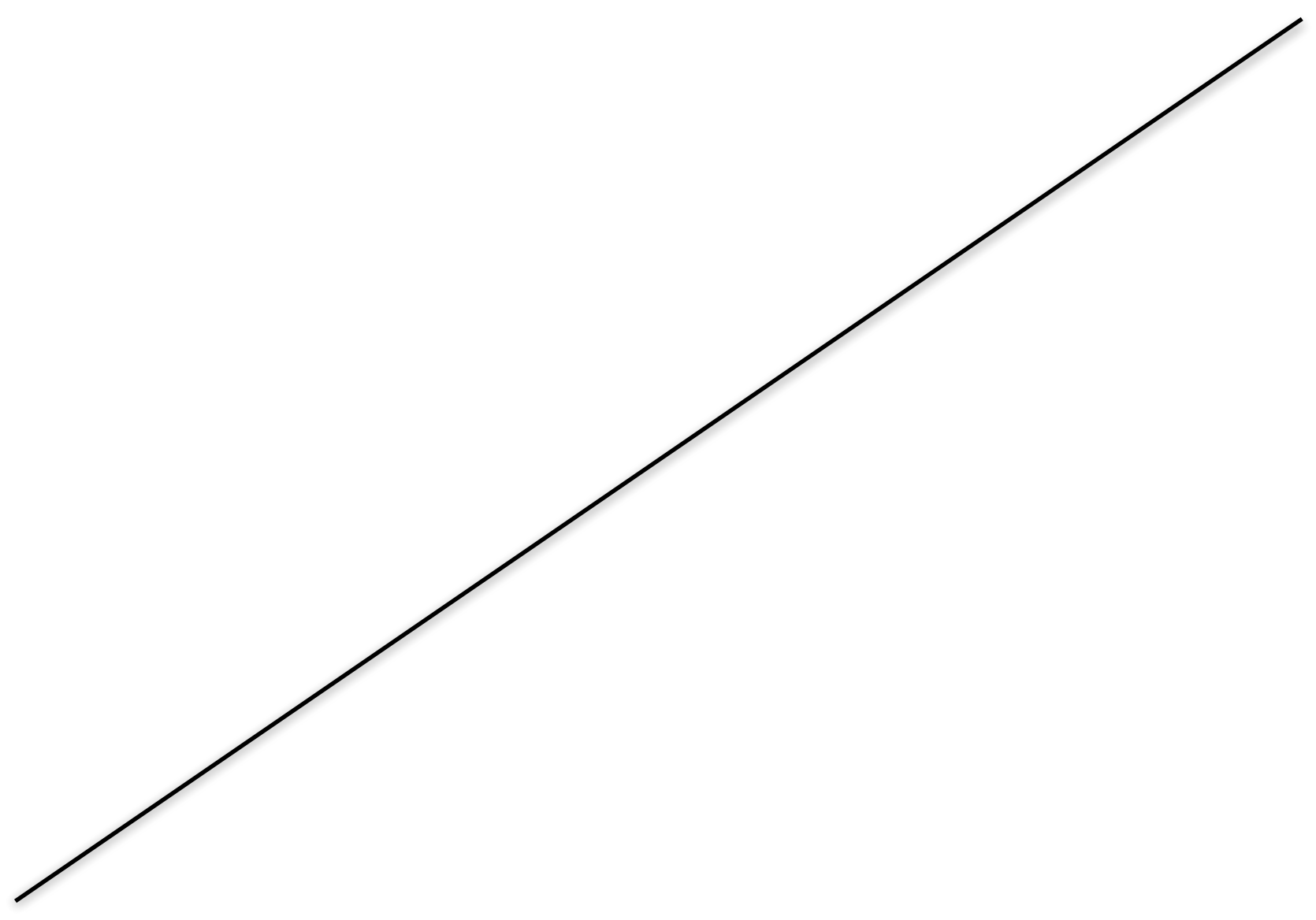








The entire
area becomes
Producer
Surplus

Producer Surplus





Consumer
Surplus
shrinks to zero



We call this
"Perfect" Price
Discrimination

What happens if the monopolist knows how much each person is willing to pay and charges a different price for each unit?

