

Chapter 9

Applying the Competitive Model

Figure 9.01a Consumer Surplus

(a) David's Consumer Surplus

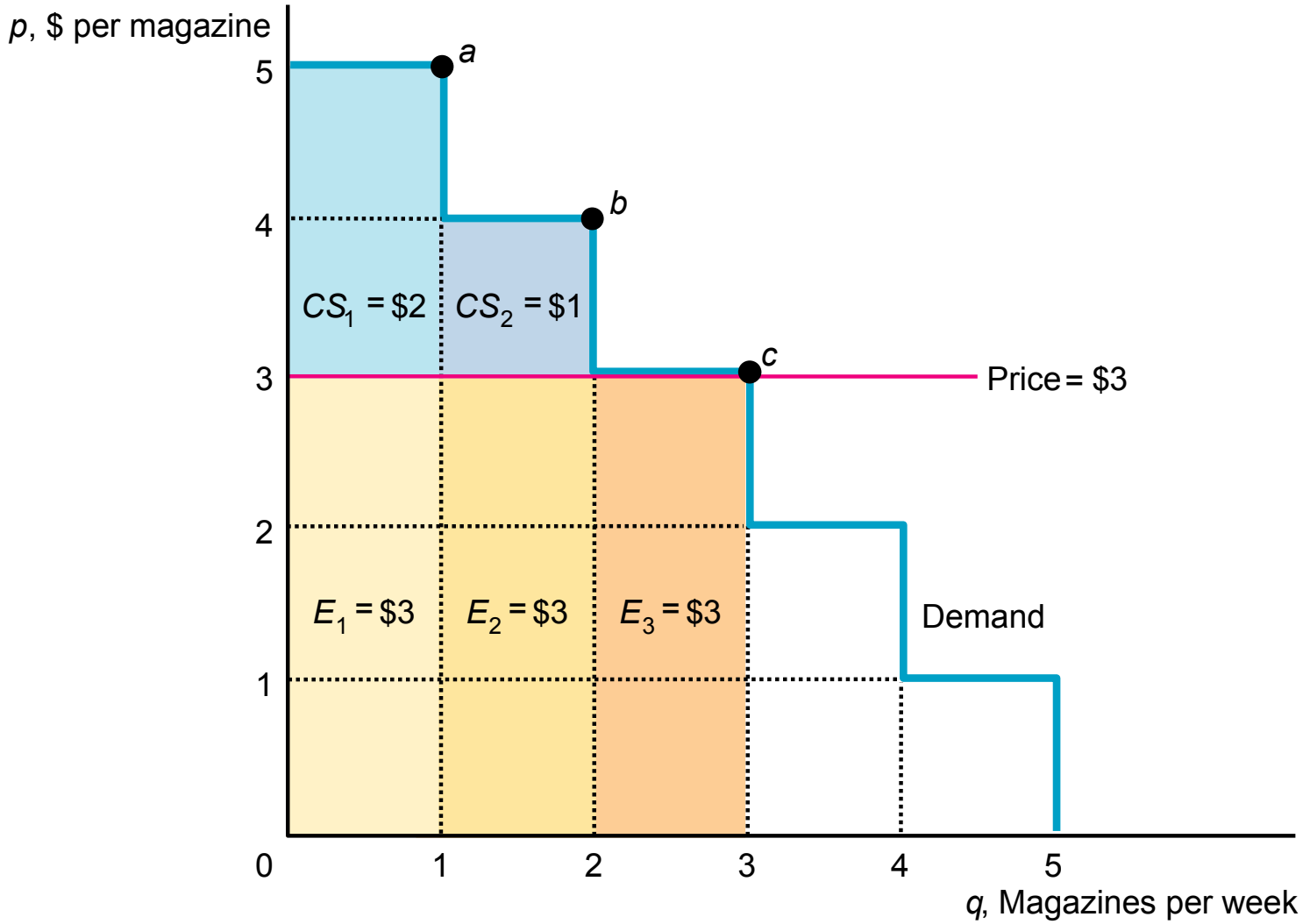


Figure 9.01b Consumer Surplus

(b) Steven's Consumer Surplus

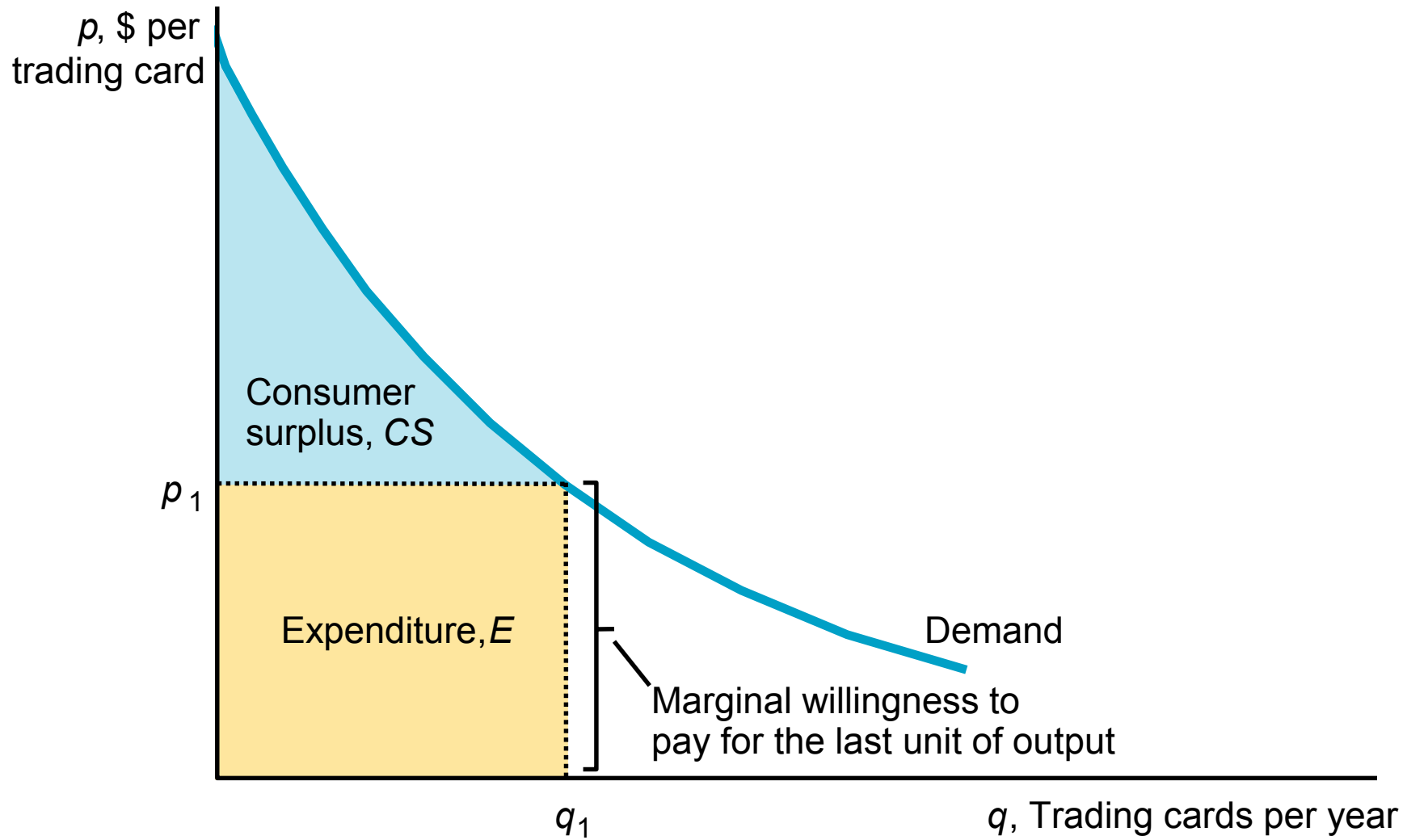


