



7

Consumers, Producers, and the Efficiency of Markets

Table 1 Four Possible Buyers' Willingness to Pay

Buyer	Willingness to pay
Liam	€100
Paul	80
Noel	70
Tony	50

Figure 1 The Demand Schedule and the Demand Curve (1)

Price	Buyers	Quantity demanded
More than €100	None	0
€80 to €100	Liam	1
€70 to €80	Liam, Paul	2
€50 to €70	Liam, Paul, Noel	3
€50 or less	Liam, Paul, Noel, Tony	4

Figure 1 The Demand Schedule and the Demand Curve (2)

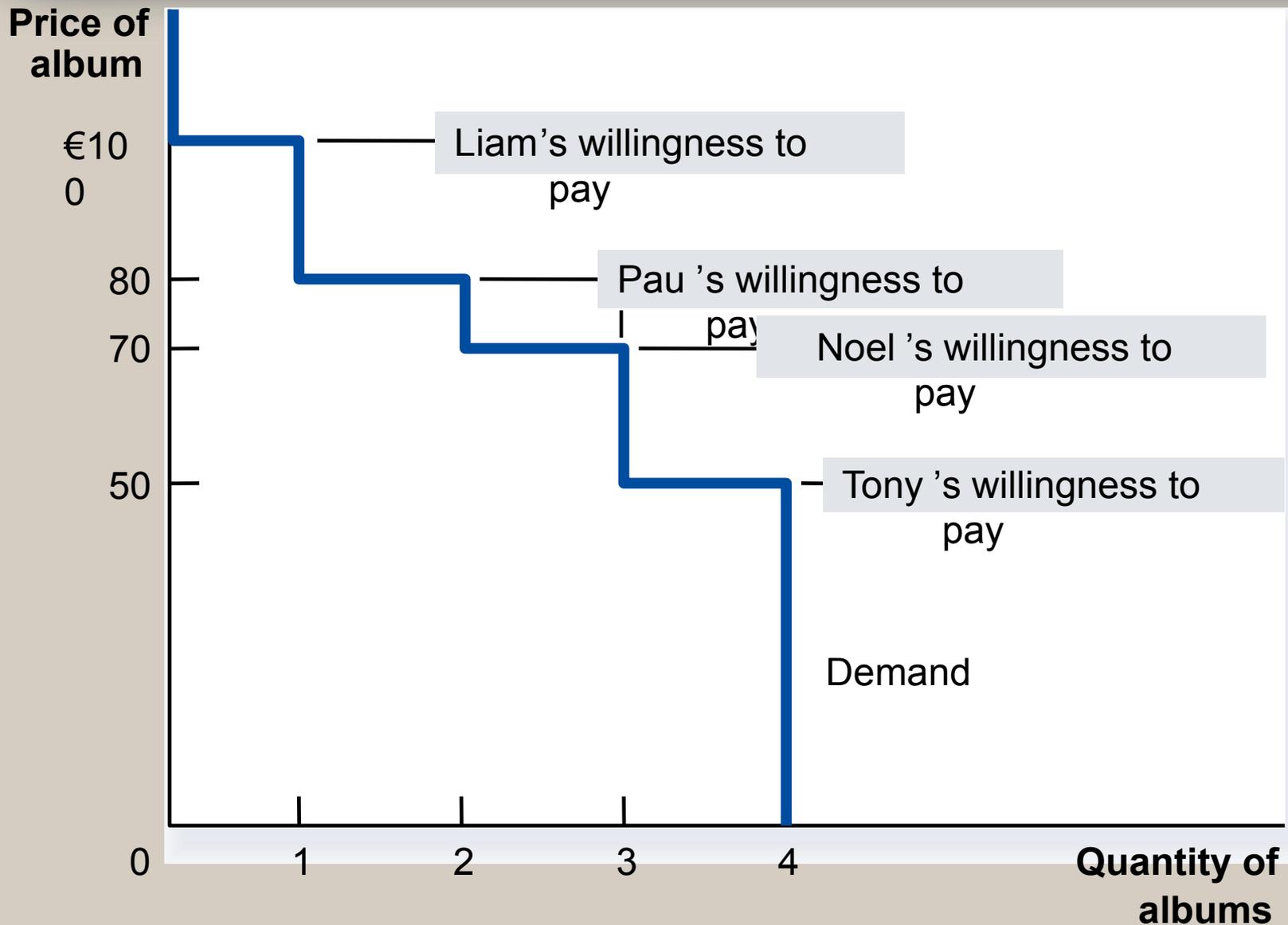


Figure 2 Measuring Consumer Surplus with the Demand Curve (1)

