Benefit = Willingness to pay (WTP)
Marginal WTP for 1st unit

Marginal WTP for 2nd unit

Marginal WTP for 3rd unit

Marginal WTP for 4th unit
Marginal WTP

Total WTP for 4 units

WTP

Total WTP for 9 units

Total WTP for 4 units = $34
$S/Q$

Q-units of clean-up

WTP = Benefit

Marginal Benefit = Height

MB

MB of 5th unit

Total WTP = Benefit

Total Benefit = Area under

Total B 5 units
Cost = Opportunity Cost
What you have to give up
What you Have to Pay
(HTP)

Marginal Cost (MC)
for 1 unit

Marginal Cost (MC)
for 2nd unit

Marginal Cost (MC)
for 3rd unit

Marginal Cost (MC)
for 4th unit
Q-units of clean-up

$/Q

Total Cost (TC)

for 4 units

TC for 9 units

Net Benefit

Benefit - Cost

WTP - HTP

Surplus = Net Benefit

Area Under MC

MC = Height

Surplus = Net Benefit

Benefit - Cost

WTP - HTP

Surplus = Net Benefit

Benefit - Cost

WTP - HTP

Surplus = Net Benefit

Benefit - Cost

WTP - HTP
Marginal WTP for 1\textsuperscript{st} unit = 10

Marginal Cost (MC) for 1\textsuperscript{st} unit = $2

Surplus from 1\textsuperscript{st} unit = 10 - 2 = 8

Surplus from 1, 2, 3 & 4\textsuperscript{th} units = Marginal Net Benefit (MNB)

Surplus from 4 units

Marginal Cost (MC)
Summary

Benefit = WTP
Cost = HTP
Surplus = NB = WTP - HTP

Marginal B/C/NB = for one more units = Distance
Total B/C/NB = for all units up to = Area

Marginal Cost (MC) for:
1st unit
2nd unit
3rd unit
4th unit
5th unit

Marginal WTP for:
1st unit
2nd unit
3rd unit
4th unit
5th unit