Figure 9.02 Fall in Consumer Surplus from Roses as Price Rises

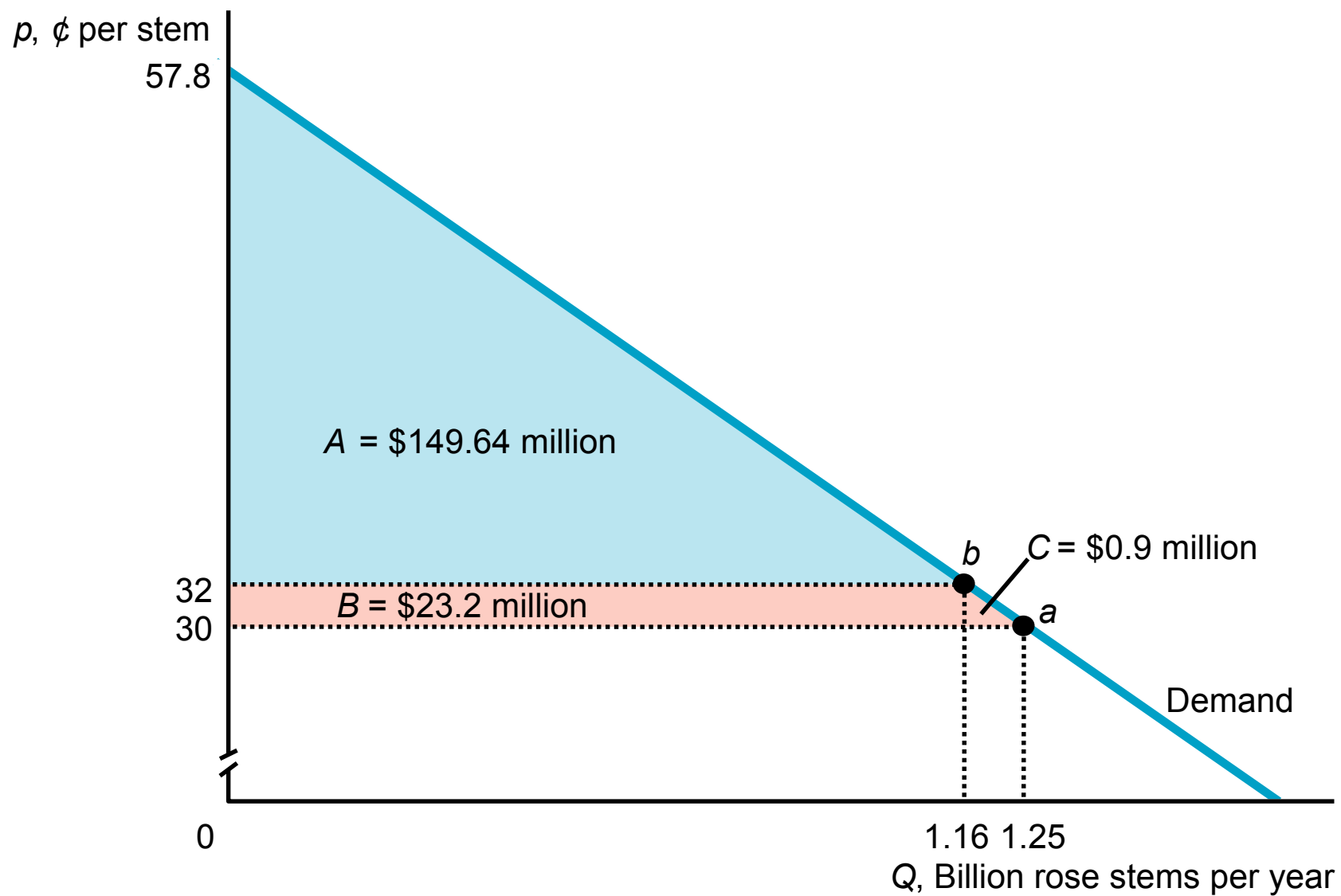



Table 9.01 Effect of a 10% Increase in Price on Consumer Surplus (Revenue and Consumer Surplus in Billions of 1999 Dollars)



