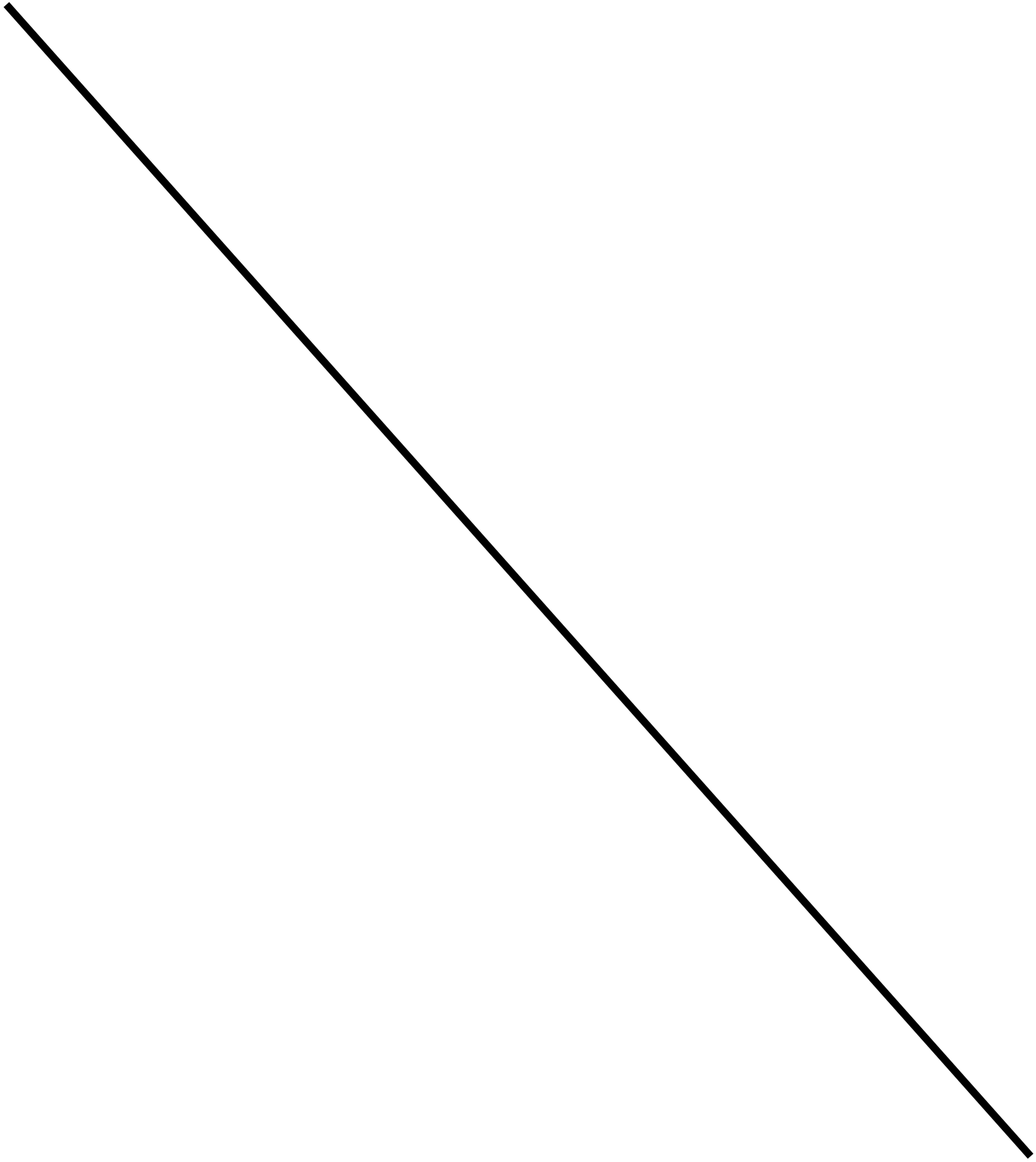
