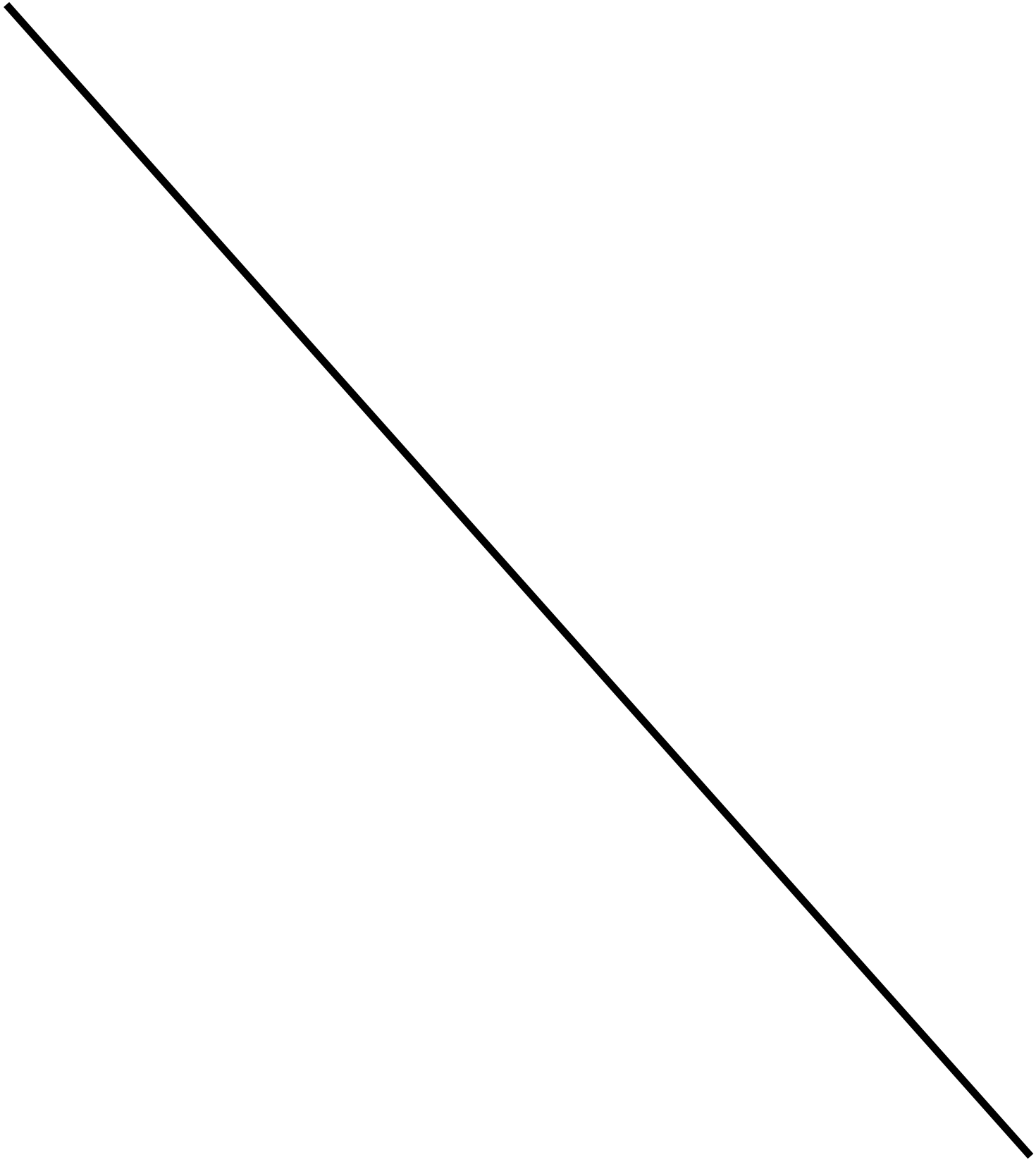
