

Cost per unit

5

10

15

20

25

Pounds of Coffee Produced

0.40





0.50





0.66











2





Quantity Supplied =



5

10

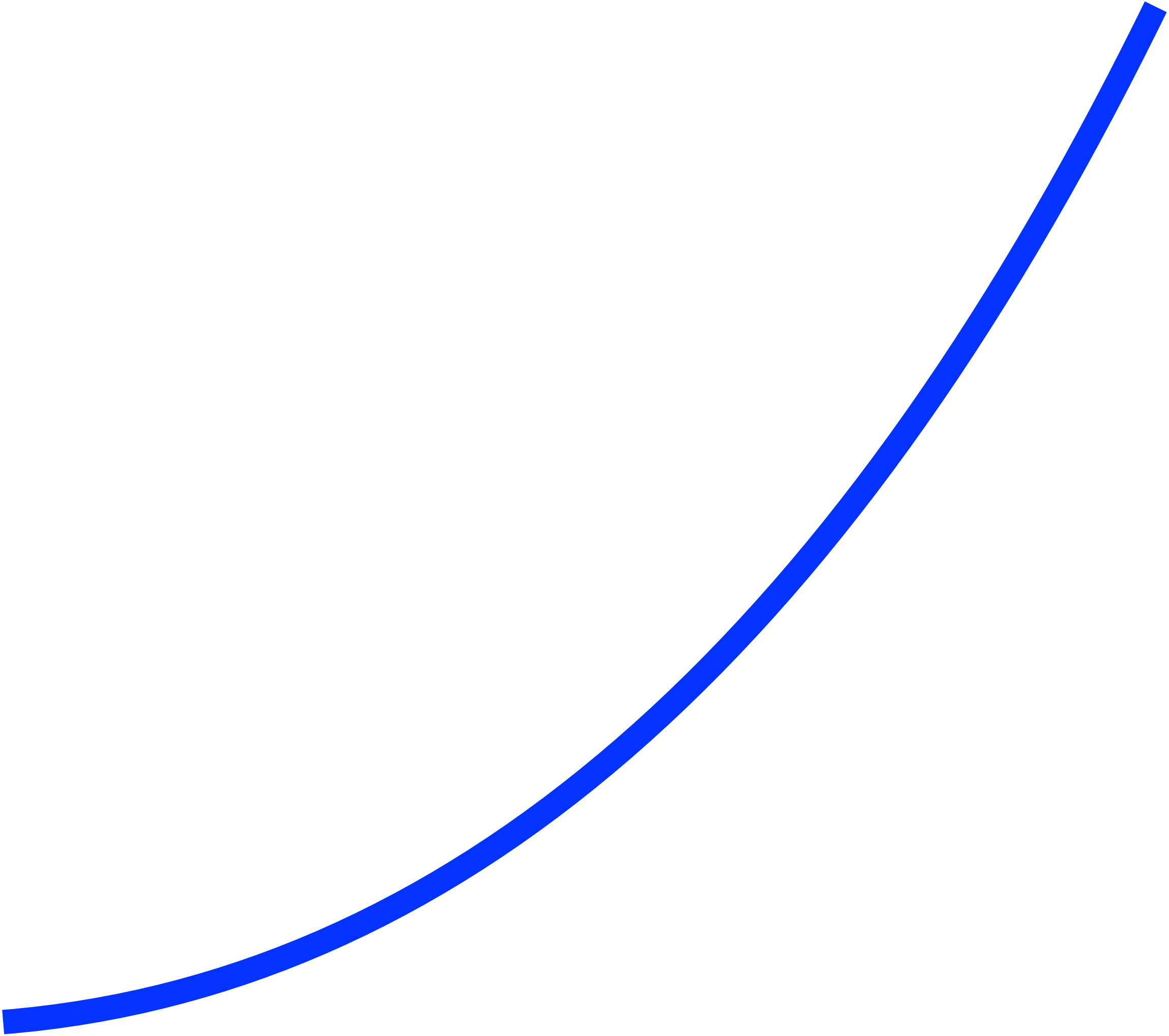
15

20

25







Supply

Price per unit

For any price ≤ 0.40

If price per unit is > 0.40

If price per unit is ≥ 0.50