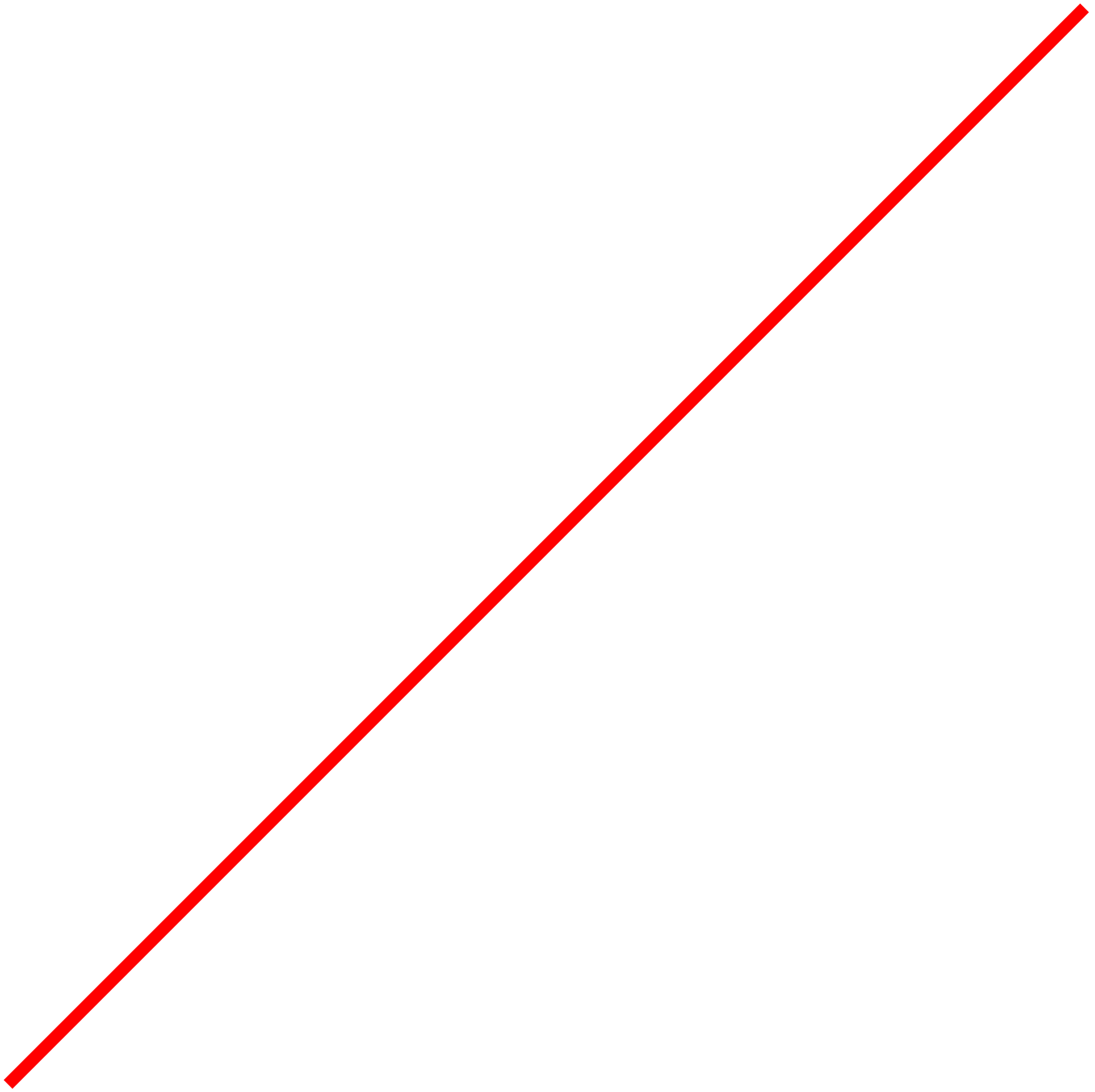
Midpoint