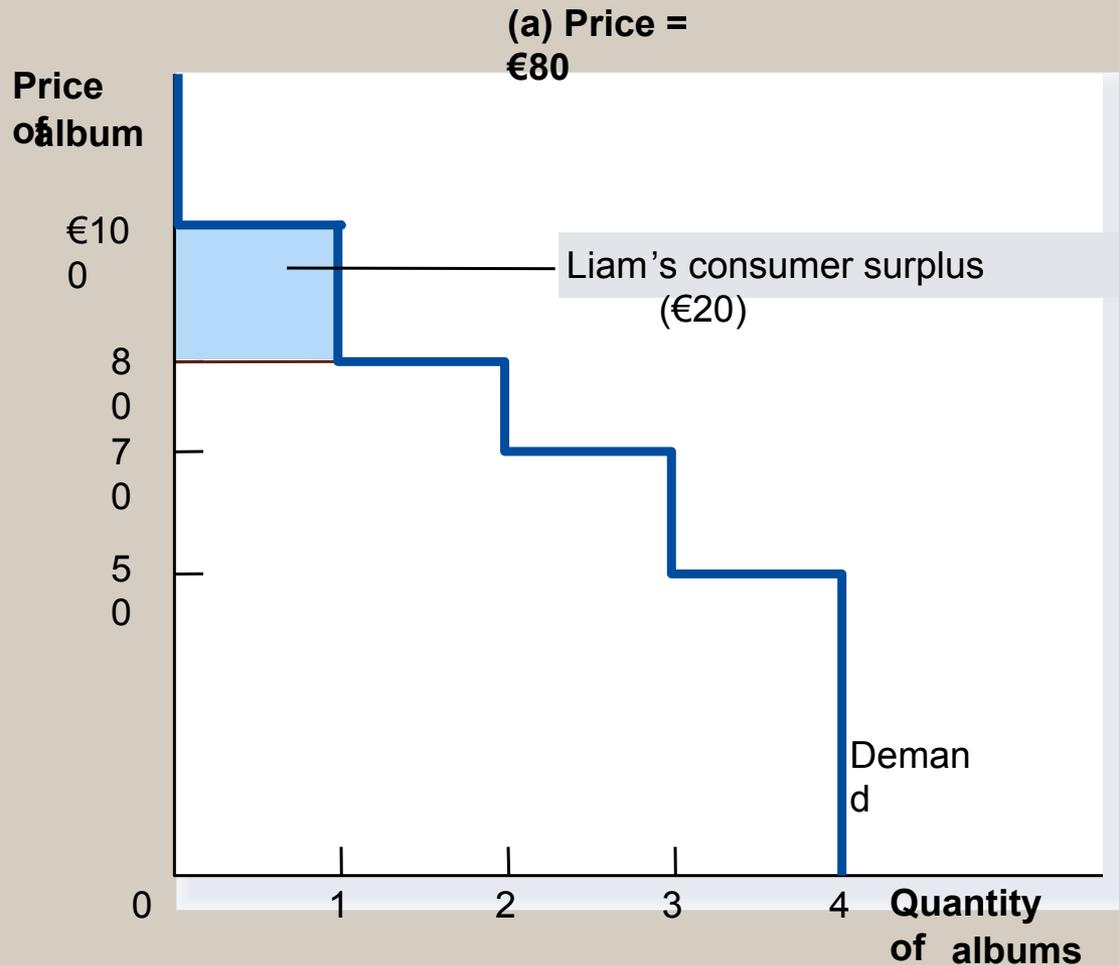


Figure 2 Measuring Consumer Surplus with the Demand Curve (2)

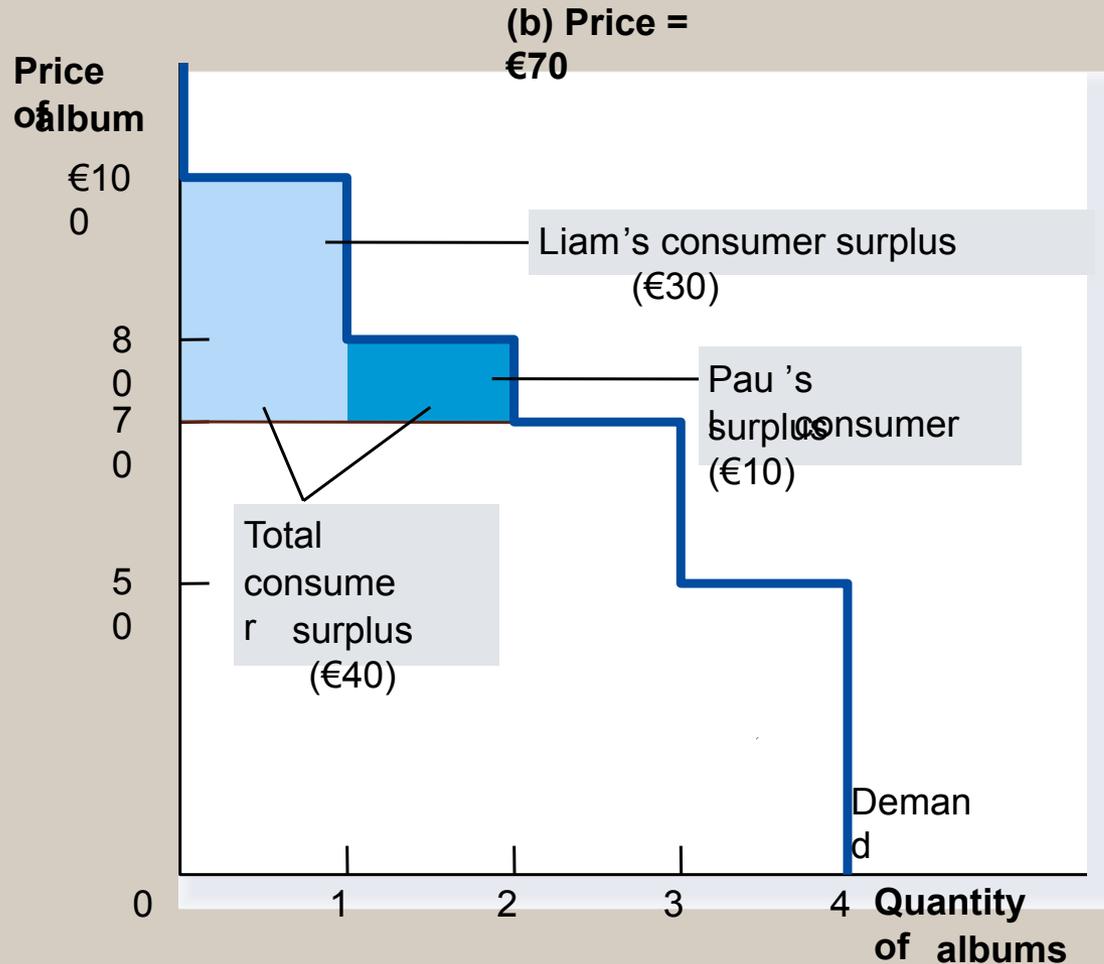


Figure 3 How the Price Affects Consumer Surplus (1)

