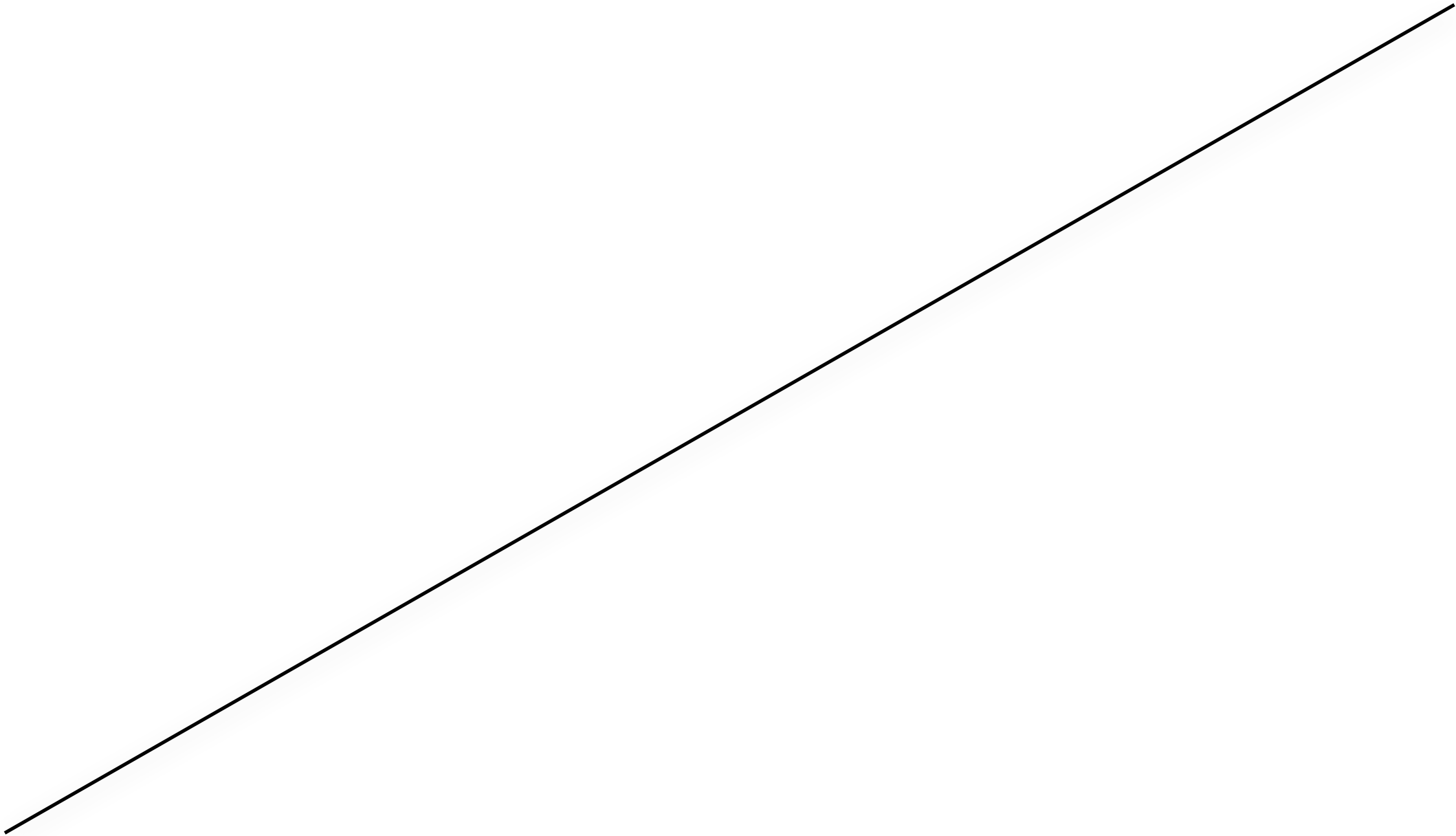




**S**

Flavor 0.8







$Q_s = 100$





$$Q_e = 6000$$

$$P_e = 0.5$$









A large, solid red triangle pointing to the right, which serves as a background for the text.

Welfare  
Loss

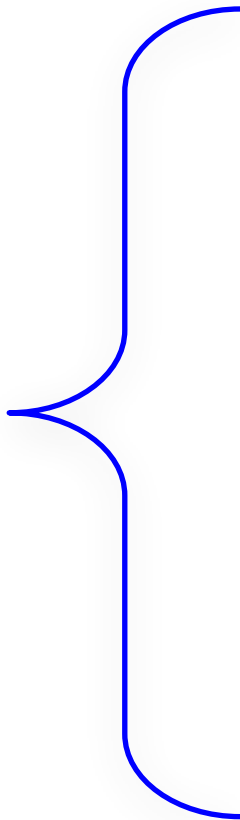
# Calculating the Size of the Welfare Loss

$$W_L = \text{Base} \times \text{Height} \times \frac{1}{2}$$

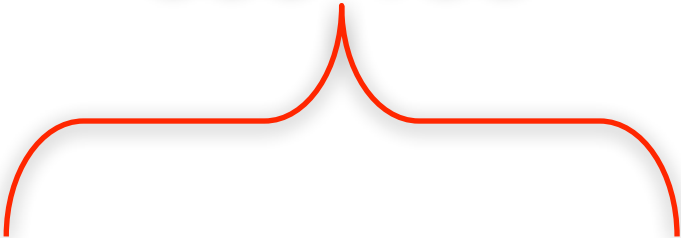
$$W_L = (0.8 - 0.2) \times (6000 - 1000) \times 1/2$$

$$WL = (0.6 \times 5000) \times \frac{1}{2} = \$1500$$

$$0.8 - 0.2$$



600-100



Base

Height

A red triangle is shown with its base on the left and its apex on the right. A horizontal white double-headed arrow spans the width of the triangle, from the left edge to the right edge. The word "Base" is written vertically in black text to the left of the triangle's base. The word "Height" is written in white text across the middle of the triangle, positioned above the horizontal arrow.





0.2

# Calculating the Size of the Welfare Loss