Solved Problem 9.1

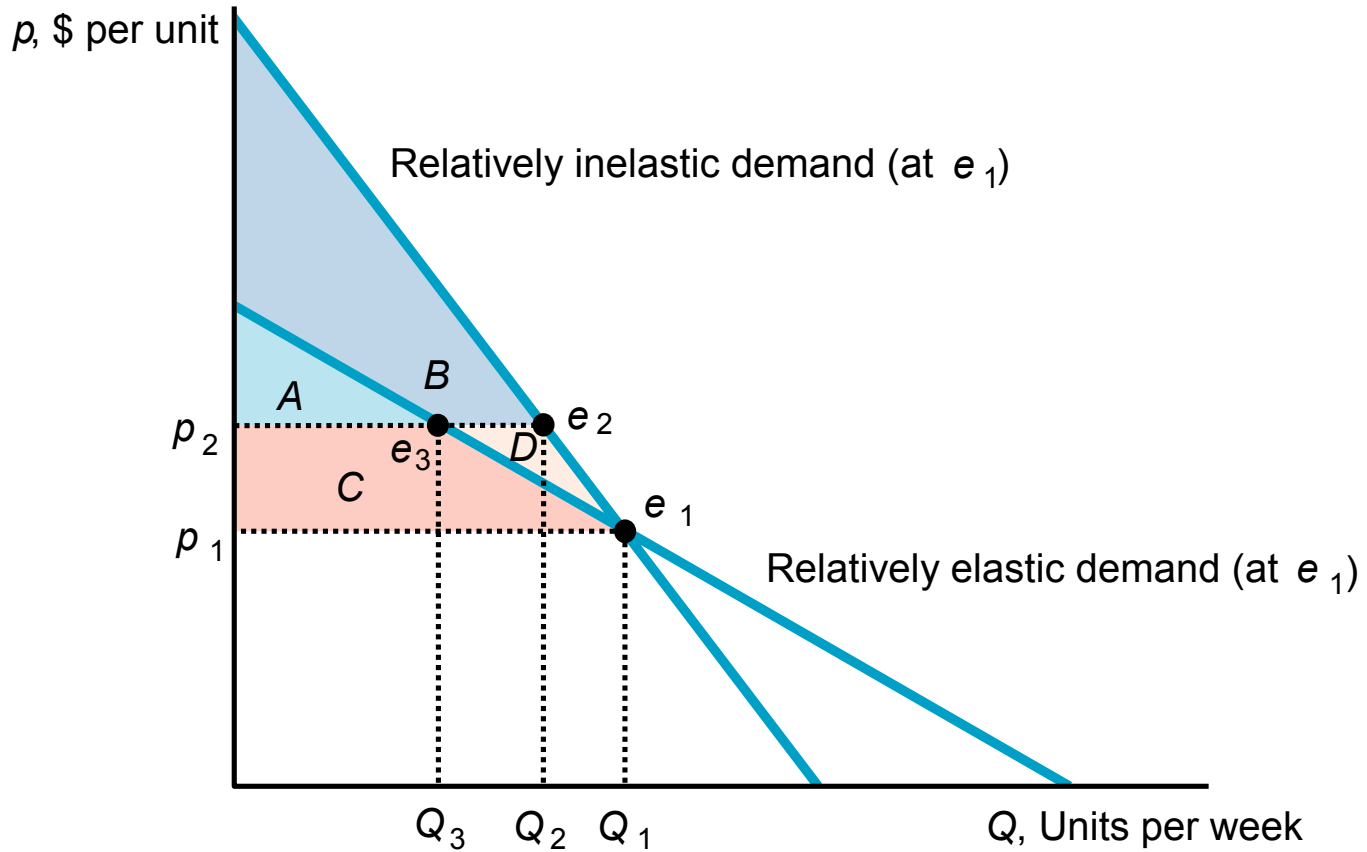


Figure 9.03a Producer Surplus

(a) A Firm's Producer Surplus

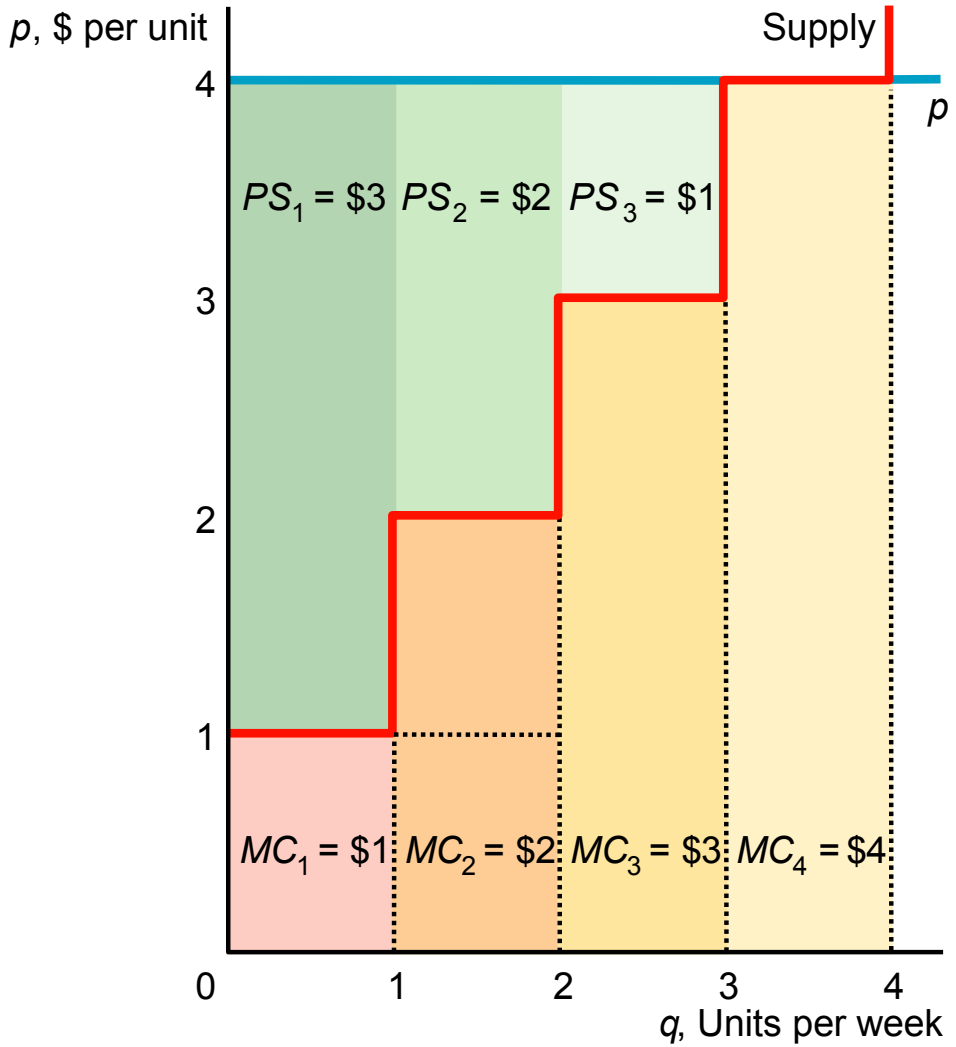
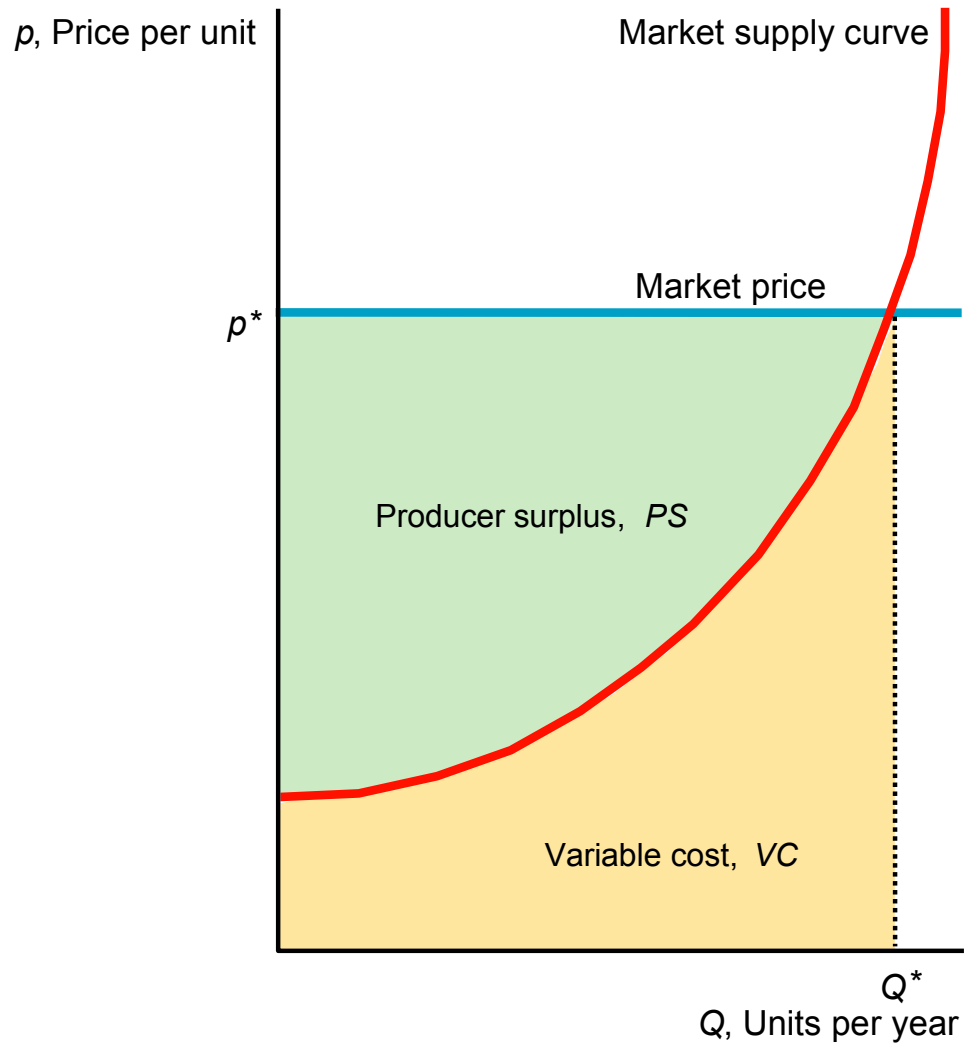