(a) Consumer surplus at price P_1

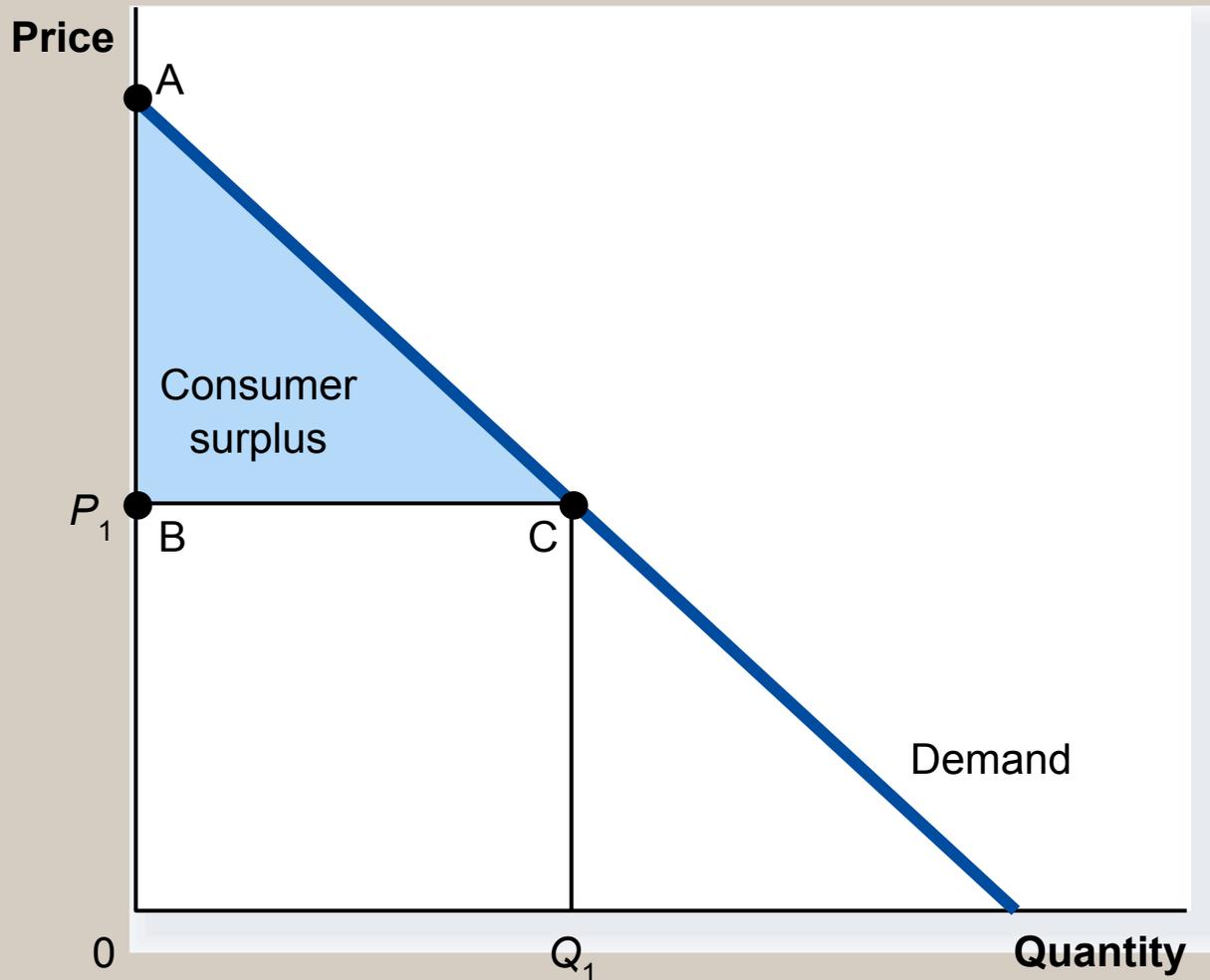


Figure 3 How the Price Affects Consumer Surplus (2)

