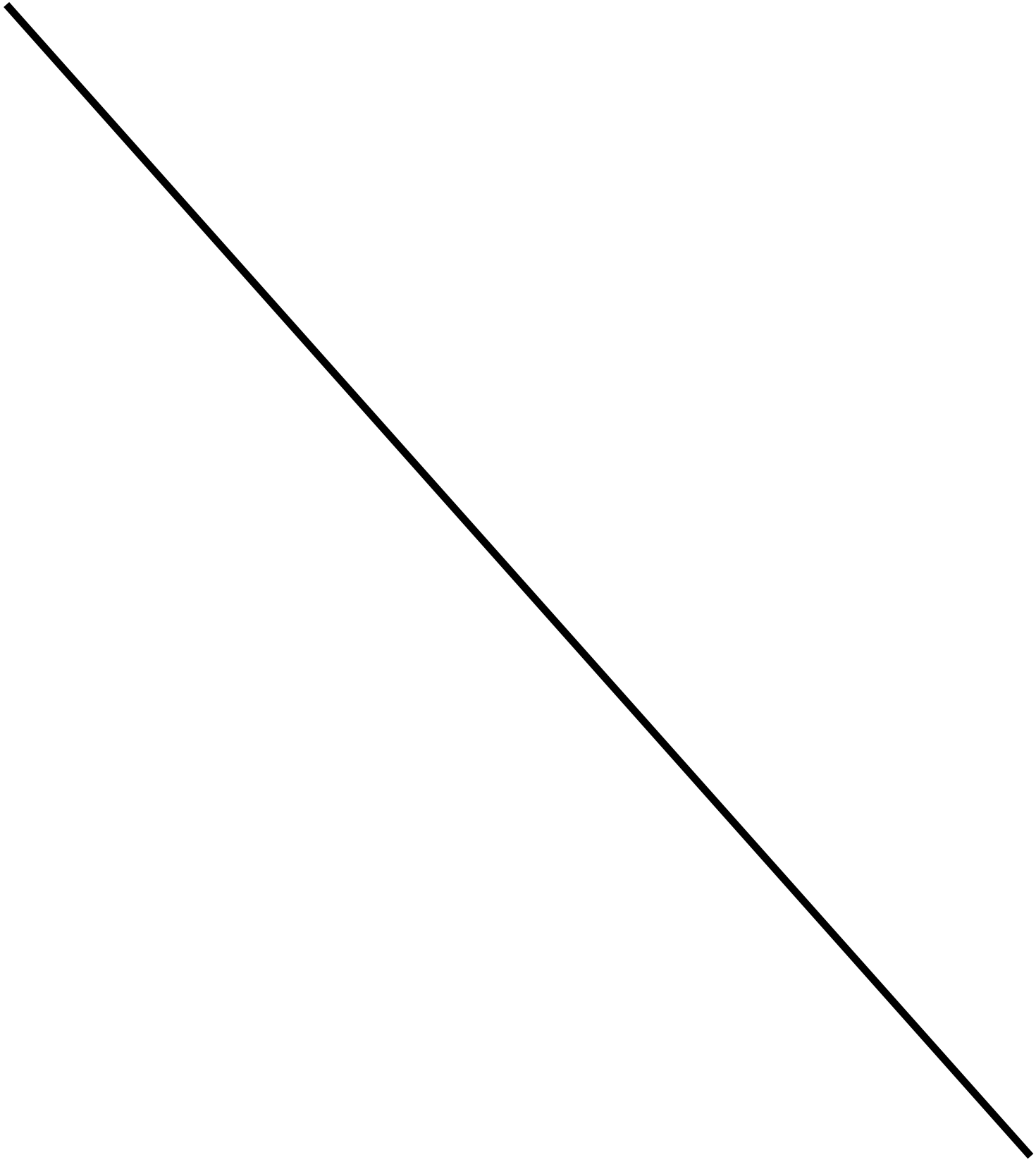