Figure 9.03b Producer Surplus

(b) A Market's Producer Surplus



Solved Problem 9.2

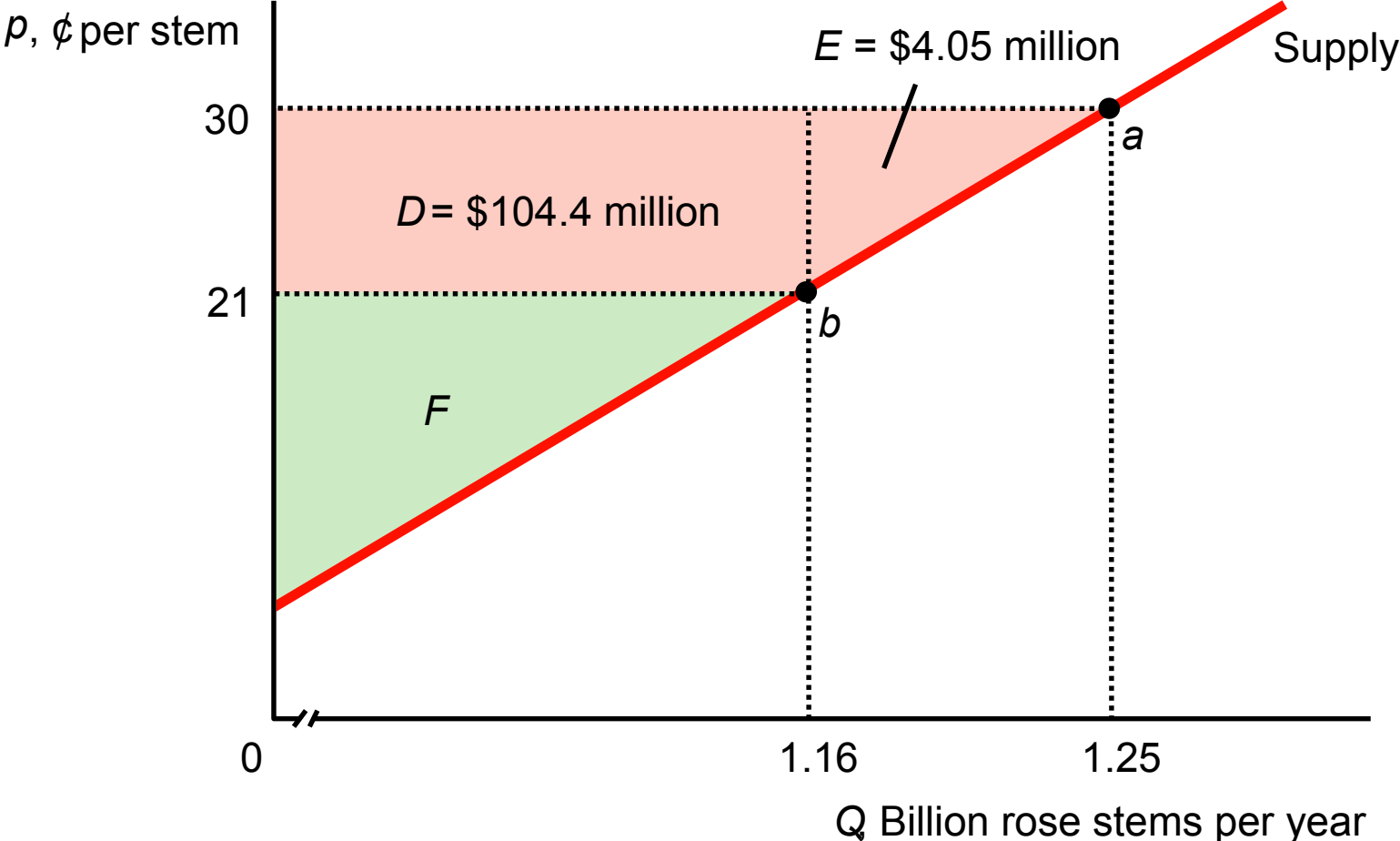


Figure 9.04 Why Reducing Output from the Competitive Level Lowers Welfare

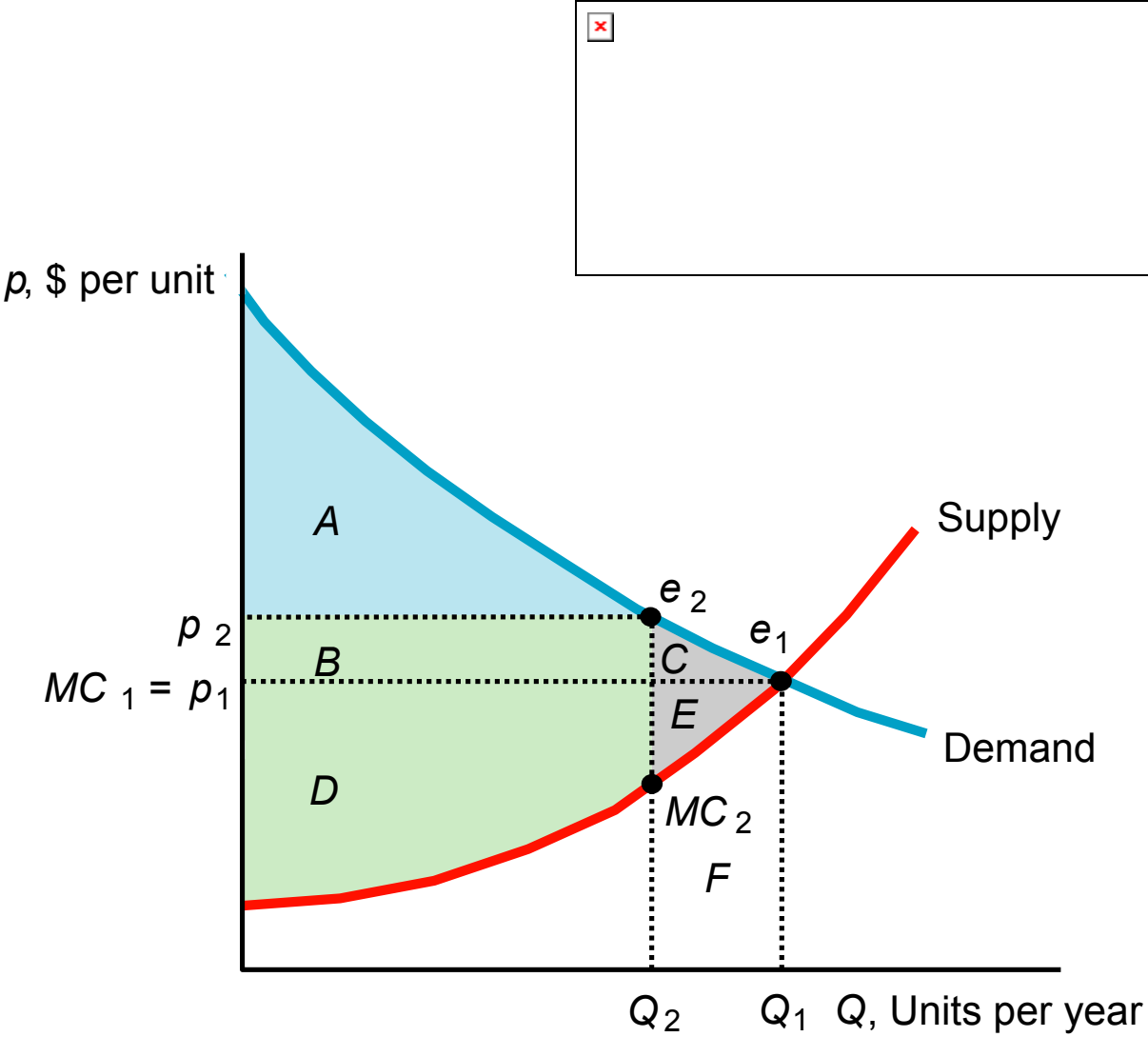


Figure 9.05 Why Increasing Output from the Competitive Level Lowers Welfare