If price per unit is ≥ 0.66

If price per unit is > 1

If price per unit is > 2







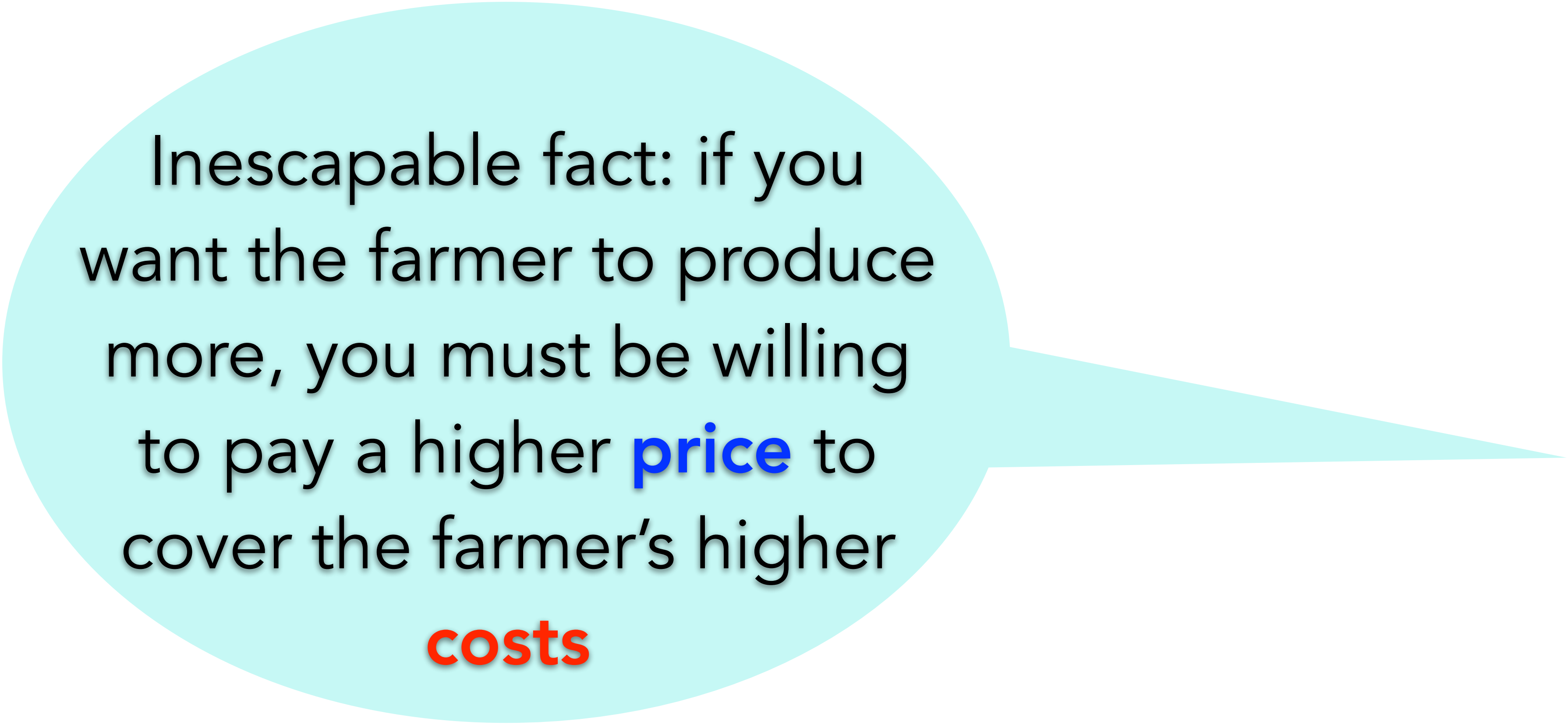


Quantity Supplied =

Quantity Supplied =

Quantity Supplied =

Quantity Supplied

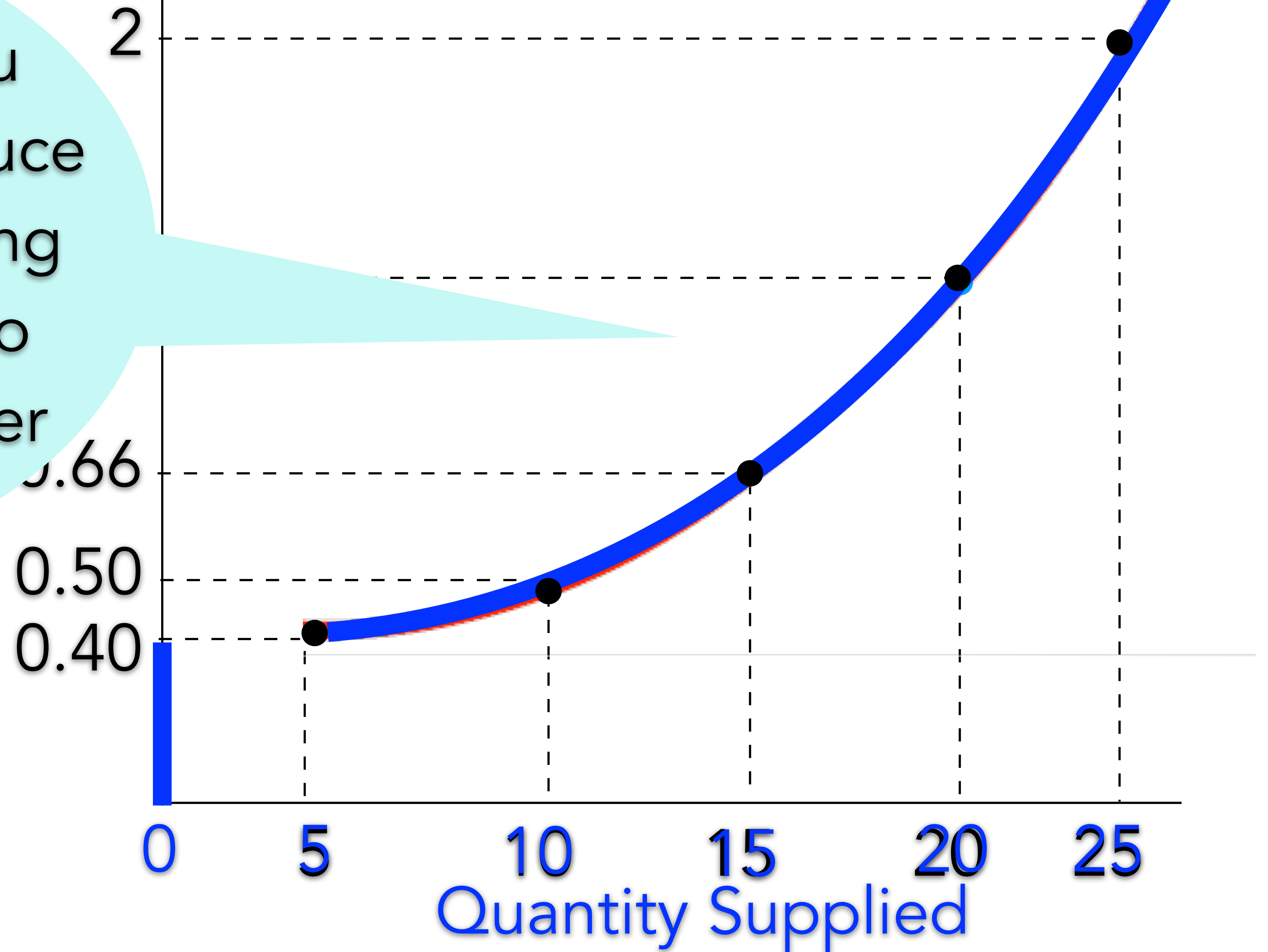


Inescapable fact: if you
want the farmer to produce
more, you must be willing
to pay a higher **price** to
cover the farmer's higher
costs

Price per unit

Supply

Inescapable fact: if you want the farmer to produce more, you must be willing to pay a higher **price** to cover the farmer's higher **costs**



In Perfectly Competitive Markets