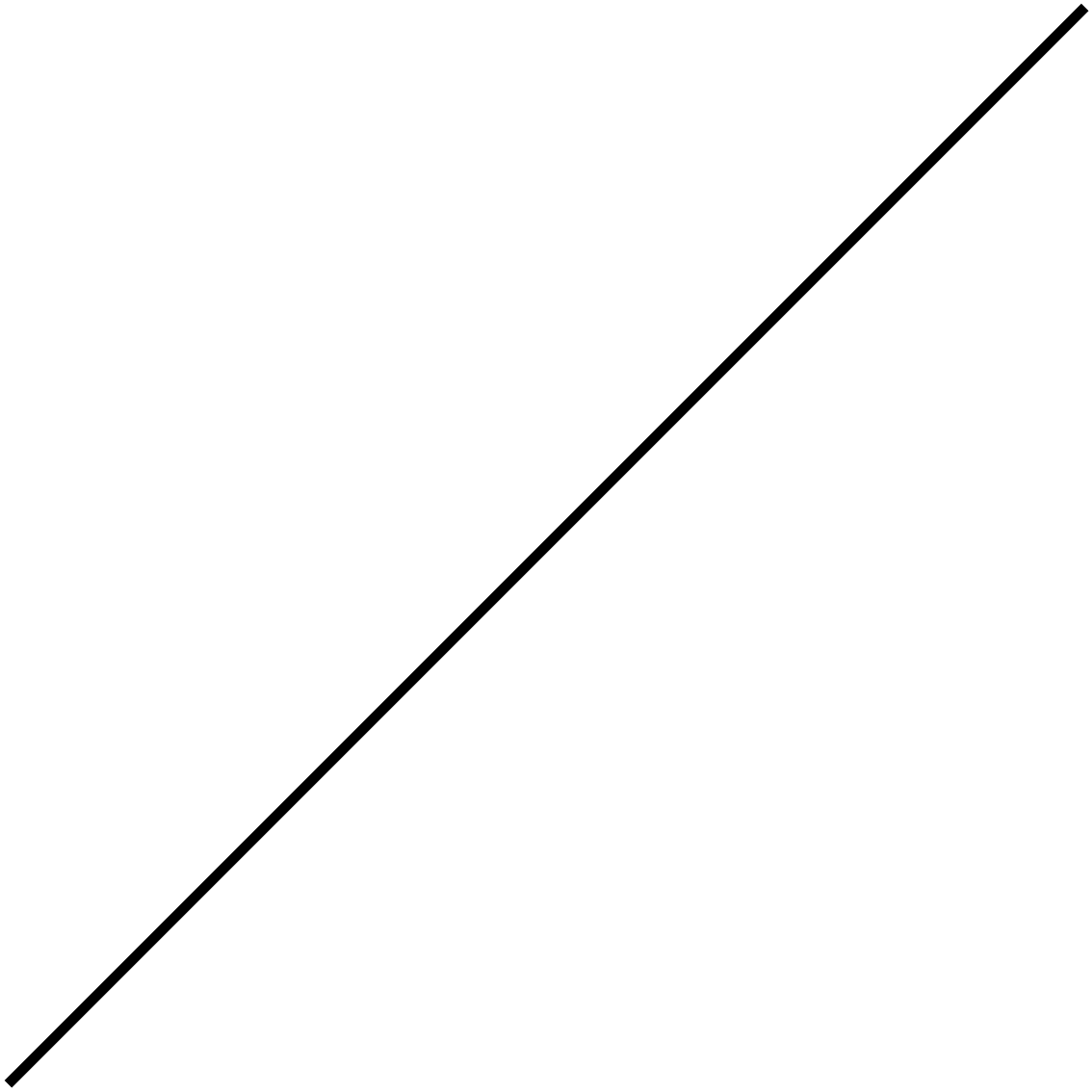




