





50

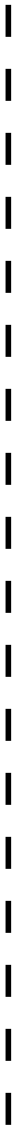
2

3

40

30













Consumer Surplus

=

$$120 - 90 = 30$$

If the price is \$30
per unit

This consumer is
willing to pay

\$50

for

1st

\$40

for

2nd

\$30

for

3rd

30

3

\$120

for 3

units



Consumer
Actually
pays $\$30 \times 3$



\$90

CS=30





Consumer
buys 3 units

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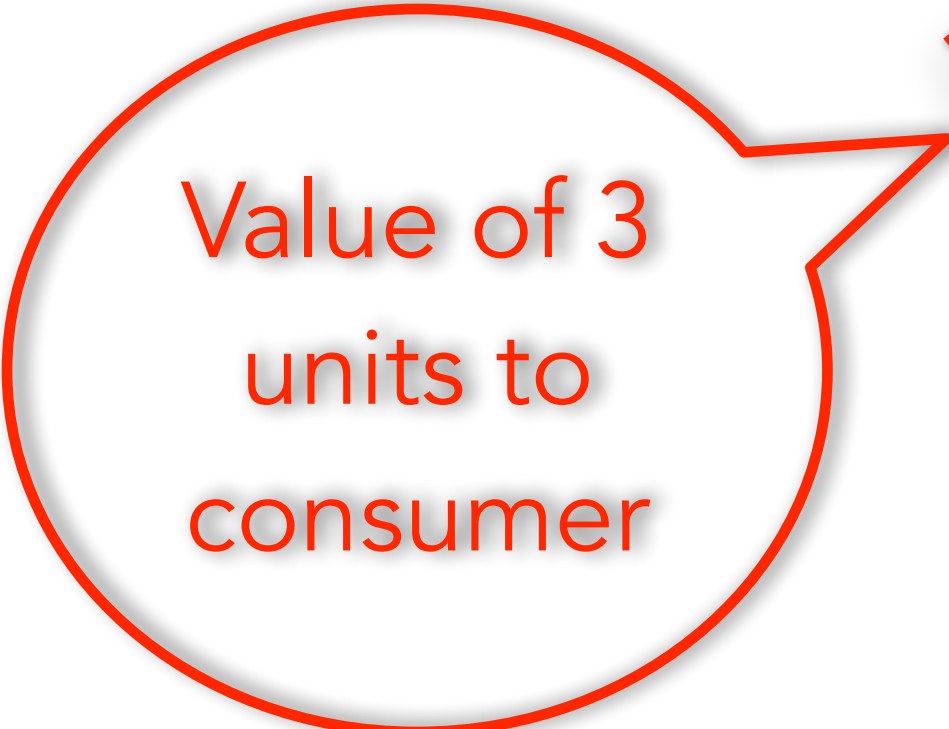
y



