



UTILITY AND PRICES

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Content

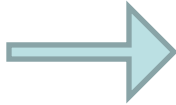
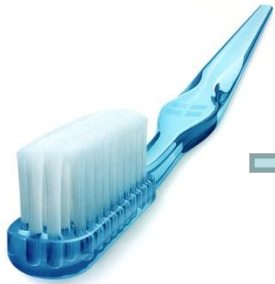
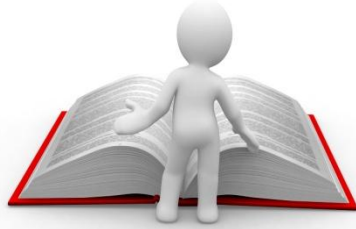
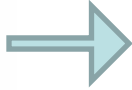
- Utility
- Utility and usefulness
- The utility is related
- Law of Diminishing Marginal Utility
- Shortage. Surplus
- Equilibrium price

UTILITY

Commodities of different kinds satisfy our wants

ii

is



This characteristic of satisfying a want is known in economics as “utility”

UTILITY AND USEFULNESS

Utility should not be confused with



Utility determines
“the relationship
between a consumer
and a commodity”



THE UTILITY IS RELATED:

Different people and nations

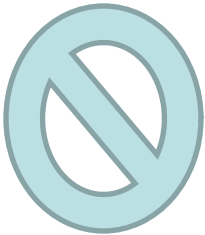
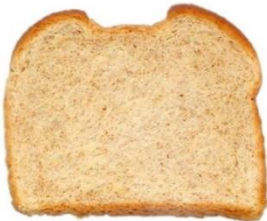


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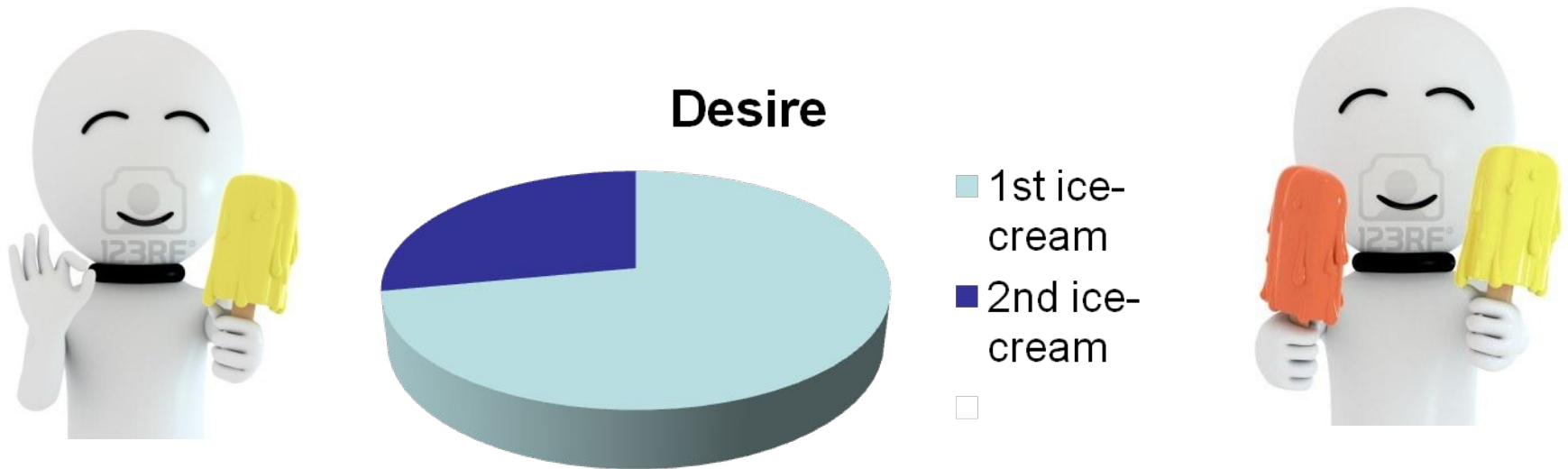
In wartime



Quantity, which is available to the consumer



LOW OF DIMINISHING MARGINAL UTILITY



The consumer's desire for a commodity tends to diminish as he buys more units for it



SHORTAGE. SURPLUS



Low
price



Shortage will
develop

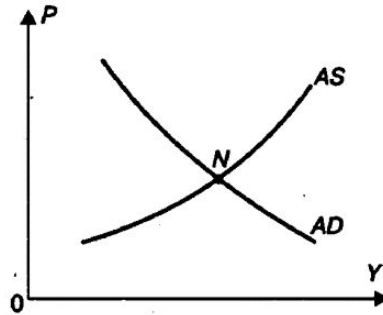
Surplus will

High price



EQUILIBRIUM PRICE

High
prices!



Low
prices!



AS

AD



**THANK YOU FOR YOUR
ATTENTION!**