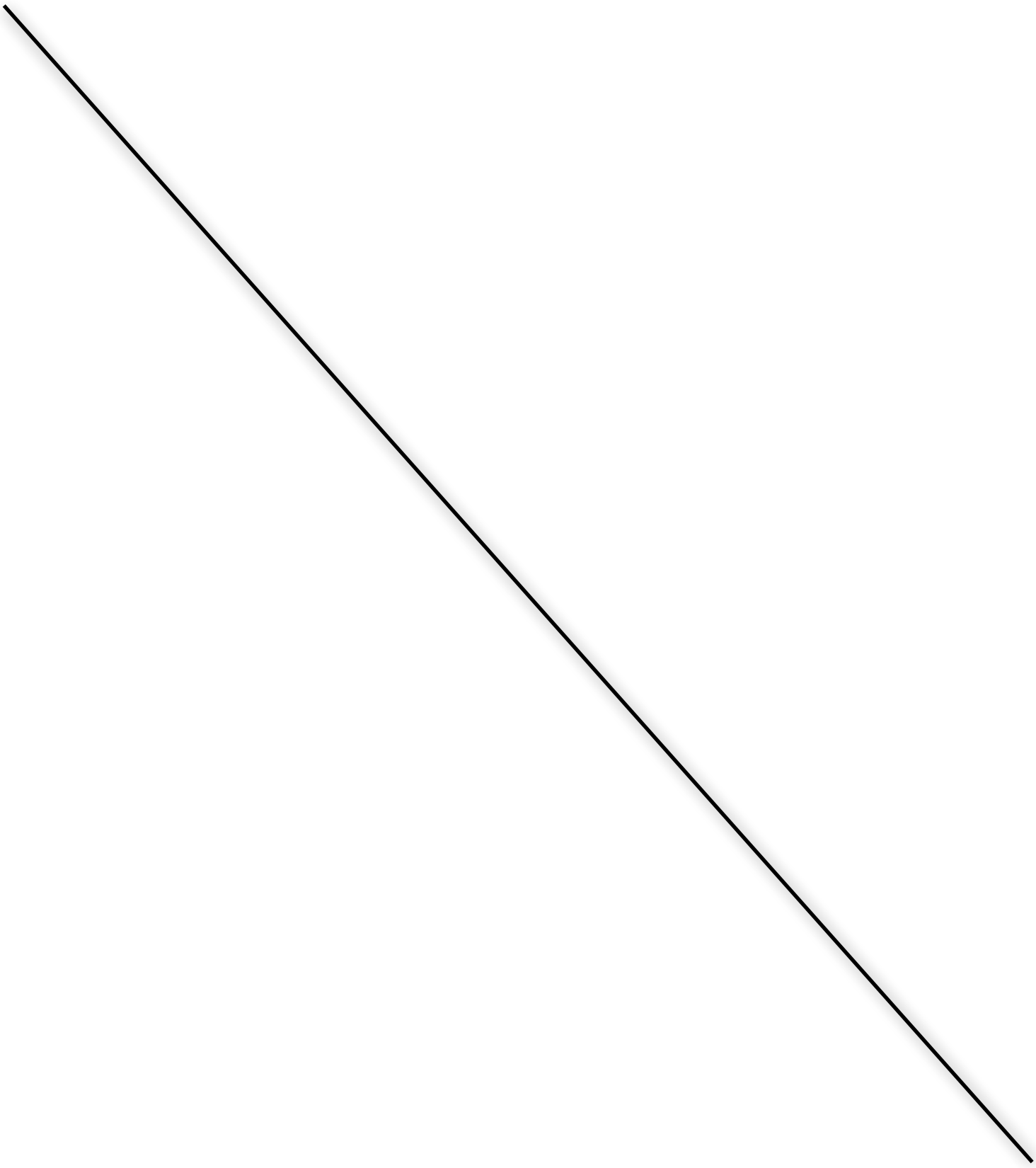