9

0

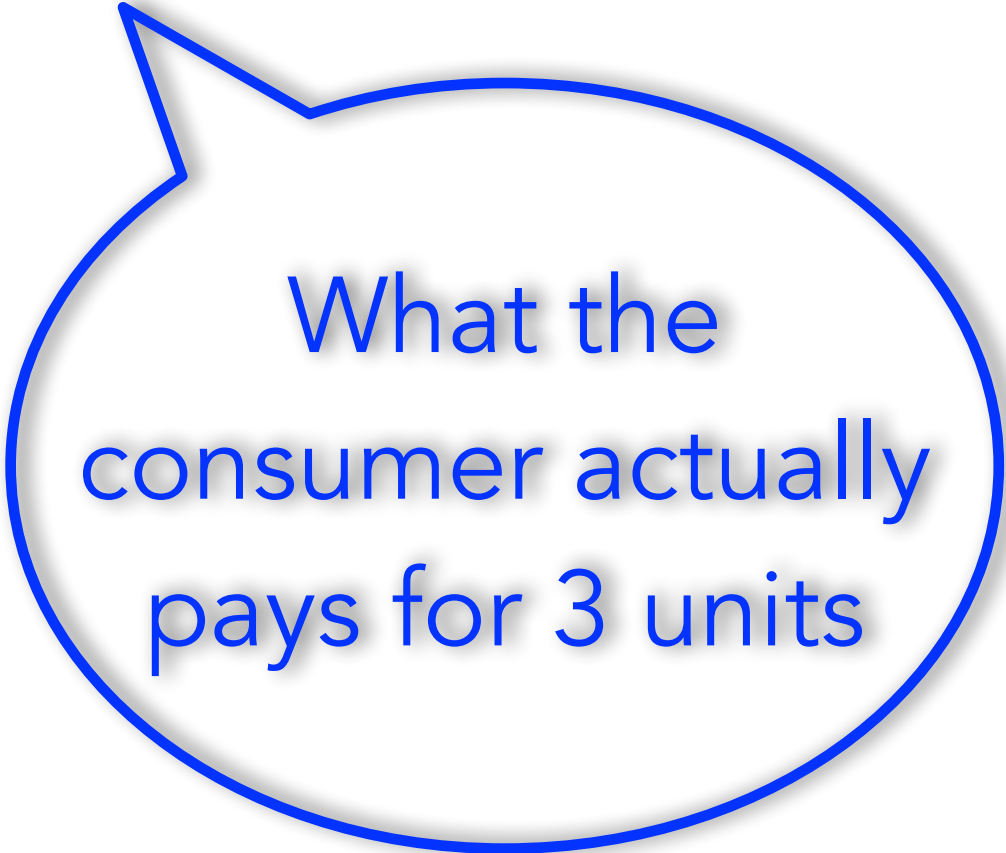




Value of 3
units to
consumer

120

90



What the
consumer actually
pays for 3 units














The difference between “value”
to the consumer and what s/he
actually pays is what economists
call Consumer Surplus



This consumer takes home
3 units worth \$120 to him/
her for only \$90!

Consumer Surplus

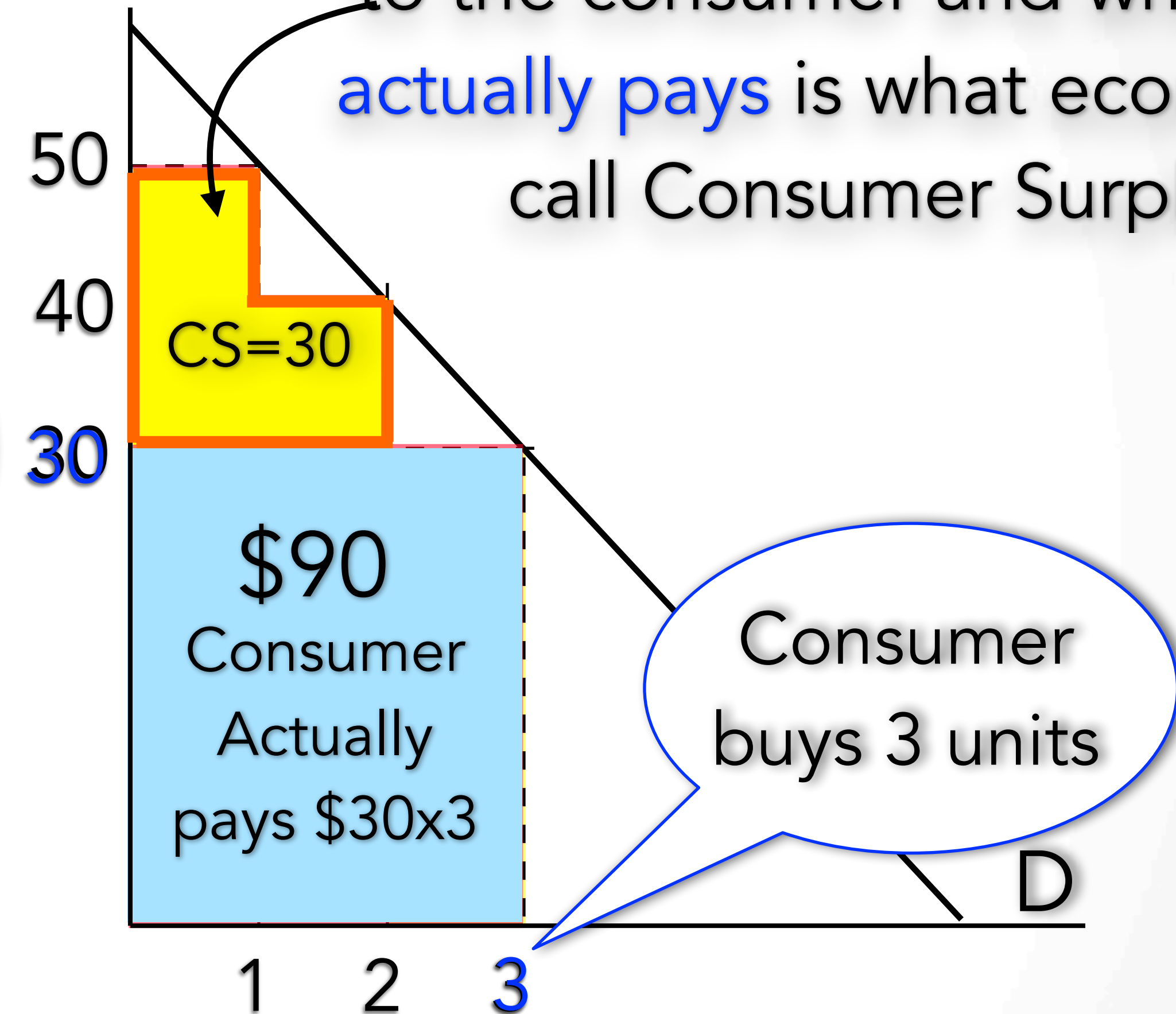
$$= 120 - 90 = 30$$

Value of 3
units to
consumer

What the
consumer actually
pays for 3 units

This consumer takes home
3 units worth \$120 to him/
her for only \$90!

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



This consumer is
willing to pay