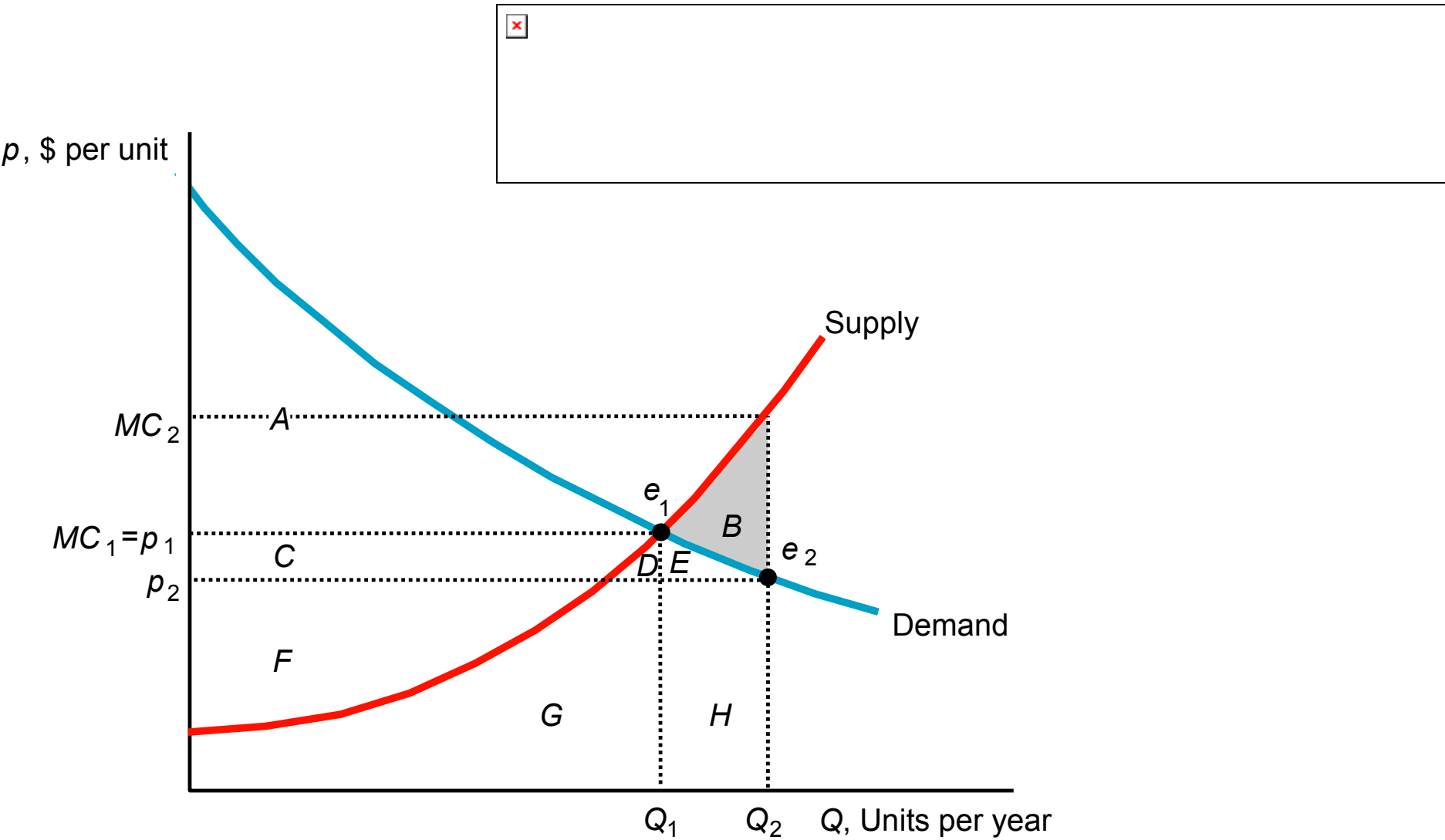
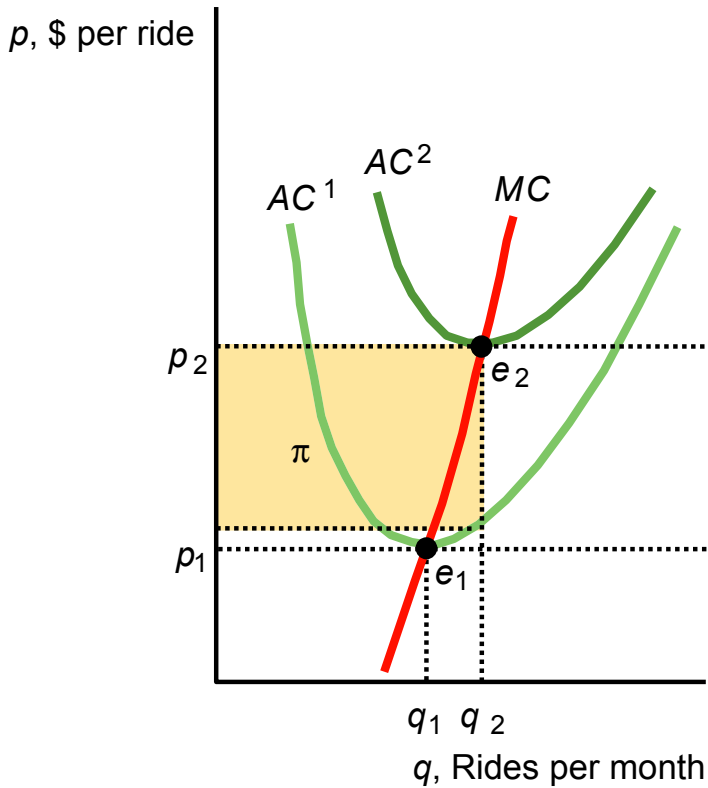


Figure 9.06 Effect of a Restriction on the Number of Cabs

(a) Cab Firm



(b) Market

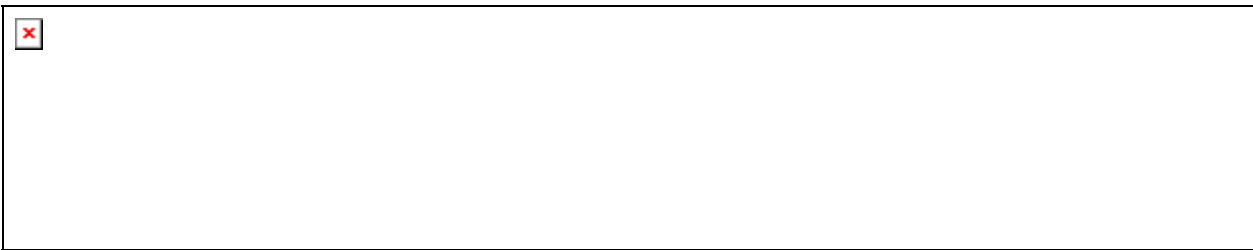
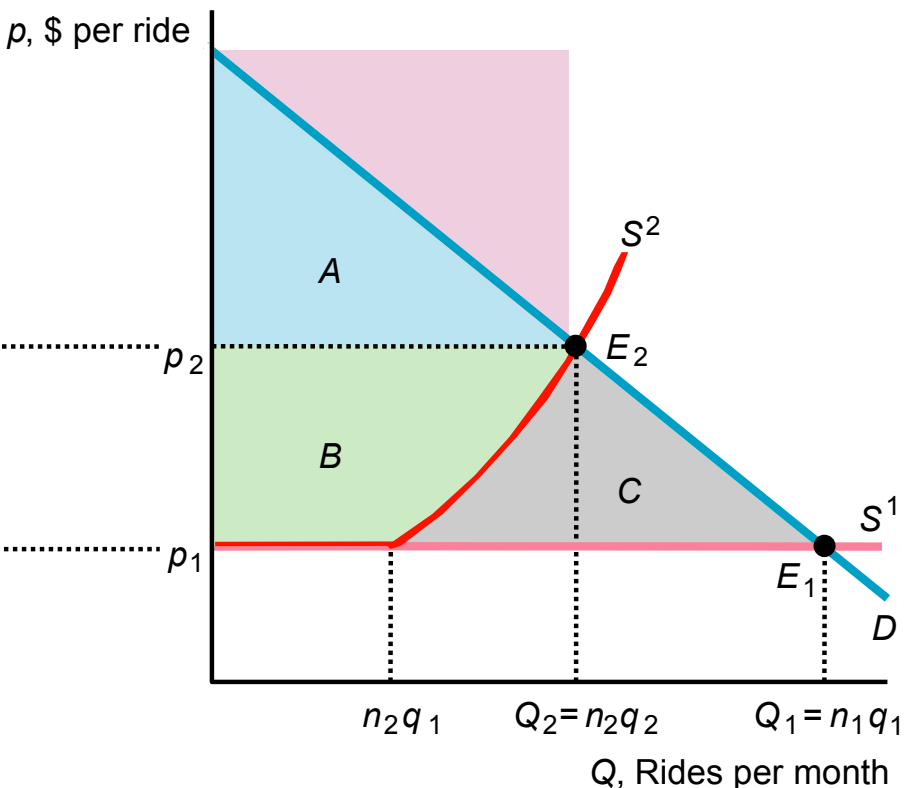