(b) Consumer surplus at price P_2

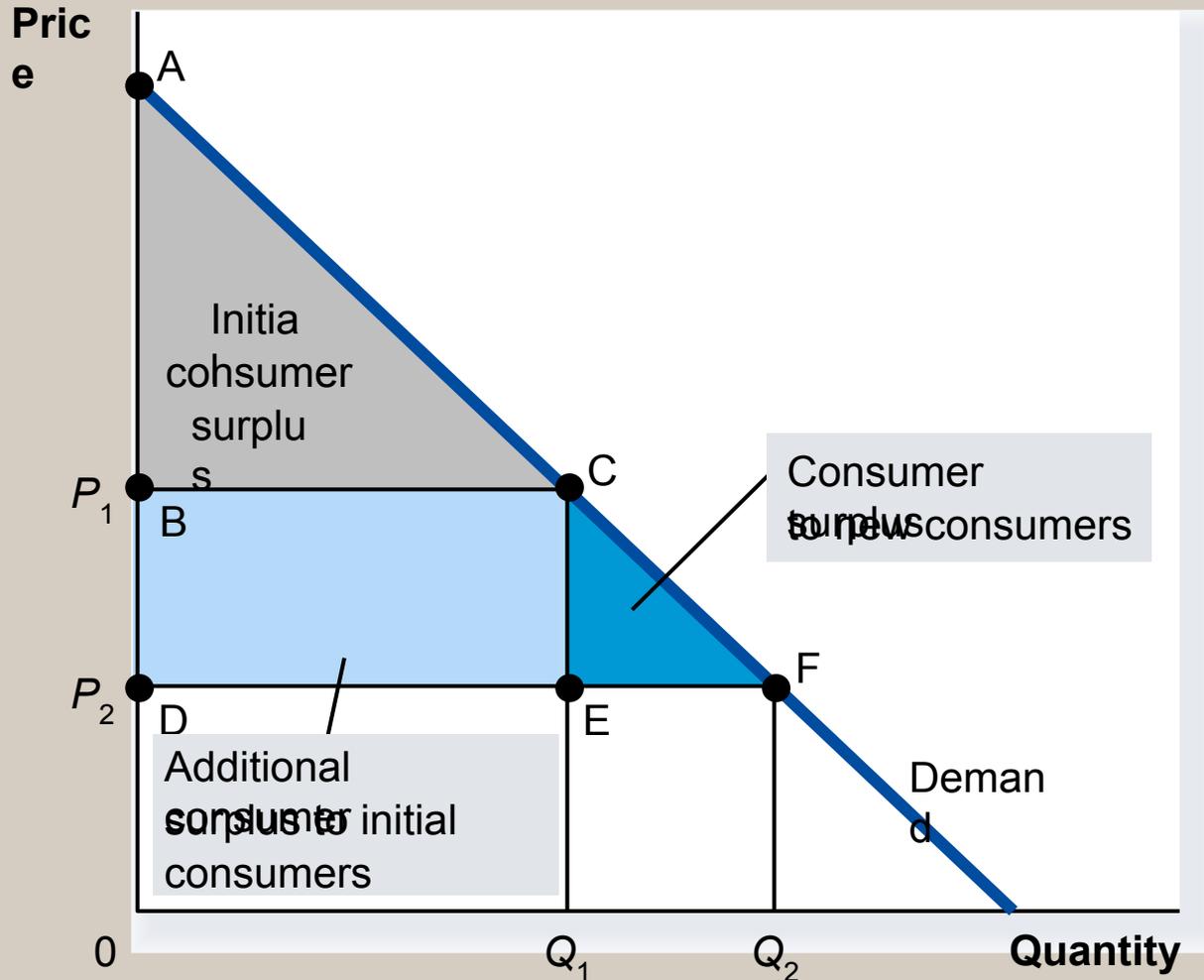


Table 2 The Costs of Four Possible Sellers

Seller	Cost
Millie	€900
Julie	800
Georgia	600
Nana	500

Figure 4 The Supply Schedule and the Supply Curve (1)

Price	Sellers
€900 or more	Millie, Julie, Georgia, Nana
€800 to €900	Julie, Georgia, Nana
€600 to €800	Georgia, Nana
€500 to €600	Nana
Less than €500	None

Figure 4 The Supply Schedule and the Supply Curve (2)

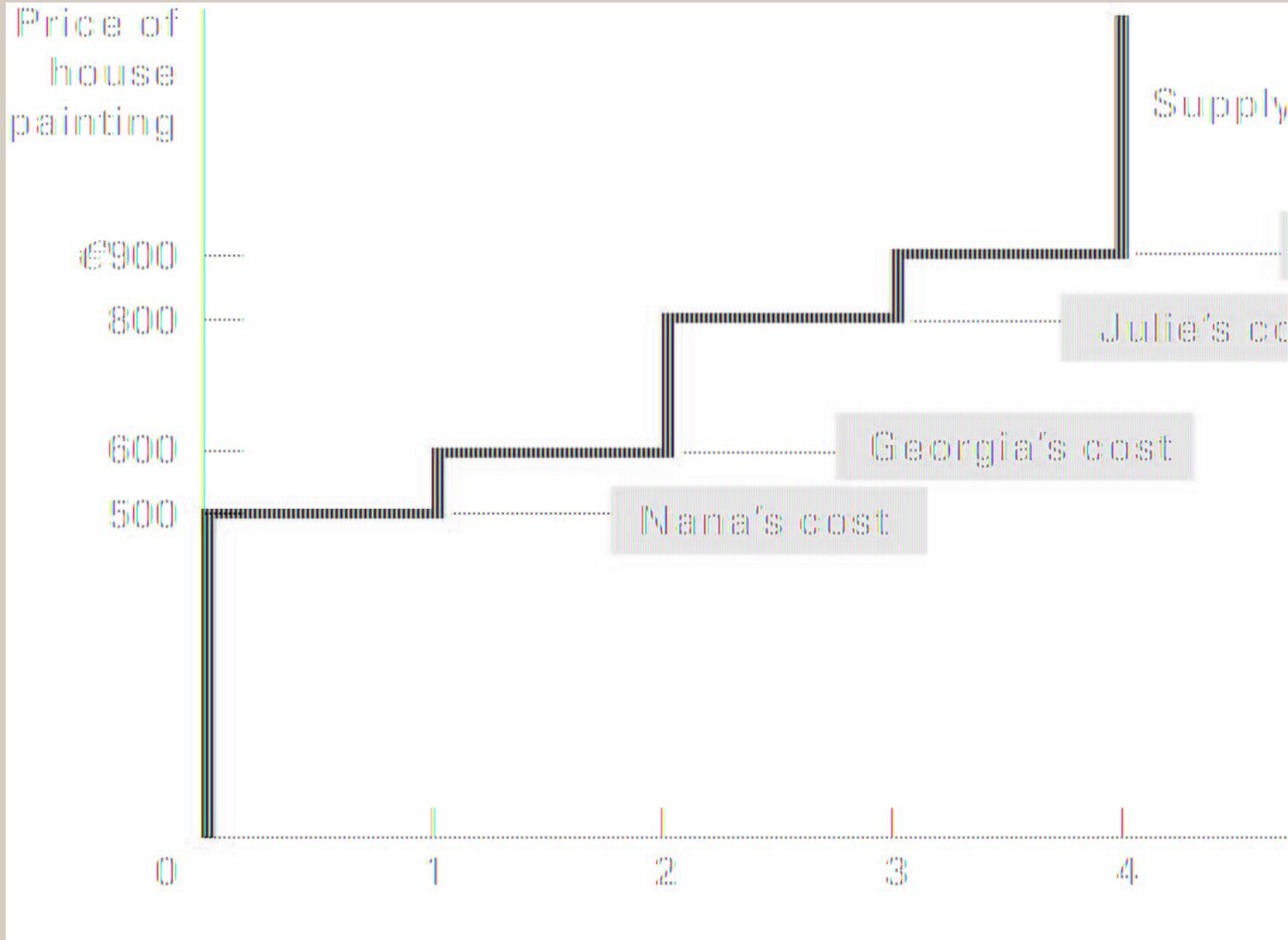


Figure 5 Measuring Producer Surplus with the Supply Curve (1)

