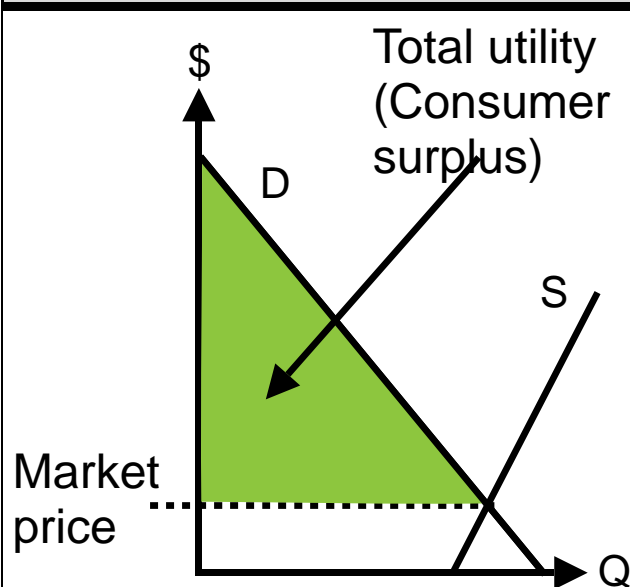


# Paradox of value

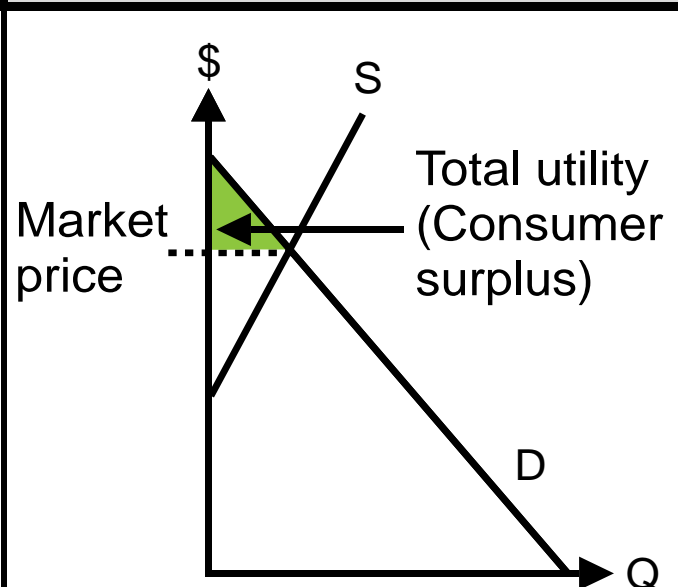
## 1 Paradox of value

It is possible that goods with a **high** total utility<sup>1</sup>, such as water, result in a **low** market price. Conversely, the situation for diamonds is as follows: **Low** total utility, **high** market price.

### 2.1 Water



### 2.2 Diamonds



**Abbreviations:**

Q = Quantity  
D = Demand  
S = Supply

## 3 Result

The price of a good is **not** determined by **total** utility, **but** by **marginal** utility<sup>1</sup> - in conjunction with supply.

<sup>1</sup> Here total utility is represented by the consumer surplus and marginal utility by the demand curve.