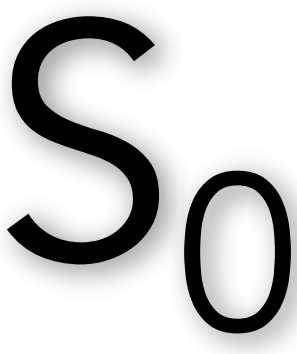
Total Revenue Before


Q1

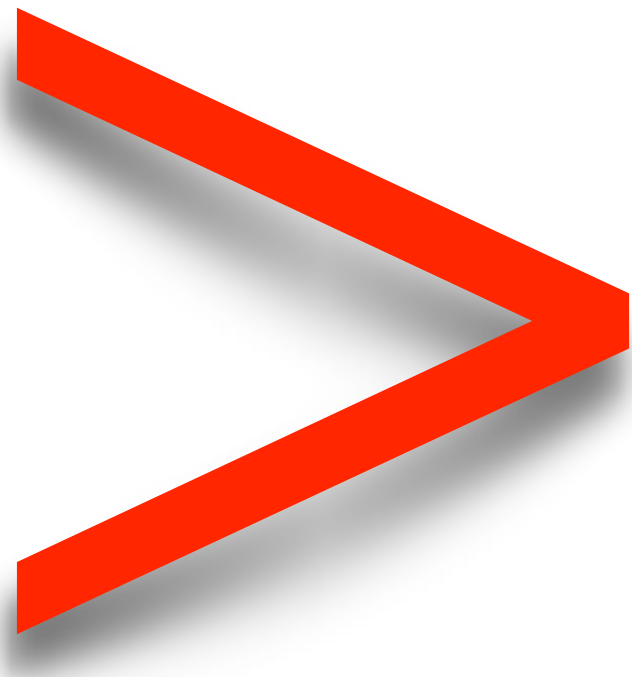

P1


P0

D_0


S0


S1



TR increase

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

e=1

Loss


Total