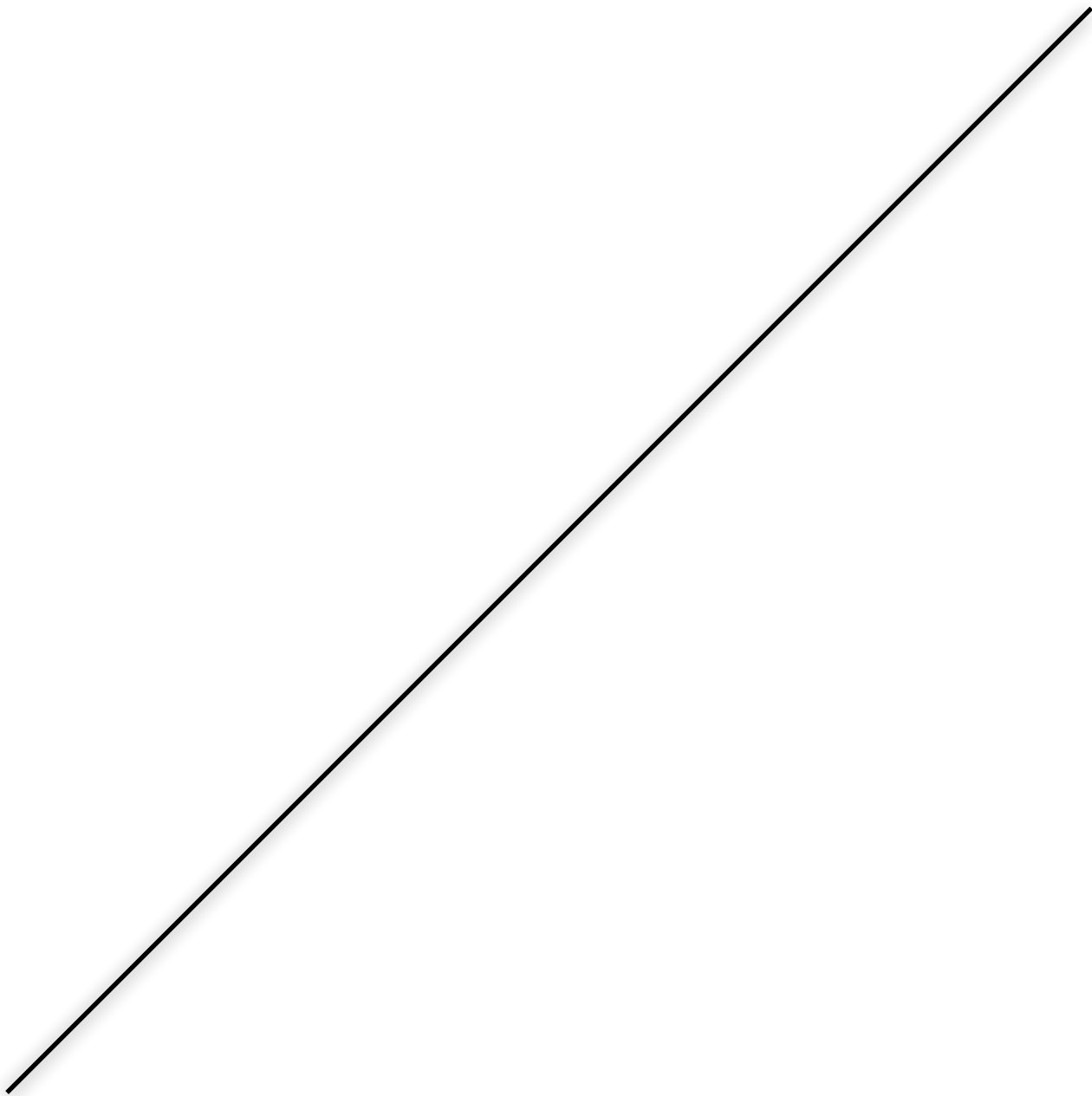