Midpoint

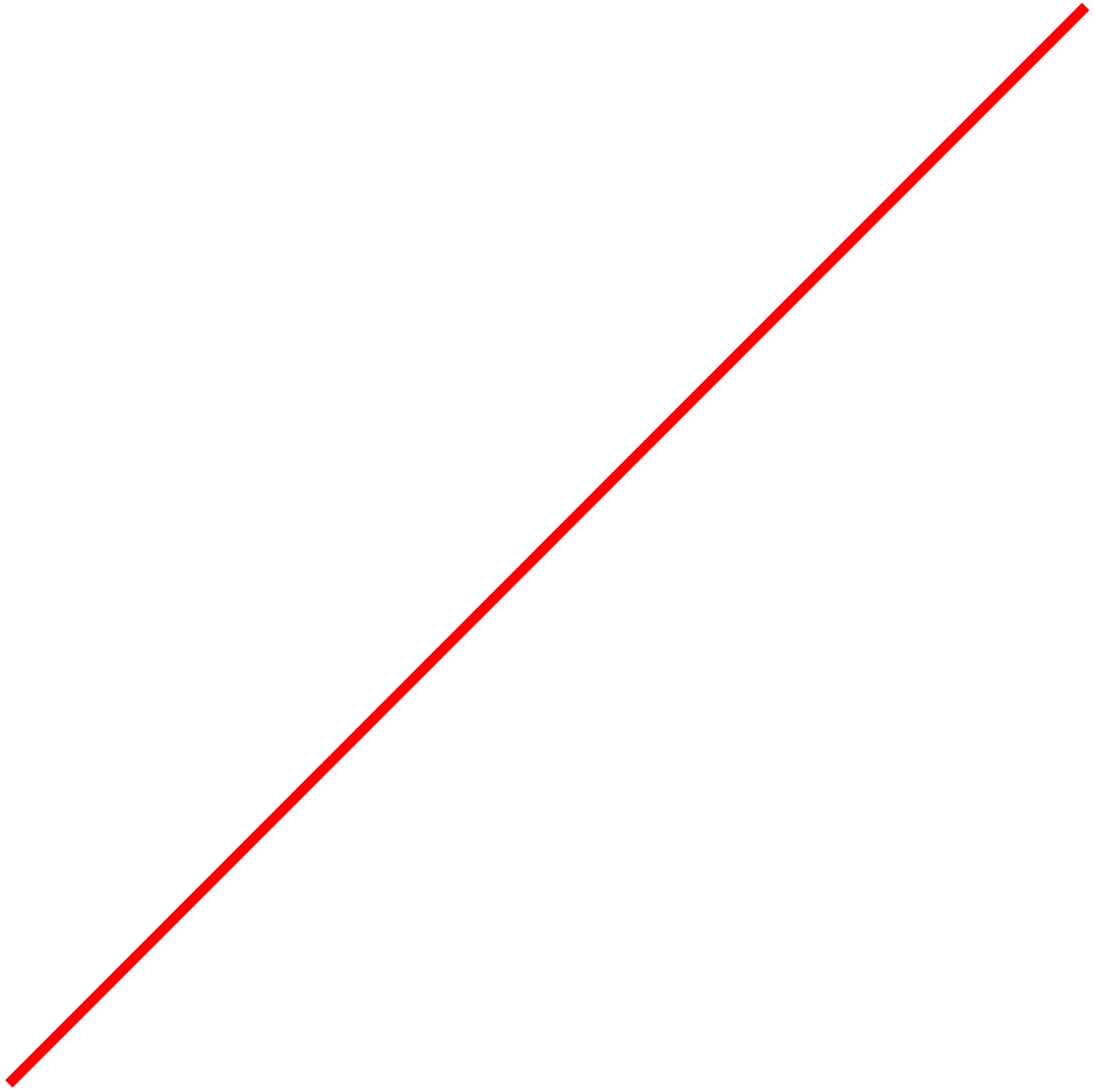
















Total  
Revenue  
Before

$Q_1$

**P<sub>1</sub>**

Q<sub>0</sub>

P<sub>0</sub>

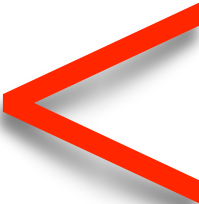
D<sub>0</sub>

So

**S<sub>1</sub>**








TR decrease

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

  $e=1$



Loss





Total Revenue  
After


G

a

i

n

Because



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

Increasing Supply, cause a decrease in Total Revenue  
for producers if demand is inelastic ( $e < 1$ )