Revenue
After

Gain

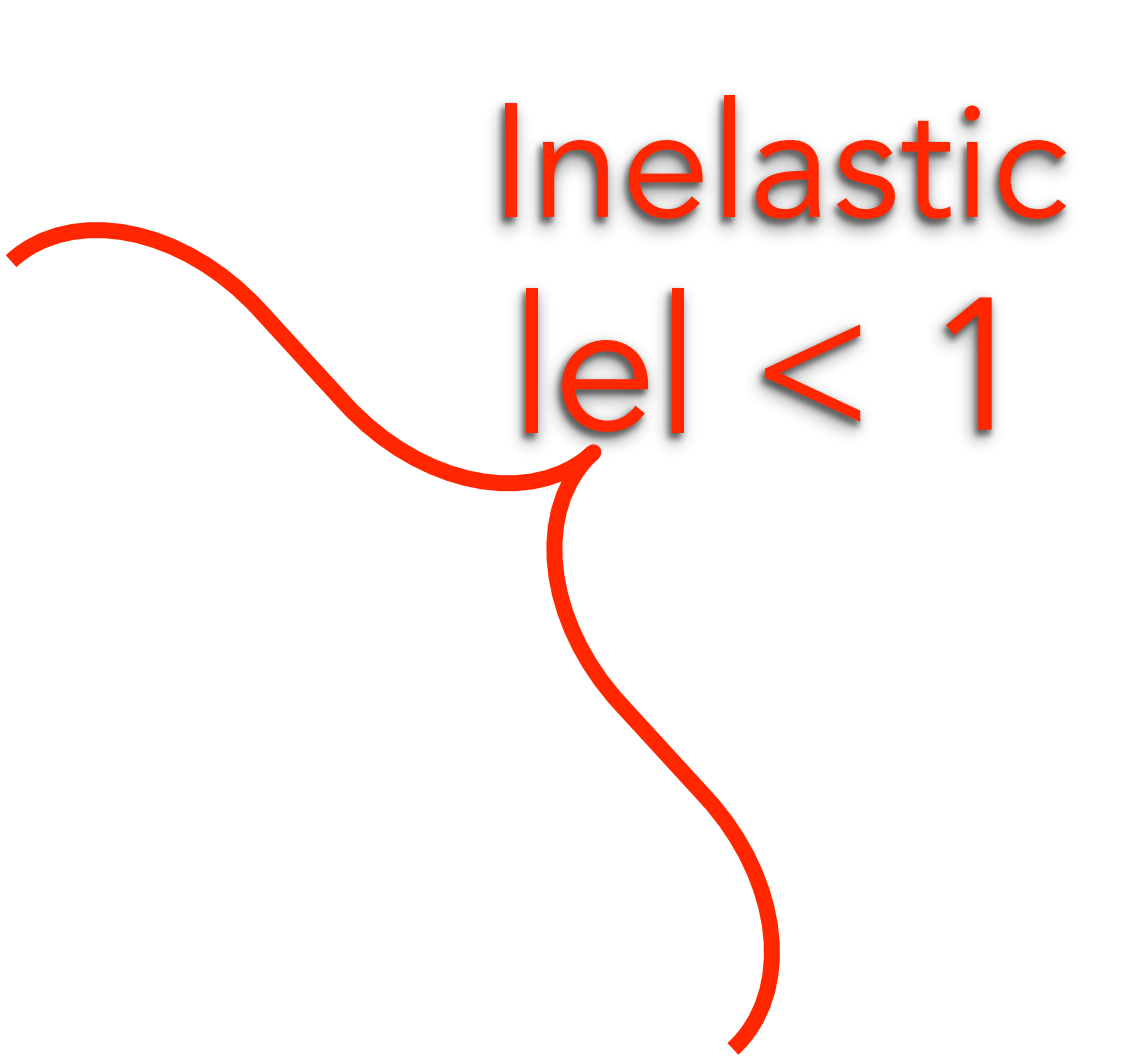
Gain

Loss

Because

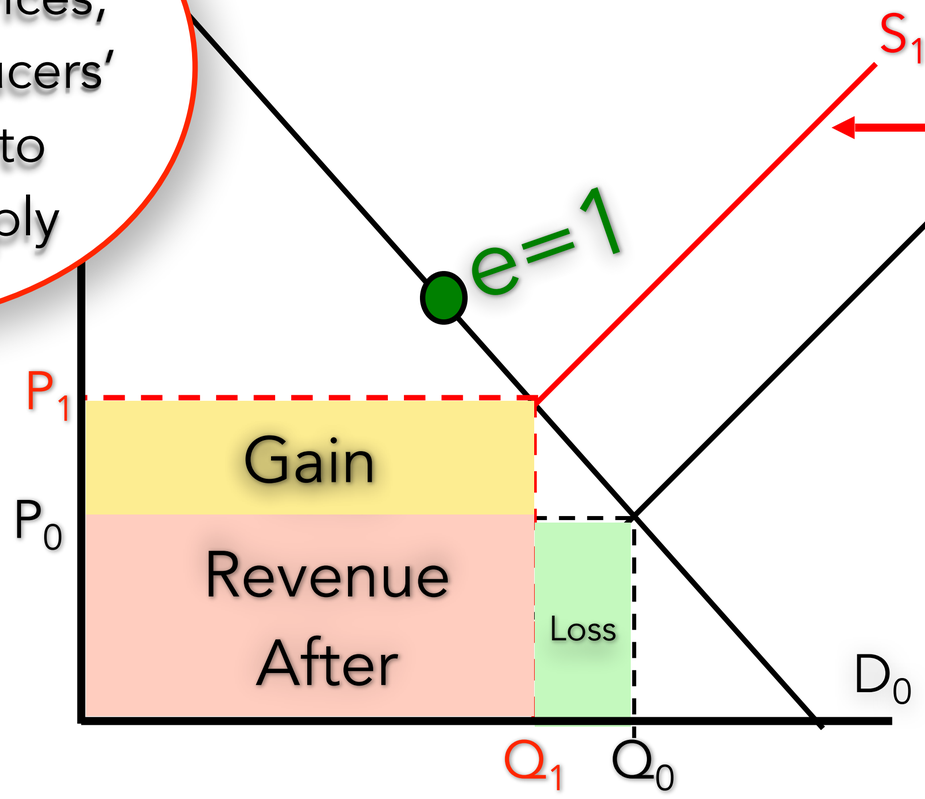
If consumers are insensitive to prices, it is in the producers' best interest to decrease supply