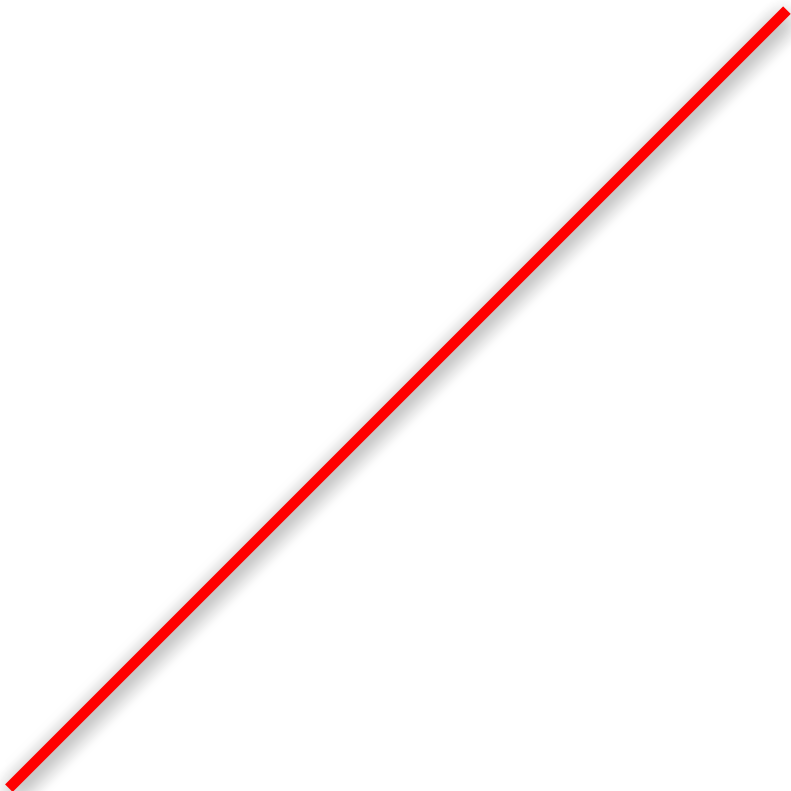
Midpoint

















Total  
Revenue  
Before

$\Omega_1$

$P_1$

Q<sub>0</sub>

P<sub>0</sub>

Do

So



S<sub>1</sub>





TR decrease

$e=1$



# Loss





Total  
Revenue  
After


Gain

Because

Loss

Gain

Decreasing Supply, cause an increase in price and a decrease in  $Q^d$



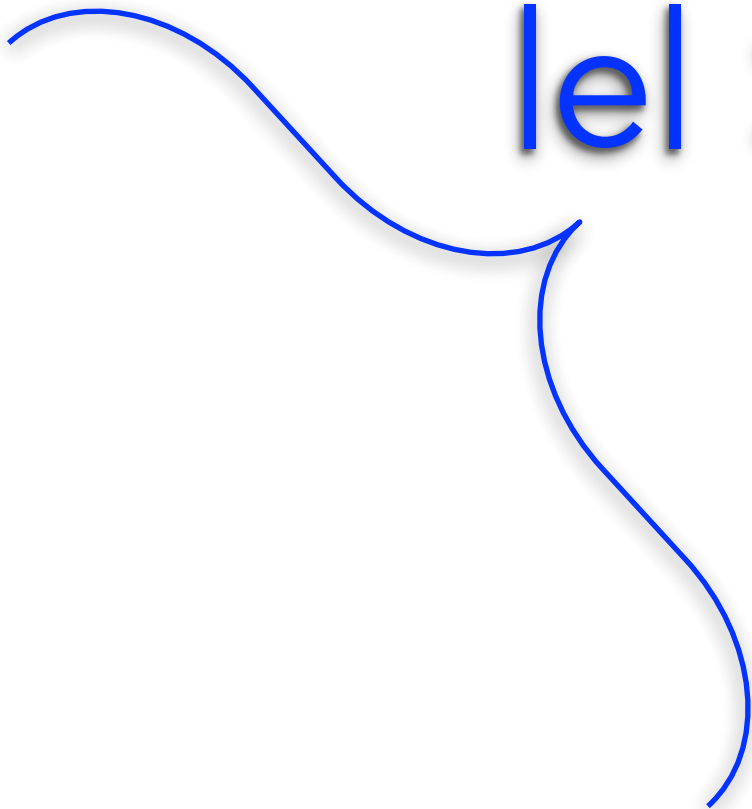
If consumers are  
**sensitive** to prices, it is  
**NOT** in the producers'  
best interest to  
decrease supply

Decreasing Supply, cause a decrease in Total Revenue for producers if demand is elastic ( $e > 1$ )