(a) Price = €600

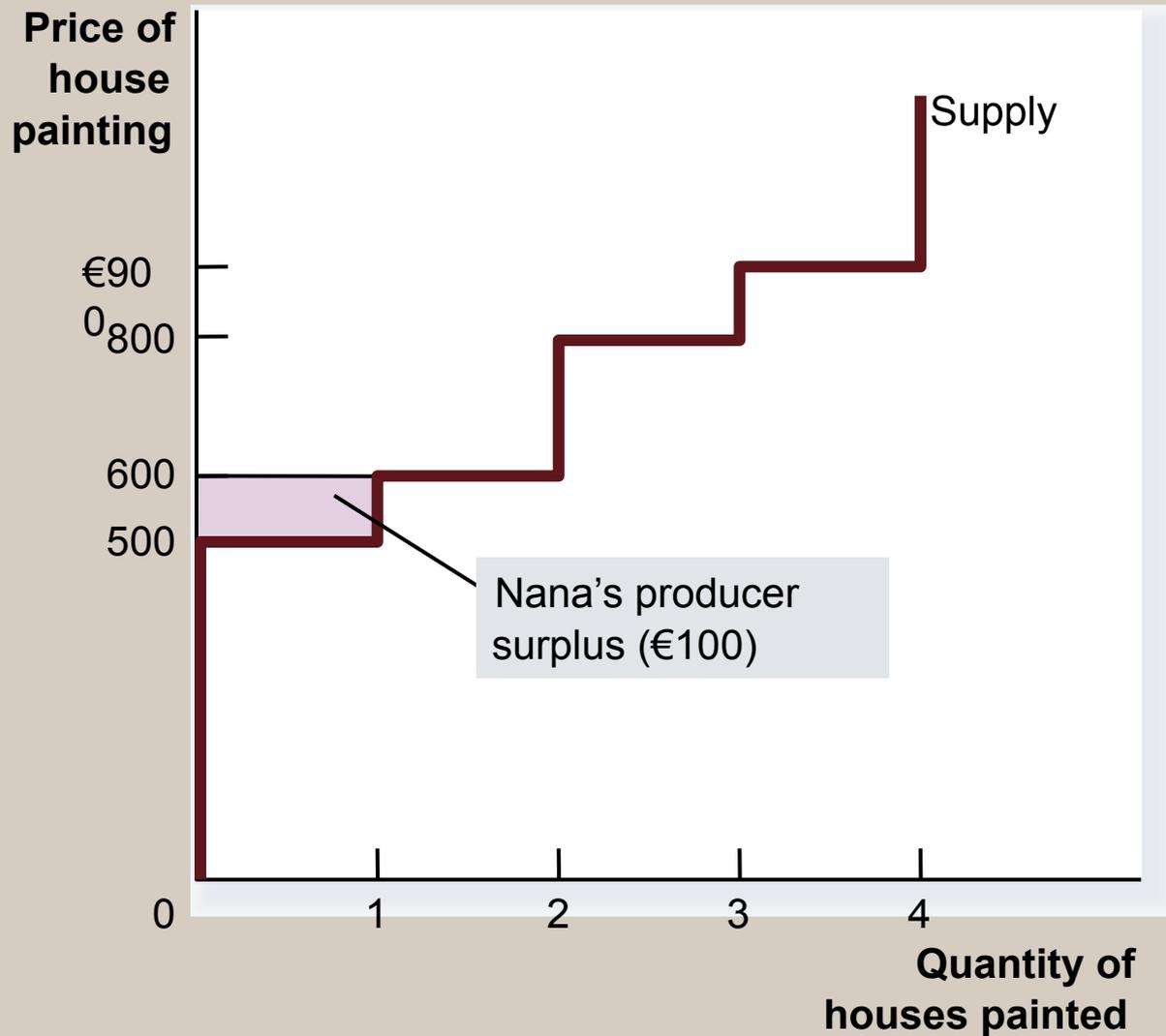


Figure 5 Measuring Producer Surplus with the Supply Curve (2)