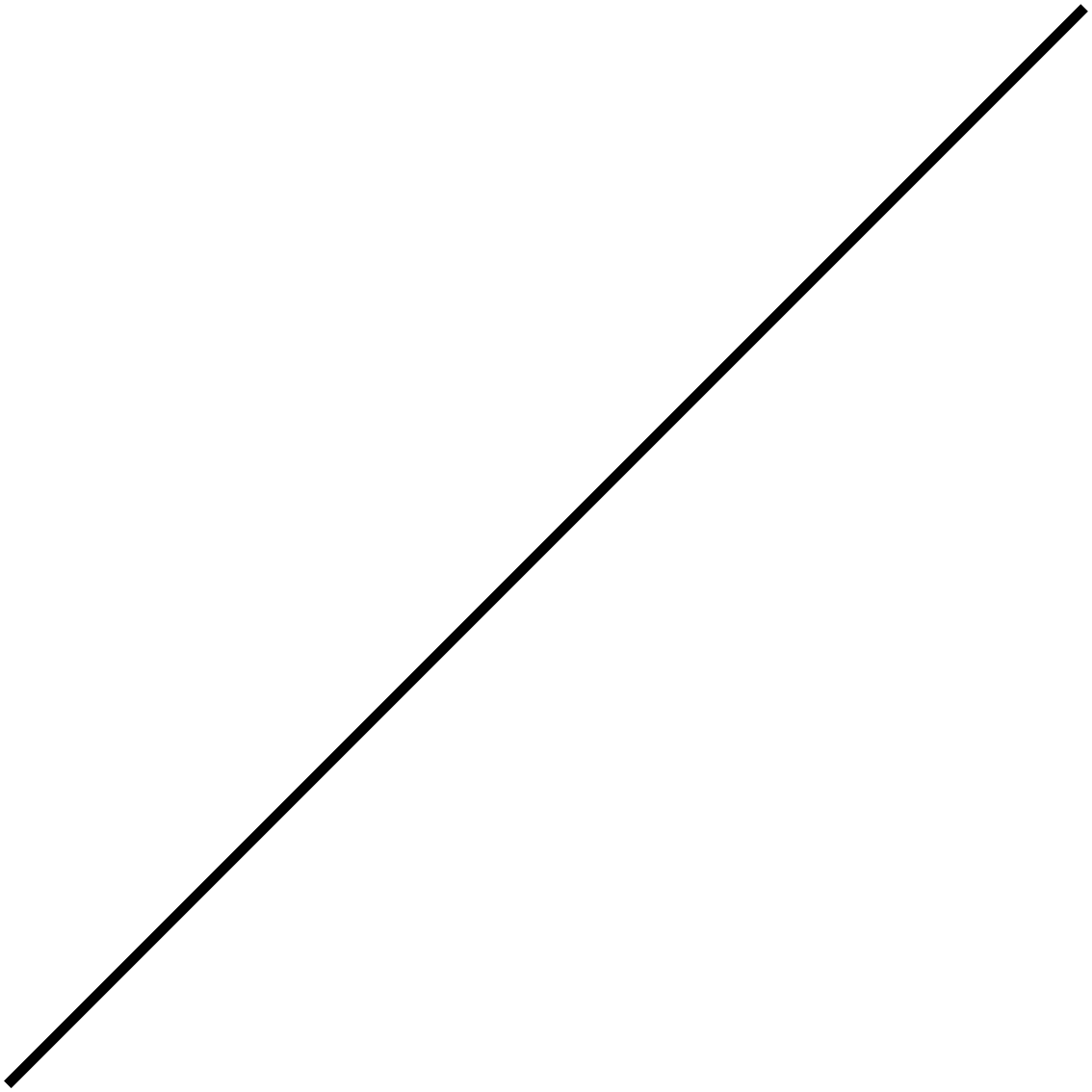






