

Consumer Surplus and Producer Surplus

1 Basics					
11	Consumer surplus (CS)	12	Producer surplus (PS)	13	Community surplus
<p>CS = Willingness to pay minus P^* (blue triangle)</p>		<p>PS = P^* minus willingness to sell (yellow triangle)</p>		<p>Community surplus = CS + PS</p>	

2 Effects of a tax (per unit)			
21	Community surplus (without a tax)	21	Community surplus (with a tax)

3 Effects of a monopoly (seller)			
31	Competition: Price = marginal cost	32	Monopoly: Price > marginal cost