(b) Price = €800

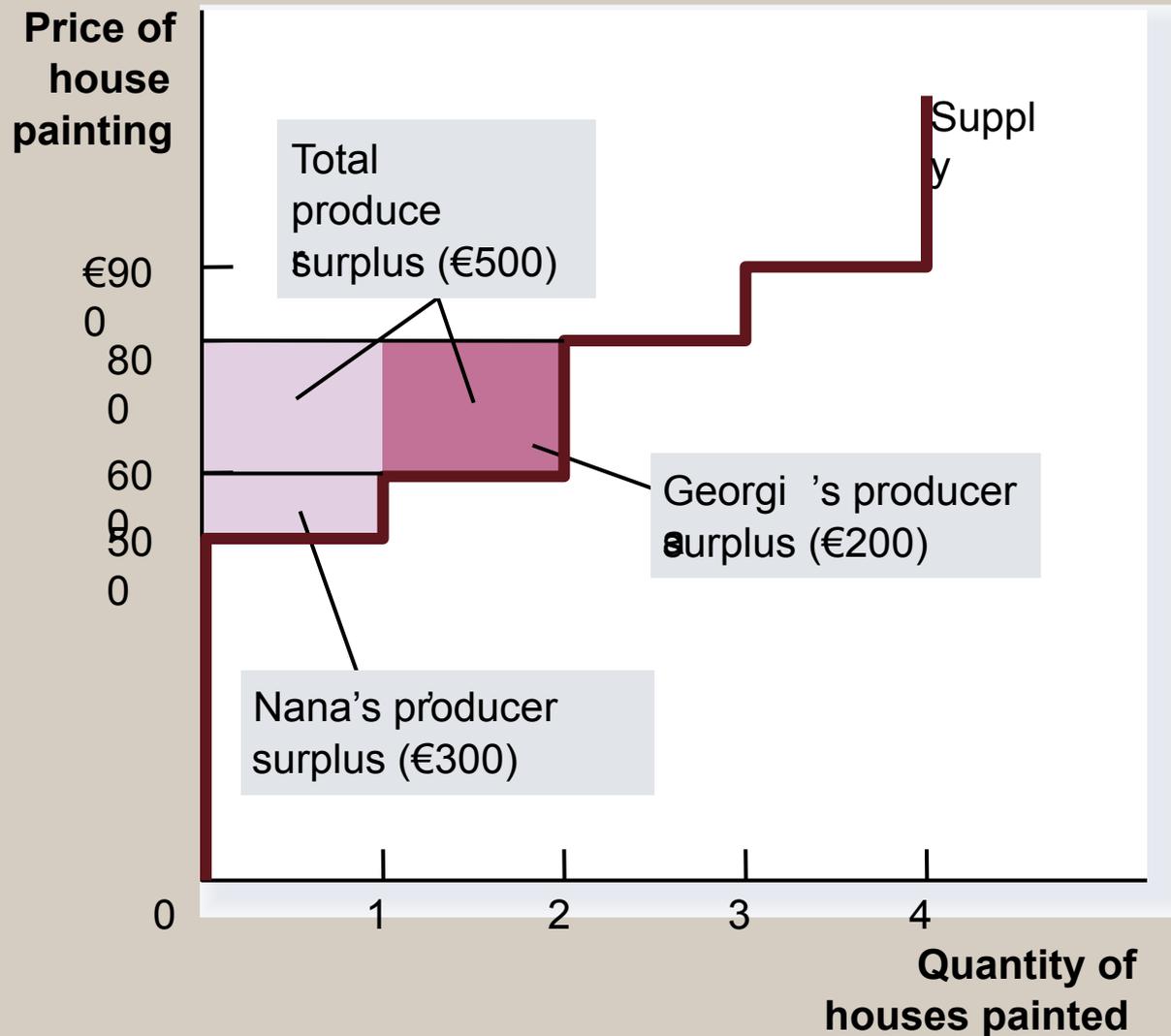


Figure 6 How the Price Affects Producer Surplus (1)

(a) Producer surplus at price P_1

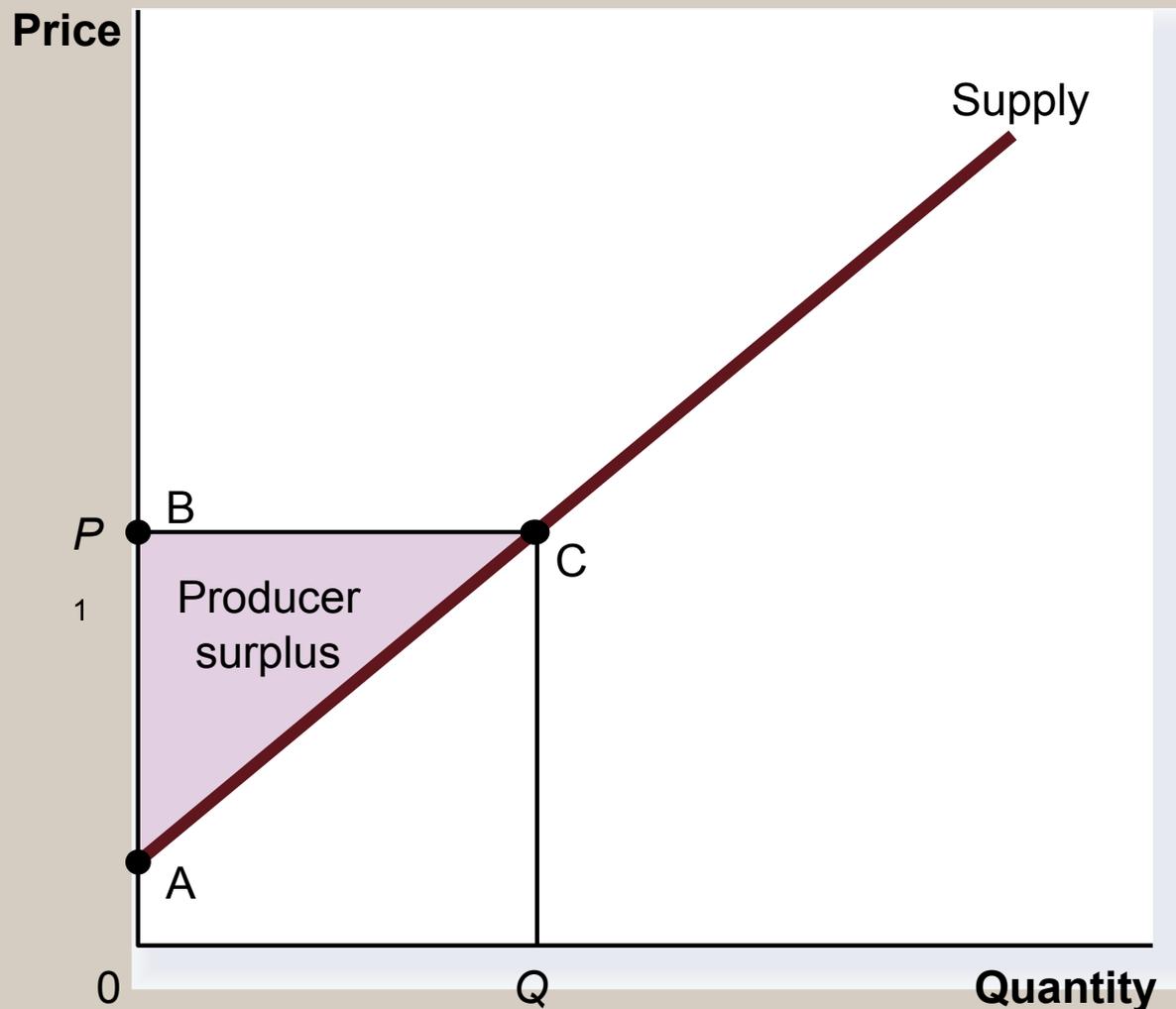


Figure 6 How the Price Affects Producer Surplus (2)

