



To make them indifferent between plan  $Q_1$  and  $Q_2$  in graph 1, the firm must offer the prices above, leading to a CS of  $B$ . This is assuming that, if indifferent, the lower  $D$  will choose  $Q_1$  and the higher  $D$  will choose  $Q_2$ . For panel 2, the firm offers  $Q_3$  units (note  $Q_3 < Q_1$ ) and  $Q_2$  units at the prices above. Here, there CS is reduced at  $B$  which is less than the area of  $B$  in panel 1.