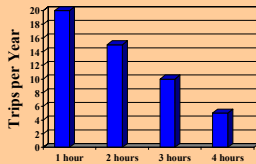


## More on Consumer Surplus



## More on Consumer Surplus

- The Concept of Consumer Surplus is quite powerful.

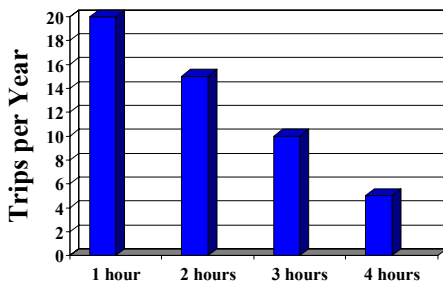
## More on Consumer Surplus

- The Concept of Consumer Surplus is quite powerful.
- I want to show some applications of this concept.

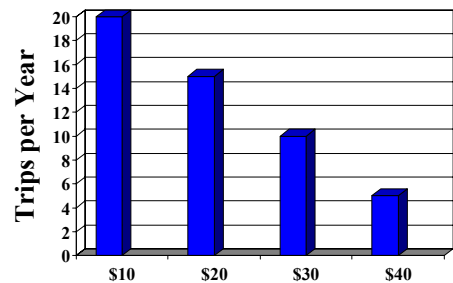
## Valuing the Benefit of a Project

- The Government builds a new dam, creating a new lake. What are the recreational benefits from this lake?
- We can analyze this with consumer surplus

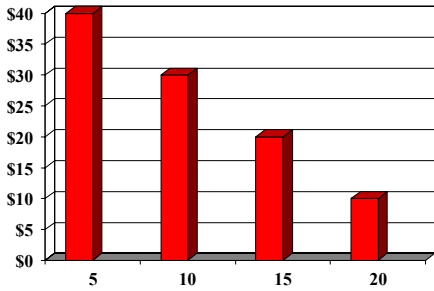
## Valuing the Benefit of a Project



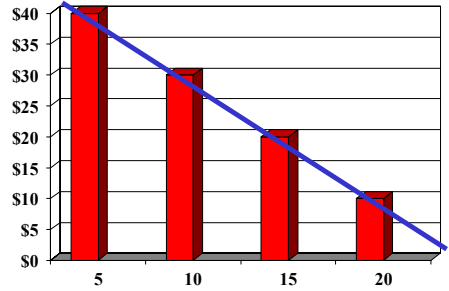
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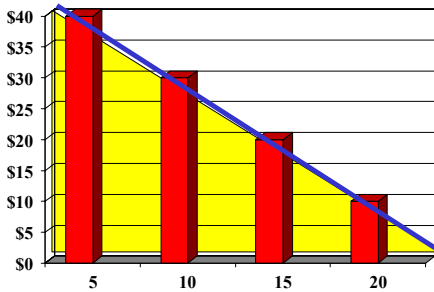
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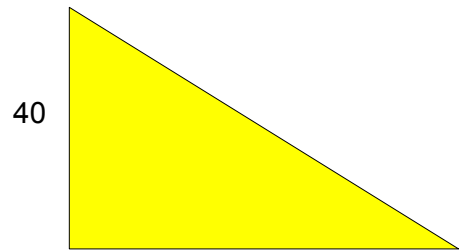
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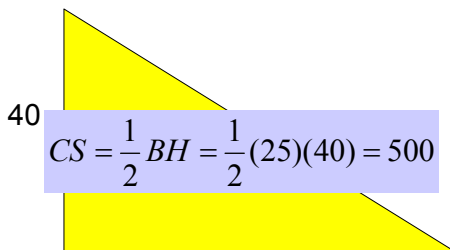
### Valuing the Benefit of a Project



### The Benefit



### The Benefit



### A Simple Application

- Demand for a swimming pool:

$$V = 300,000 - 30,000p$$

## A Simple Application

- Demand for a swimming pool:  
 $V = 300,000 - 30,000p$
- Current capacity is 200,000

## A Simple Application

- Demand for a swimming pool:  
 $V = 300,000 - 30,000p$
- Current capacity is 200,000
- What Price Restricts Demand?

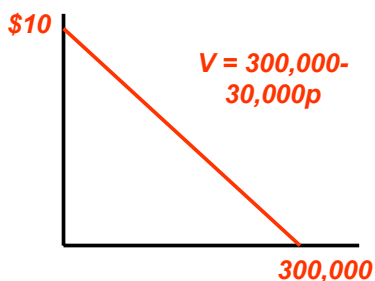
## A Simple Application

- Demand for a swimming pool:  
 $V = 300,000 - 30,000p$
- Current capacity is 200,000
- What Price Restricts Demand?  
 $200,000 = 300,000 - 30,000p$   
 $p = \$3.33$

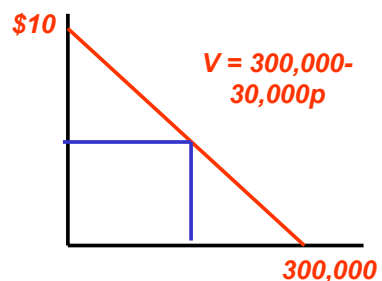
## A Simple Application

- Demand for a swimming pool:  
 $V = 300,000 - 30,000p$
- Current capacity is 300,000
- What Price Restricts Demand?
- Should it be expanded to 300,000?

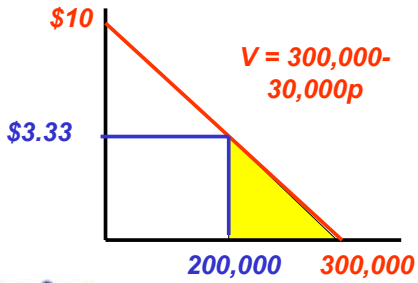
## A Simple Application



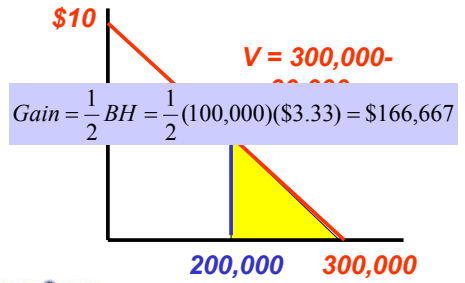
## A Simple Application



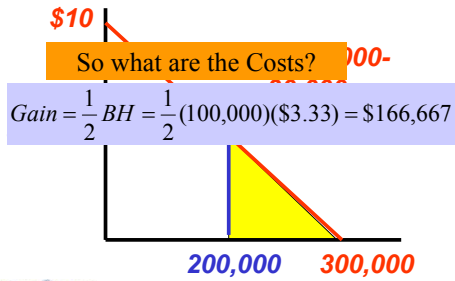
### A Simple Application



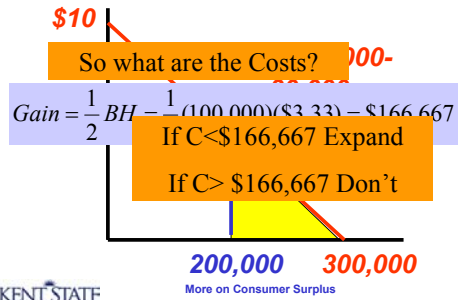
### A Simple Application



### A Simple Application



### A Simple Application



End

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