(b) Producer surplus at price P_2

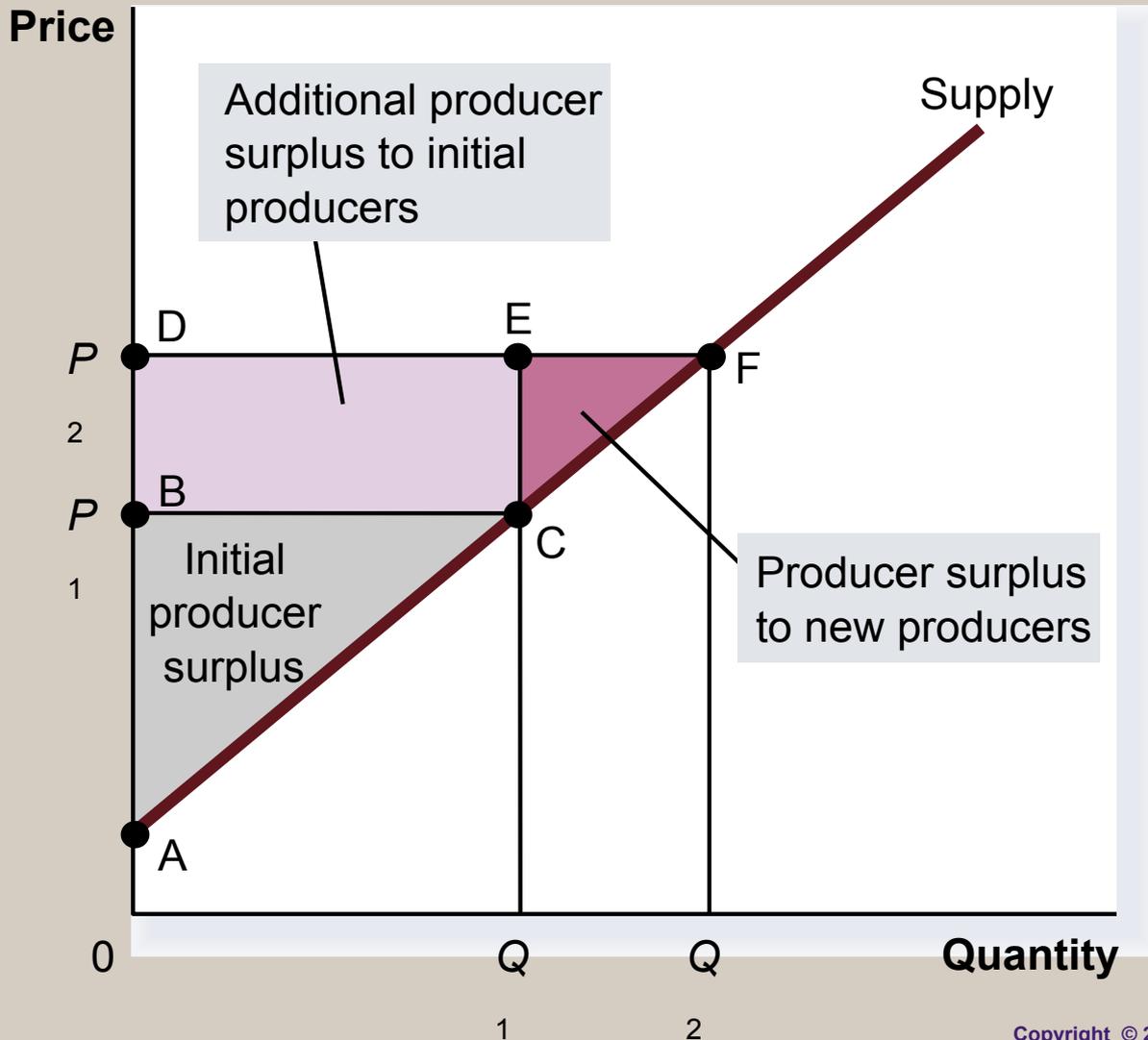


Figure 7 The Effect of a Subsidy on the Price of Gasoline

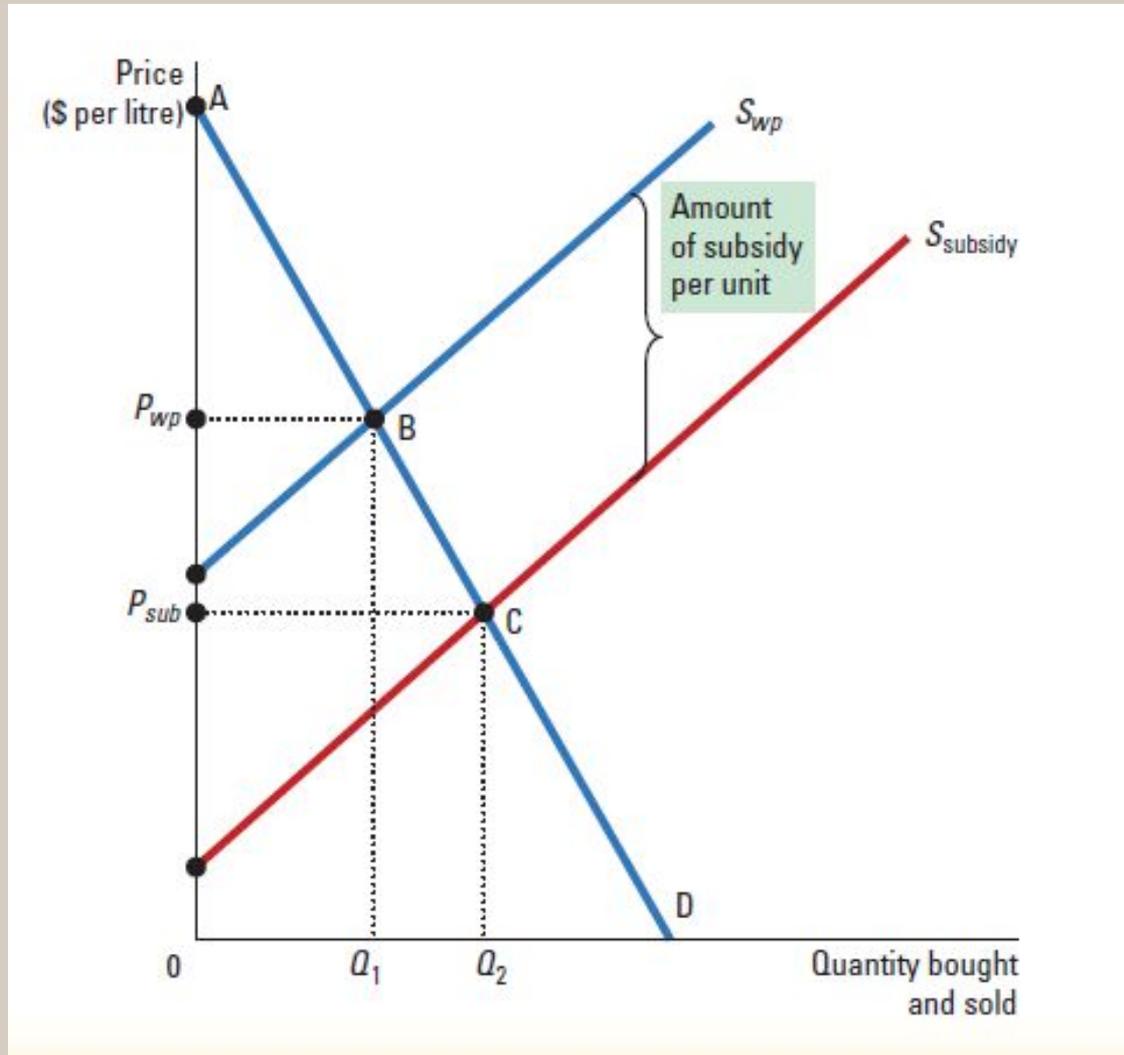