G

a

i

n



Loss

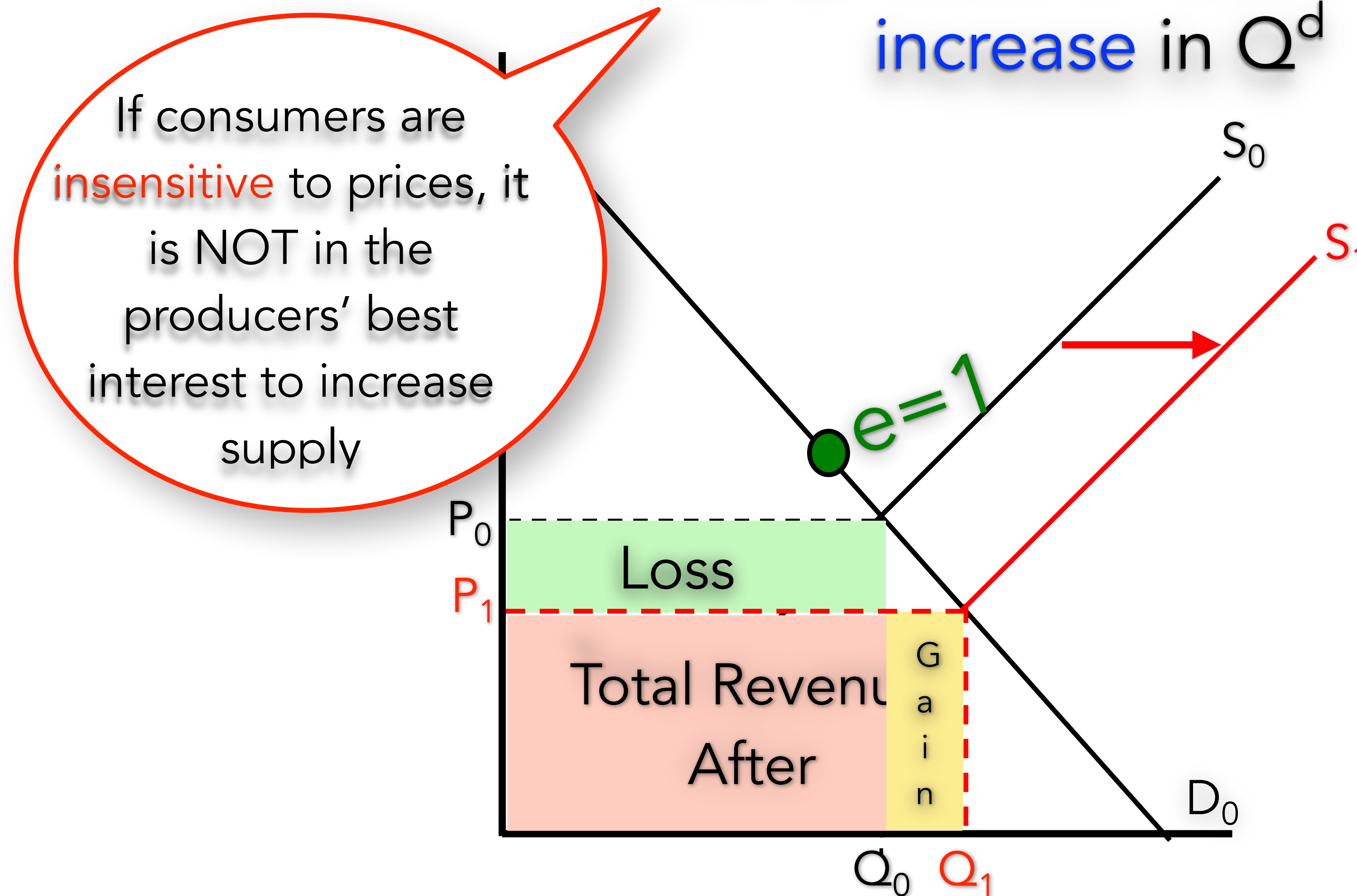


Inelastic

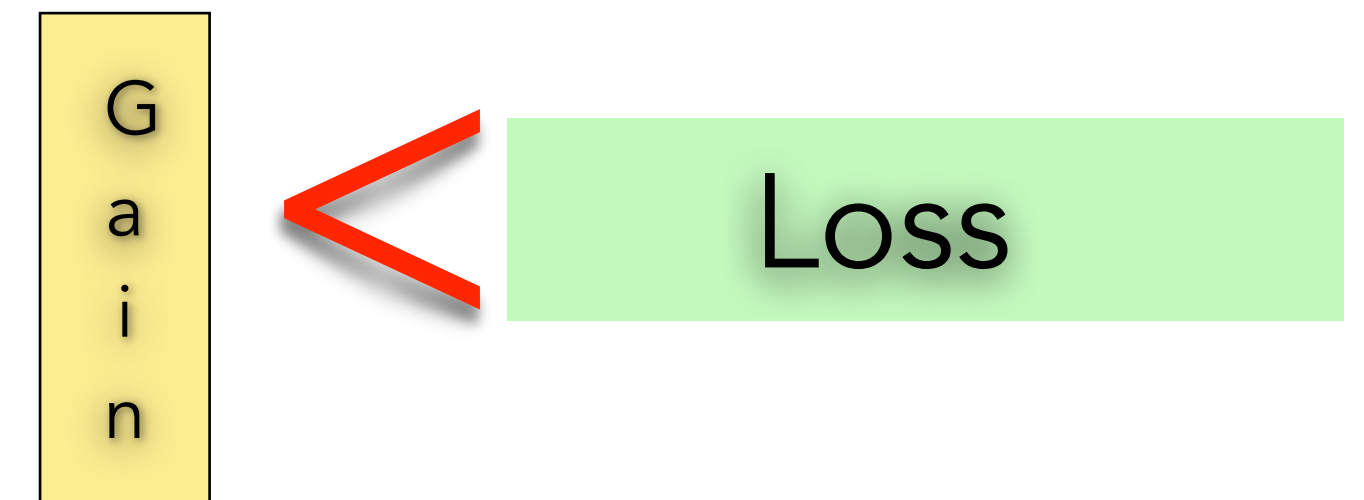
$$|e| < 1$$



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



Because



TR decrease

Increasing Supply, cause a decrease in Total Revenue for producers if demand is inelastic ( $e < 1$ )

