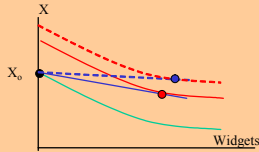


## Compensated Demand Curves



## A Footnote

- We talk about consumer surplus as the area under the demand curve.

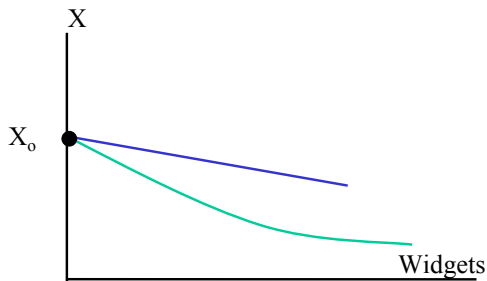
## A Footnote

- We talk about consumer surplus as the area under the demand curve.
- In fact, this is only an approximation.

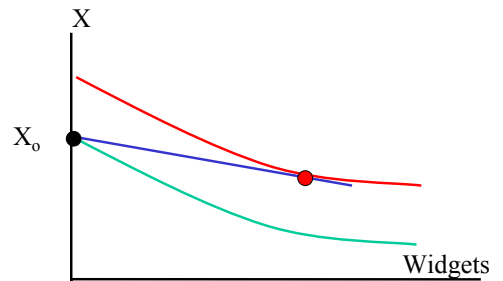
## A Footnote

- We talk about consumer surplus as the area under the demand curve.
- In fact, this is only an approximation.
- Technically, we should look at the Hicksian or compensated demand function.

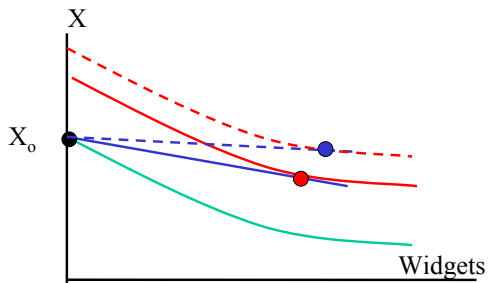
## A Formal Definition



## A Formal Definition



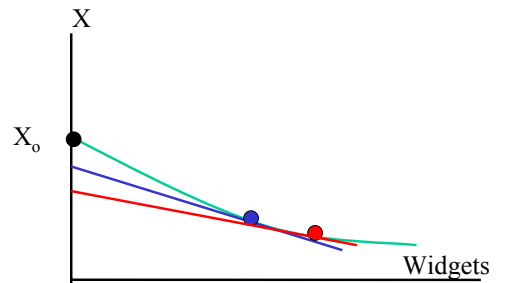
### A Formal Definition



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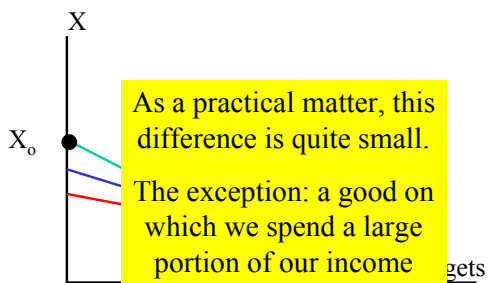
### A Formal Definition



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### A Formal Definition



As a practical matter, this difference is quite small.  
The exception: a good on which we spend a large portion of our income (housing)

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### End

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