Figure 8 Consumer and Producer Surplus in the Market Equilibrium

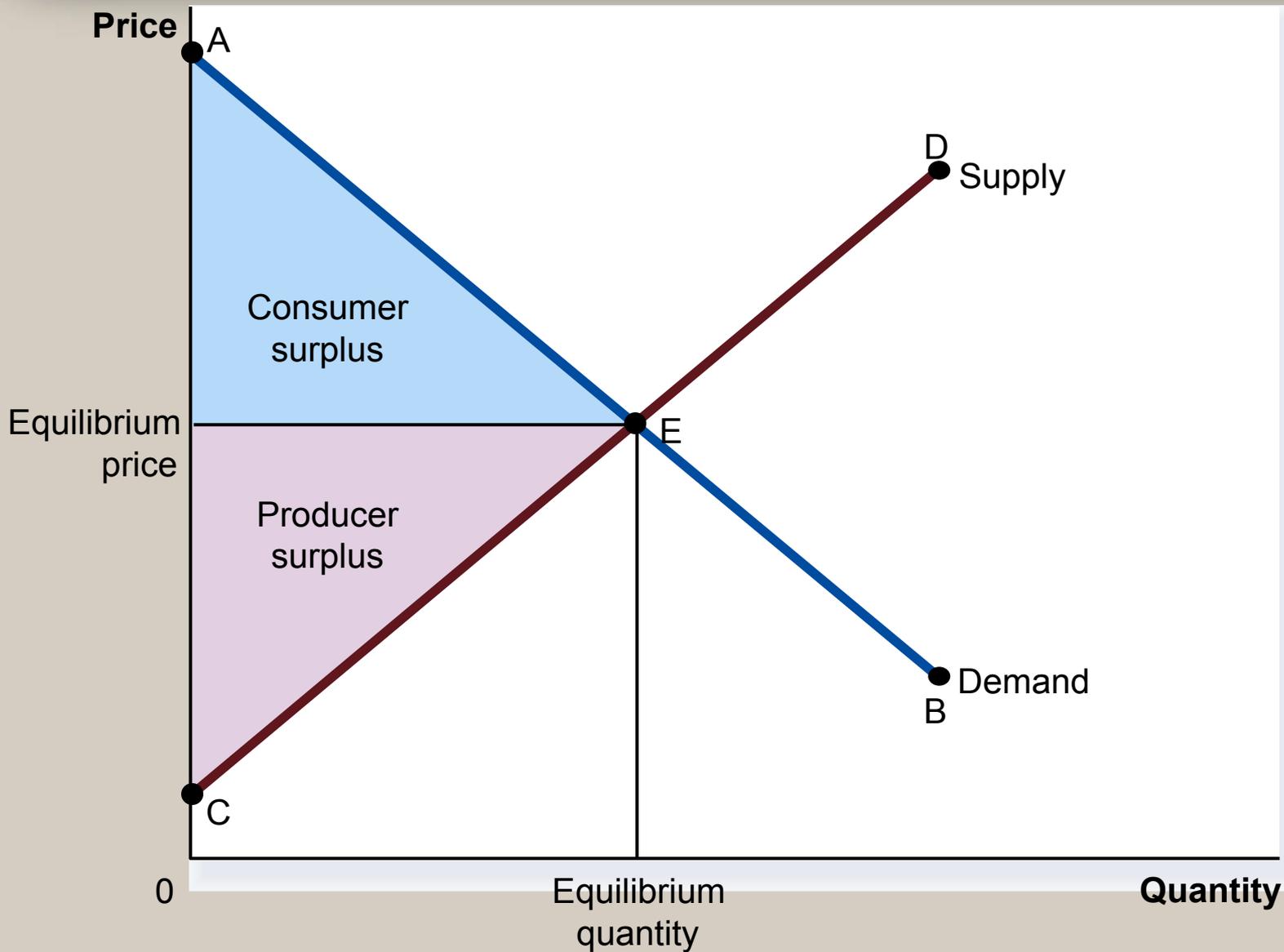


Figure 9 The Efficiency of the Equilibrium Quantity