Figure 9.07 Welfare Effects of a Specific Tax on Roses

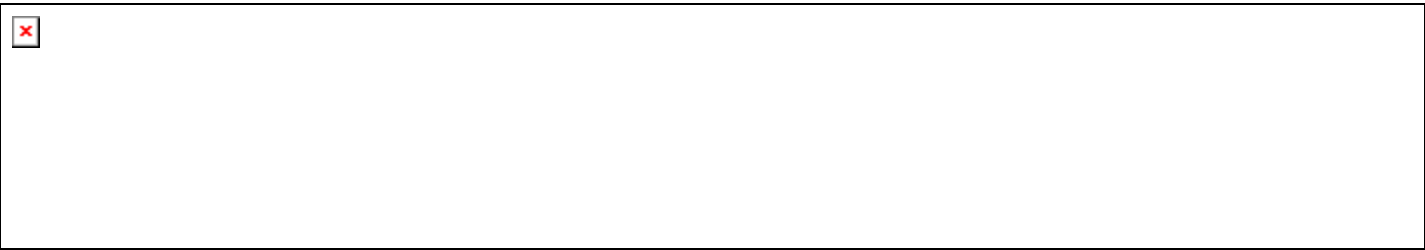
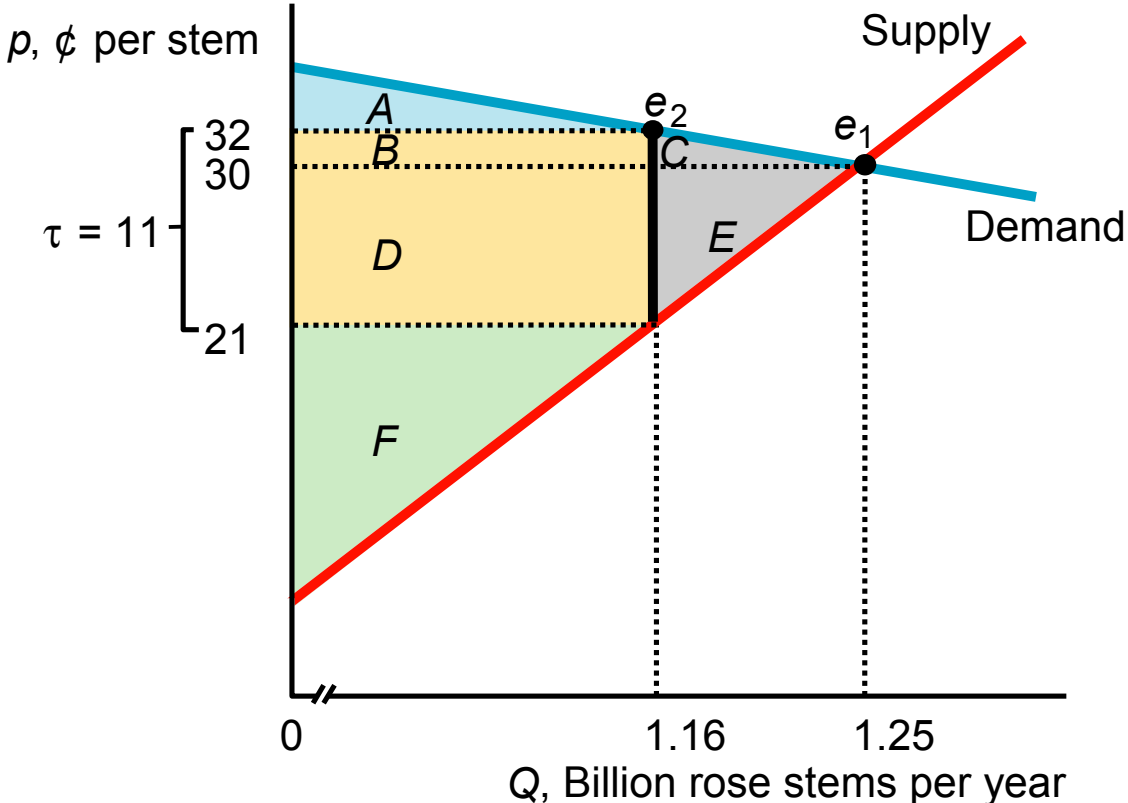