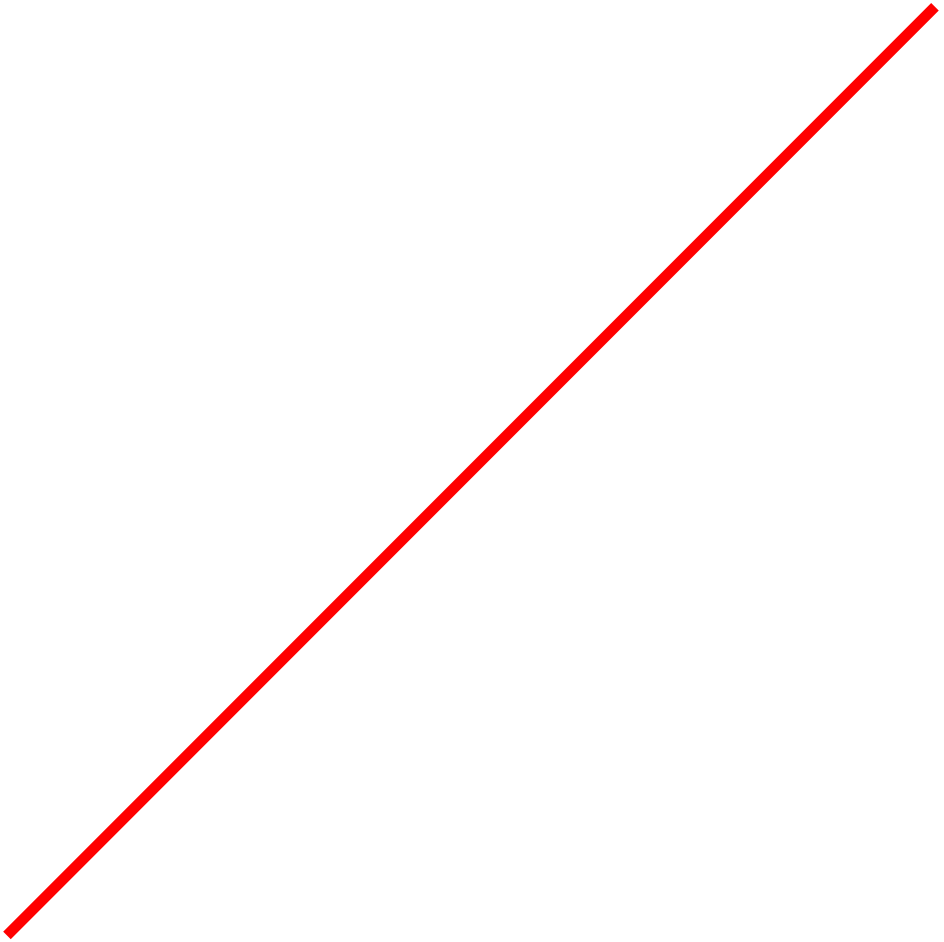
Midpoint

















Total Revenue  
Before

$\Omega_1$

P<sub>1</sub>

Q<sub>0</sub>

P<sub>0</sub>

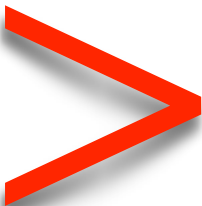
D<sub>0</sub>

So



S<sub>1</sub>





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 ( $e < 1$ )



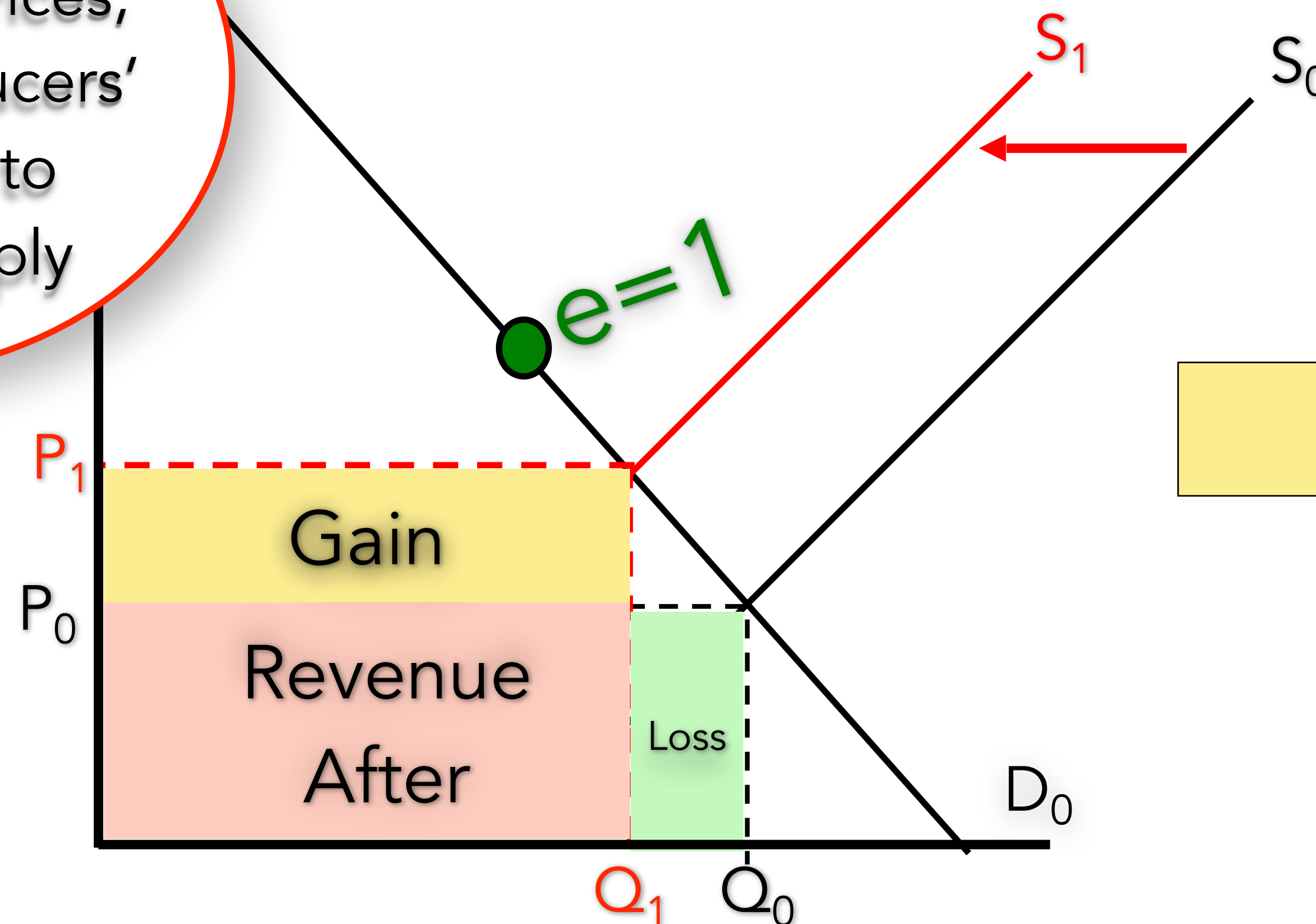
Inelastic

$$|e| < 1$$



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 ( $e < 1$ )