Decreasing supply, cause an increase in Total Revenue for producers if demand is inelastic (e<1)


Inelastic
lel < 1

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

If consumers are insensitive to prices, it is in the producers' best interest to decrease supply

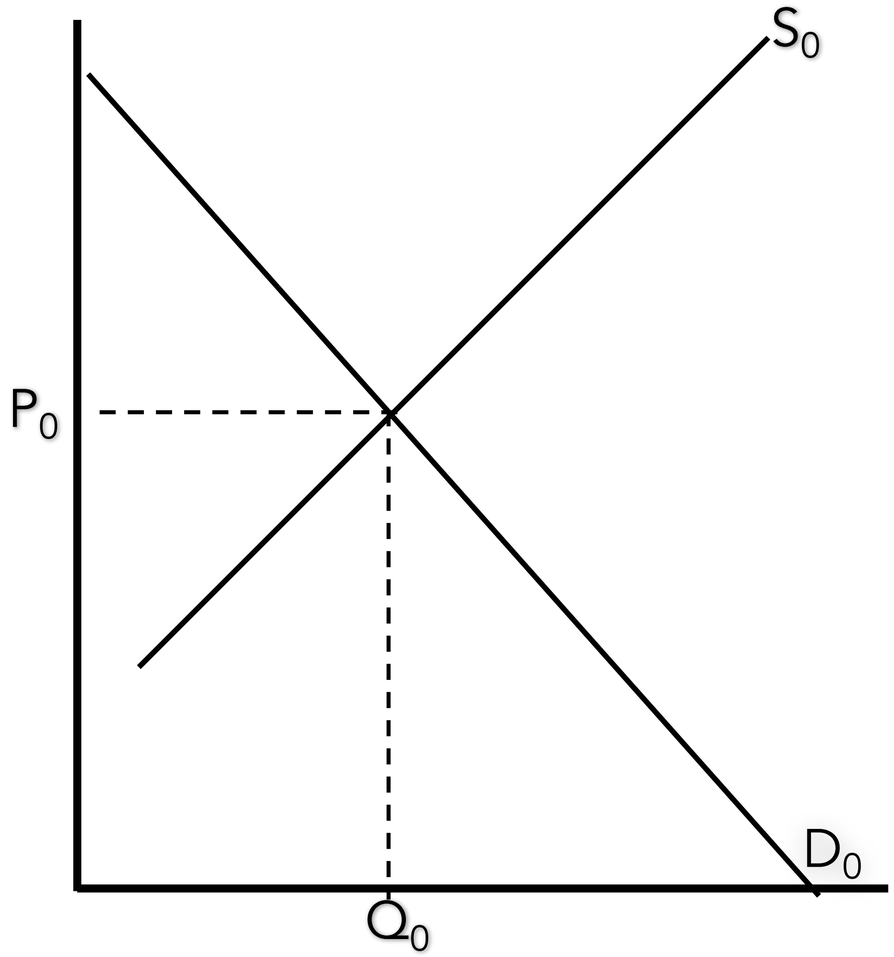


Because

Gain > Loss

TR increase

Decreasing supply, cause an increase in Total Revenue for producers if demand is inelastic (e<1)


S_0
P_0
D_0
Q_0