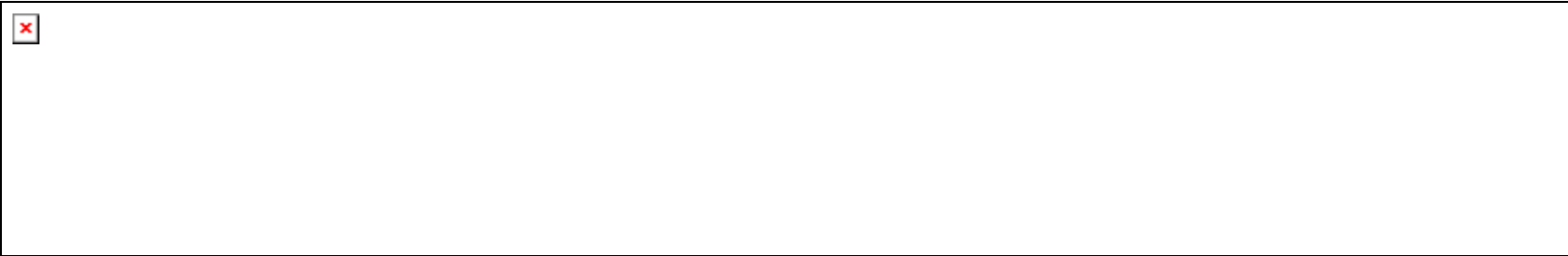
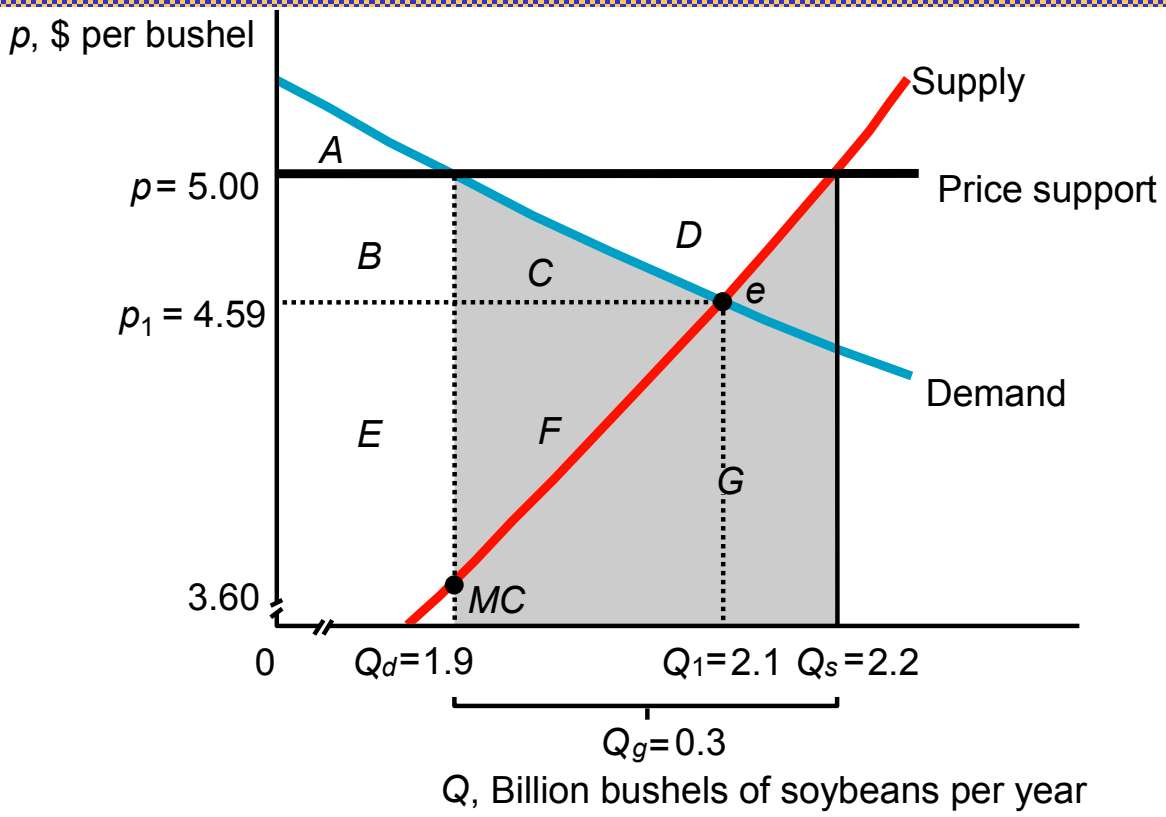
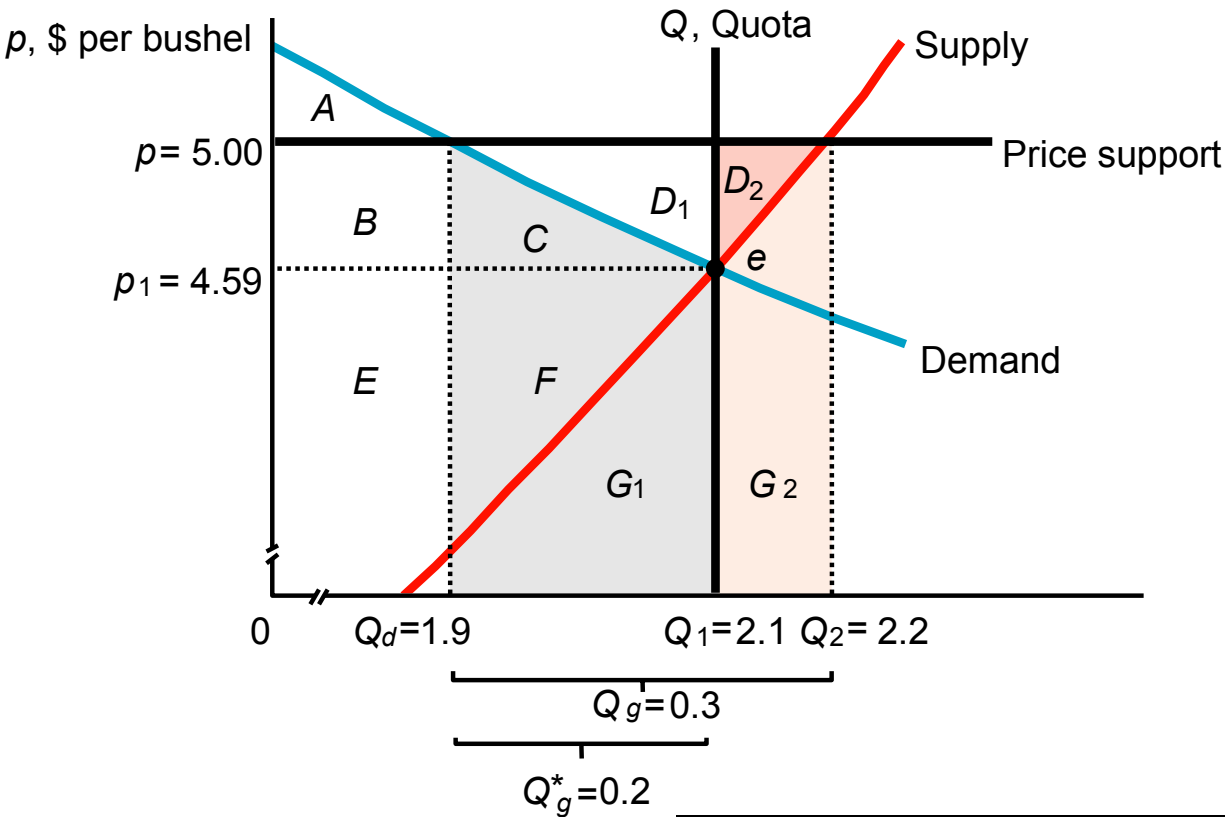