Elastic

$|\epsilon| > 1$

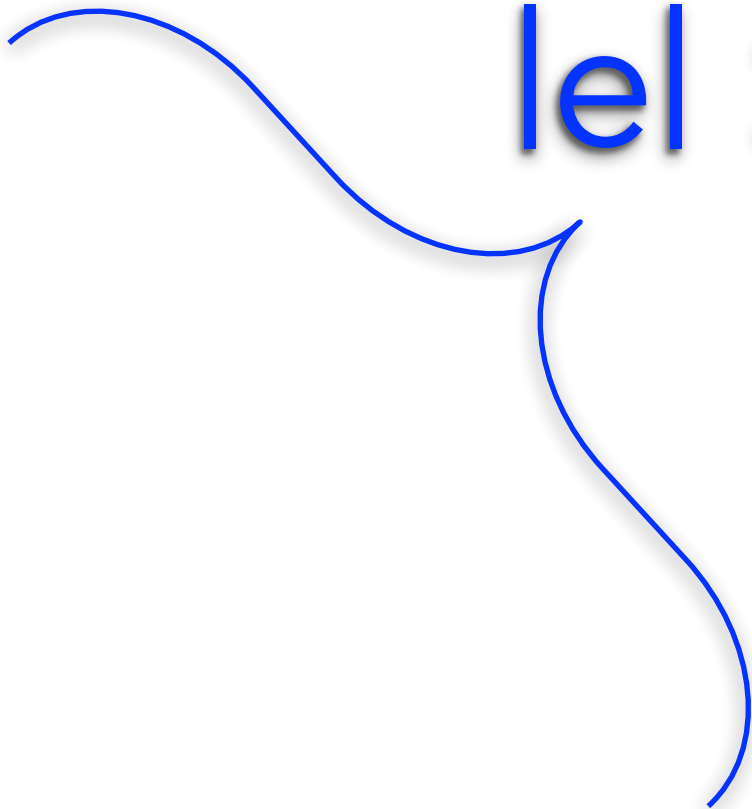






Elastic

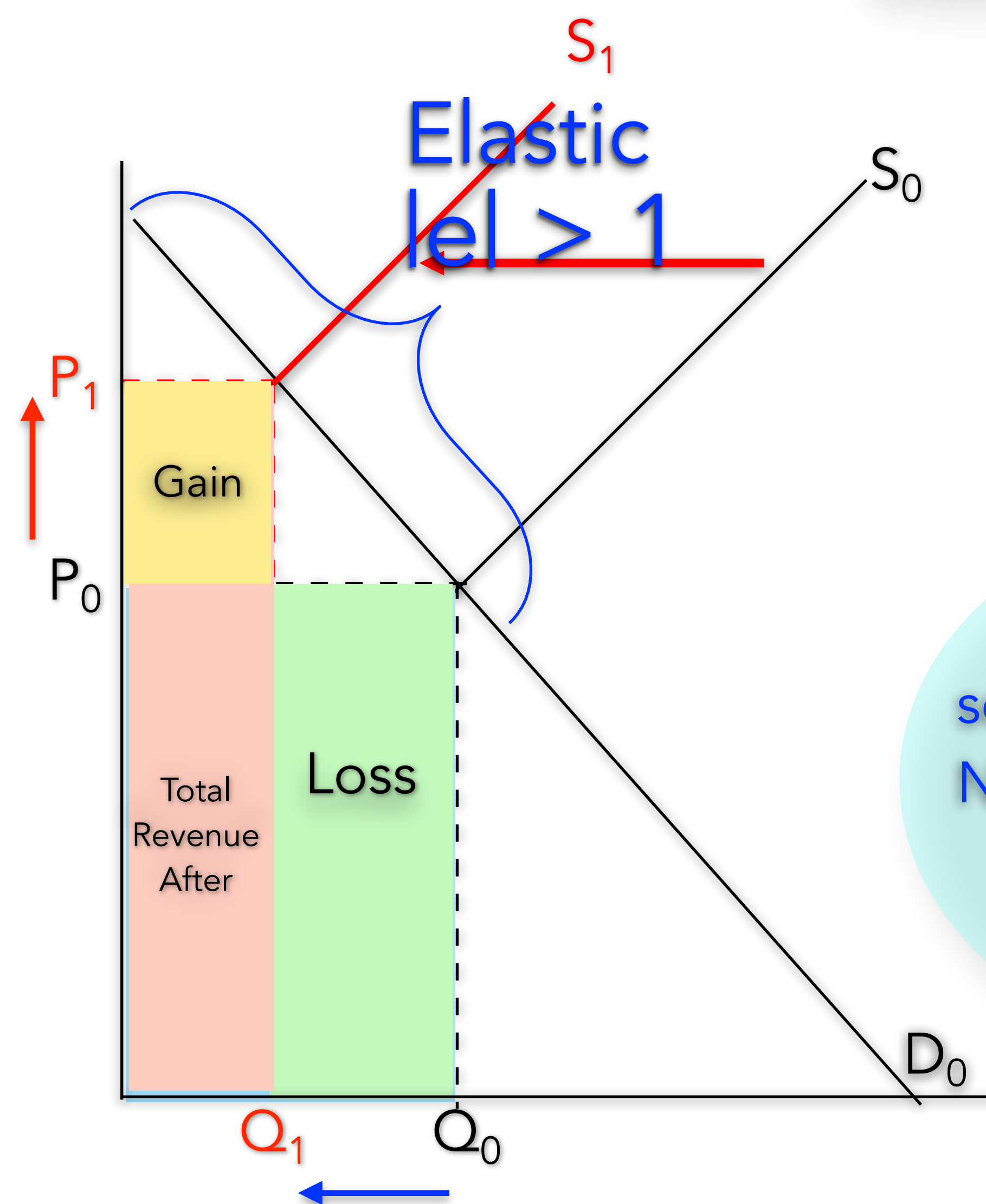
$|\epsilon| > 1$





If consumers are  
sensitive to prices, it  
is NOT in the  
producers' best  
interest to increase  
prices

**Decreasing** Supply, cause a **decrease** in Total Revenue for producers if demand is elastic ( $e > 1$ )



Because

Gain

<

Loss

TR decrease

If consumers are **sensitive** to prices, it is **NOT** in the producers' best interest to decrease supply

If consumers are **sensitive** to prices, it is **NOT** in the producers' best interest to increase prices

**Decreasing** Supply, cause an **increase** in price and a **decrease** in  $Q^d$