The monopolist would then charge exactly what each consumer is willing to pay for each unit

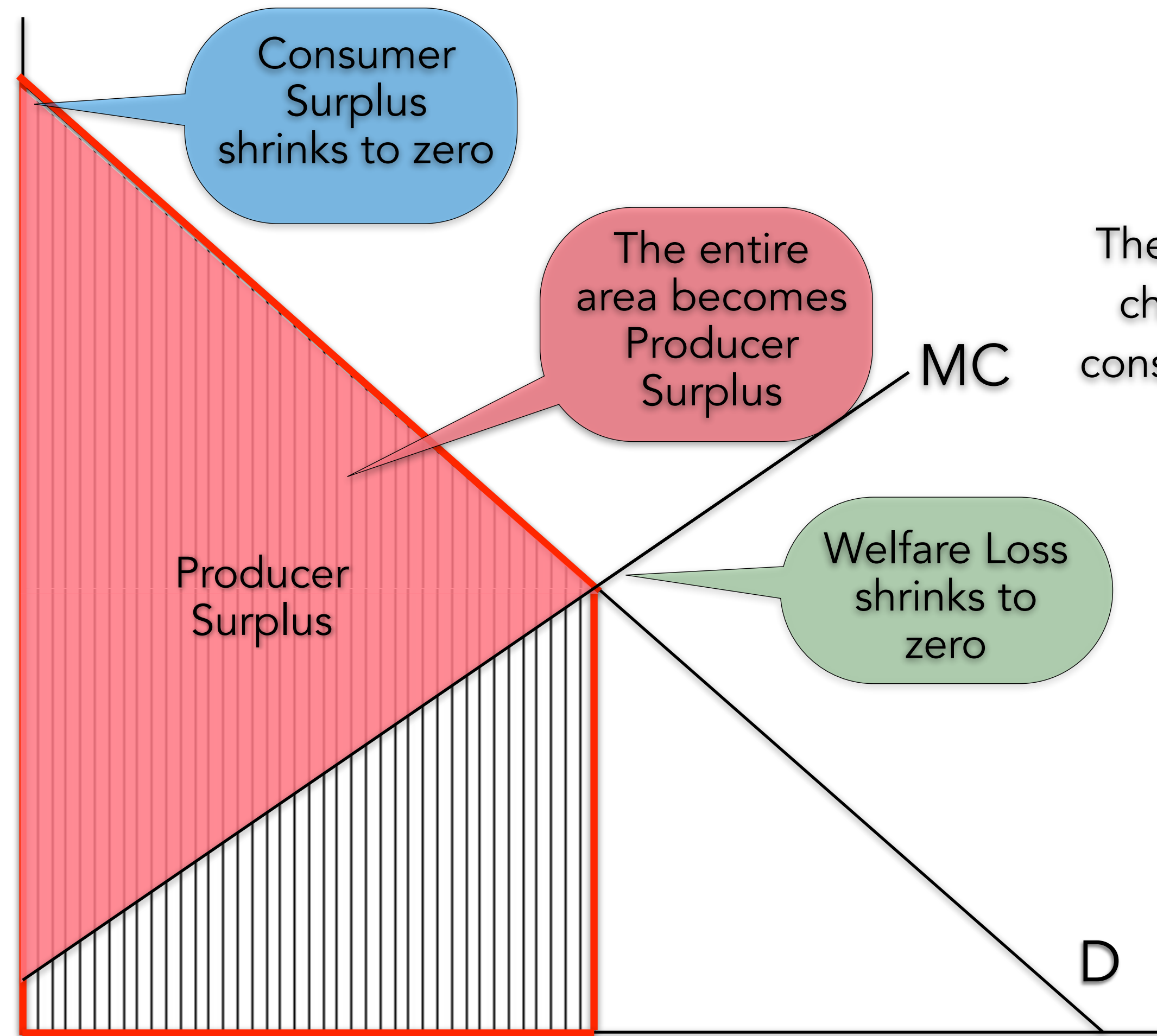
Remember that how much the consumer is willing to pay is measured by the distance to the Demand line

Willingness to Pay

What happens if the monopolist knows how much each person is **willing to pay** and charges a different price for each unit?

Remember that how much the consumer is **willing to pay** is measured by the **distance** to the Demand line

If the monopolist can **Perfectly Price Discriminate**, it leaves consumers without any Consumer Surplus



The monopolist would then charge exactly what each consumer is **willing to pay** for each unit

We call this "Perfect" Price Discrimination

Perfect Competition