Figure 9.08 Effect of Price Supports in Soybeans

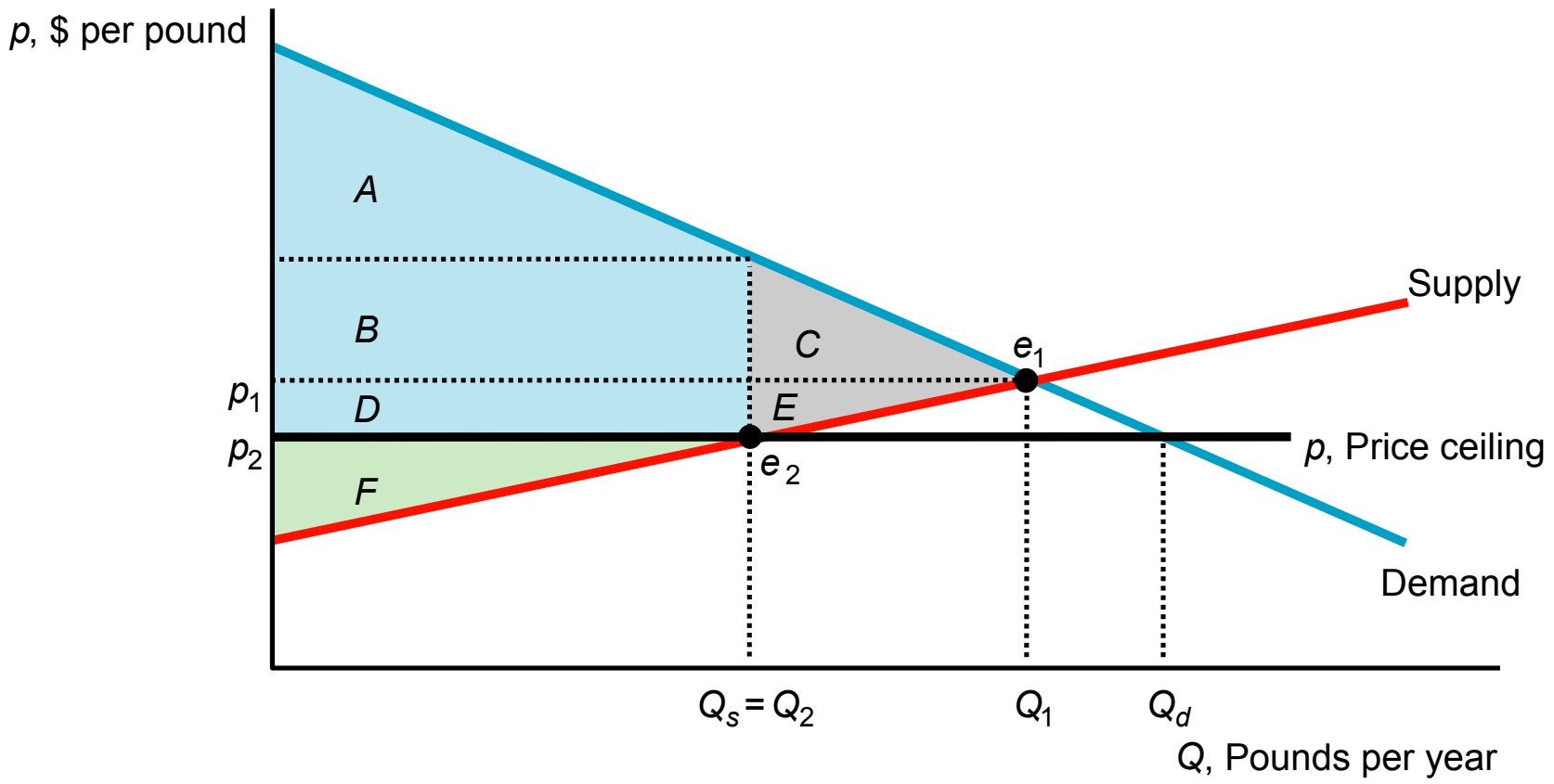


Solved Problem 9.3



Q, Billion bushels of soybeans per year

Solved Problem 9.4



x

Figure 9.09 Loss from Eliminating Free Trade

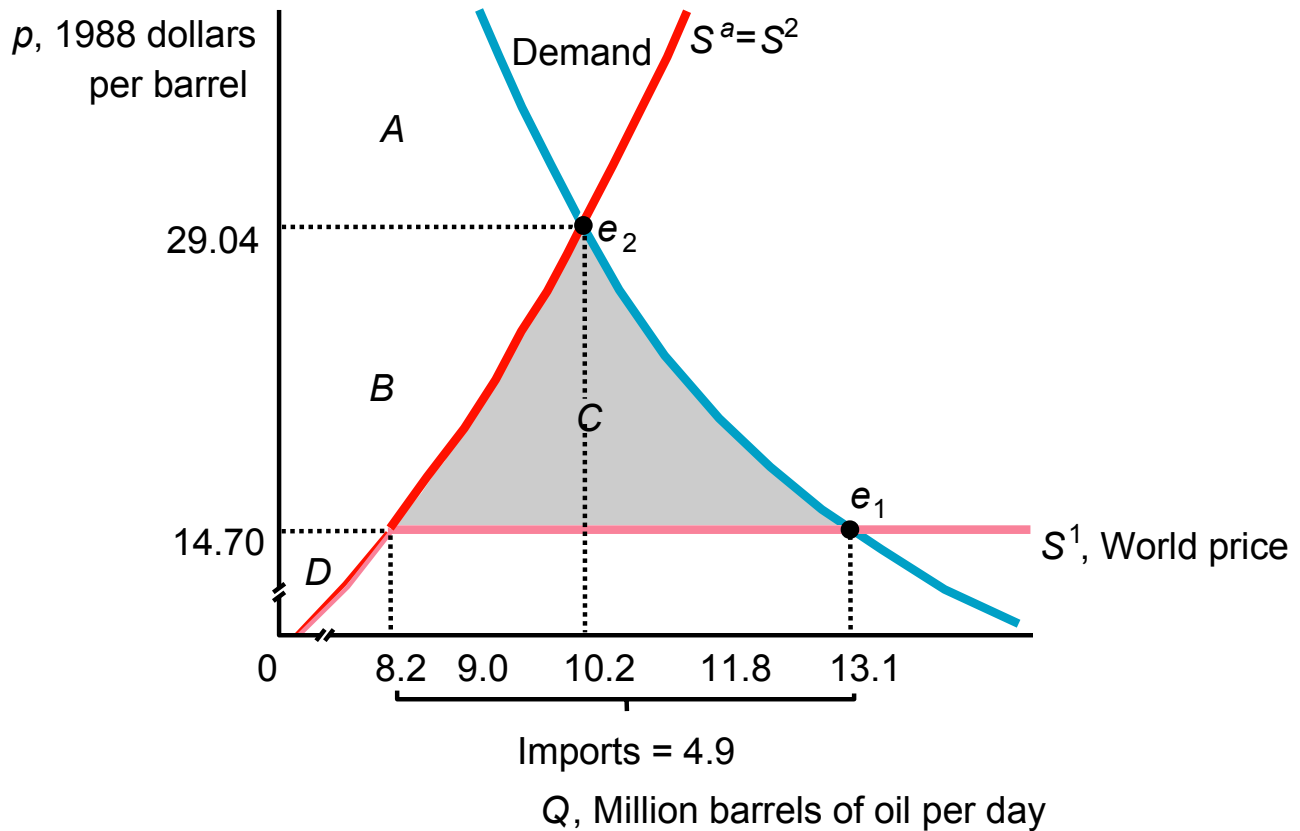


Figure 9.10 Effect of a Tariff (or Quota)

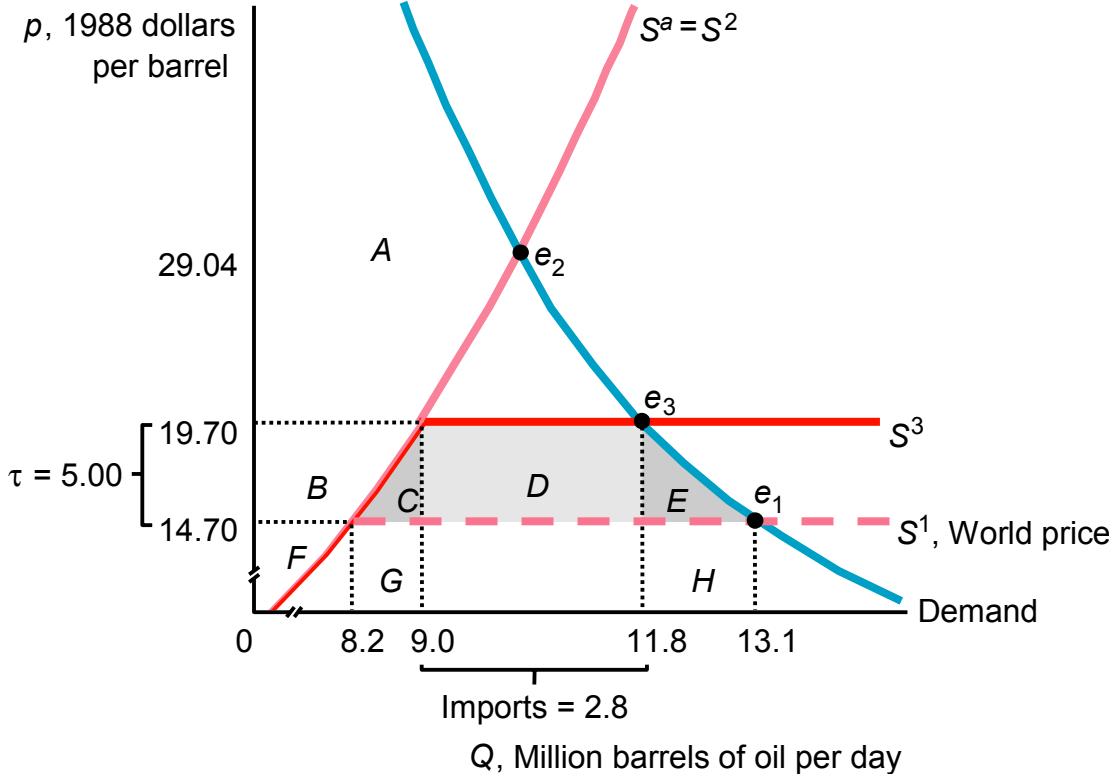


Table 9.02 Welfare Cost of Trade Barriers (millions of 1999 dollars)

