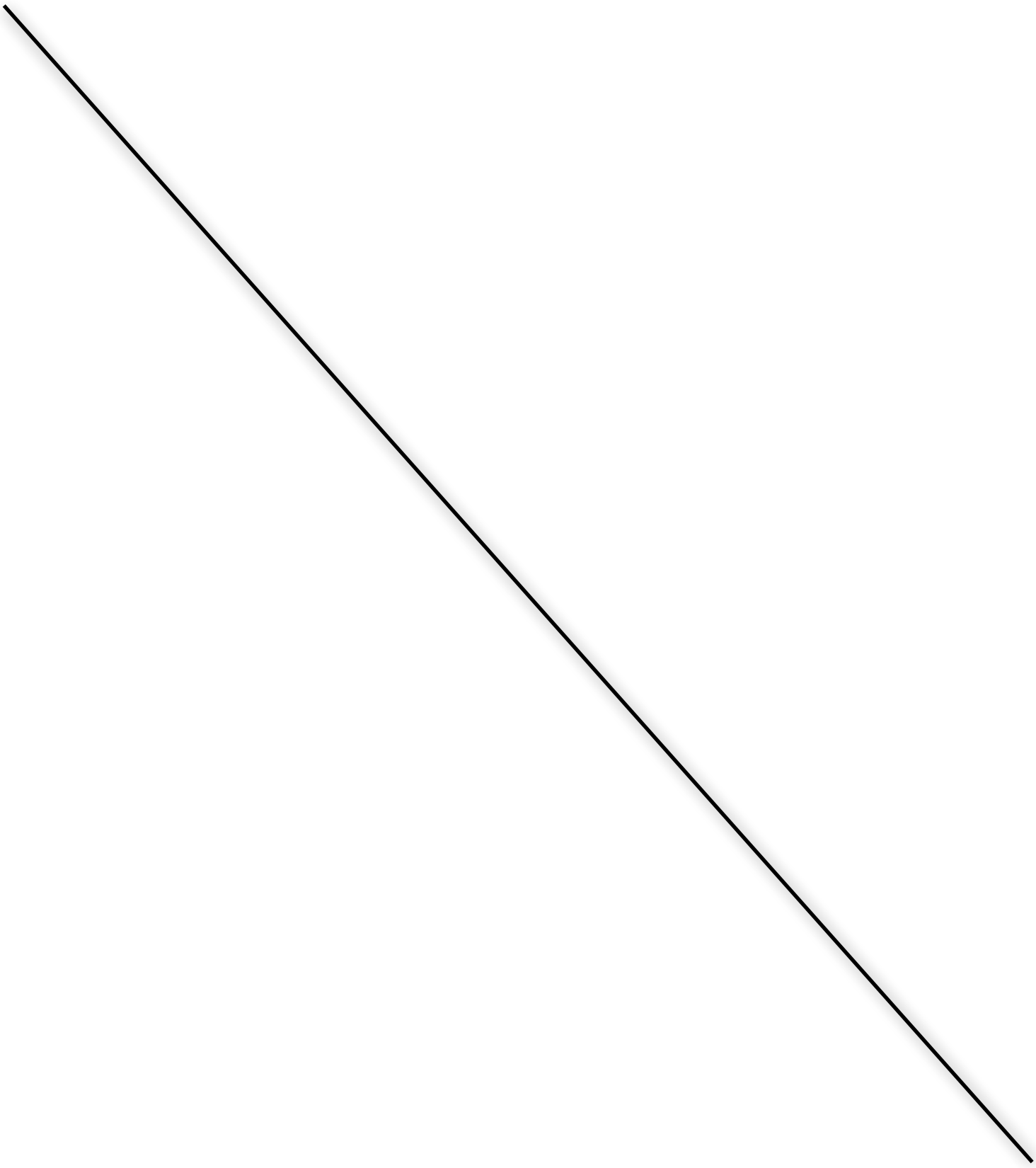
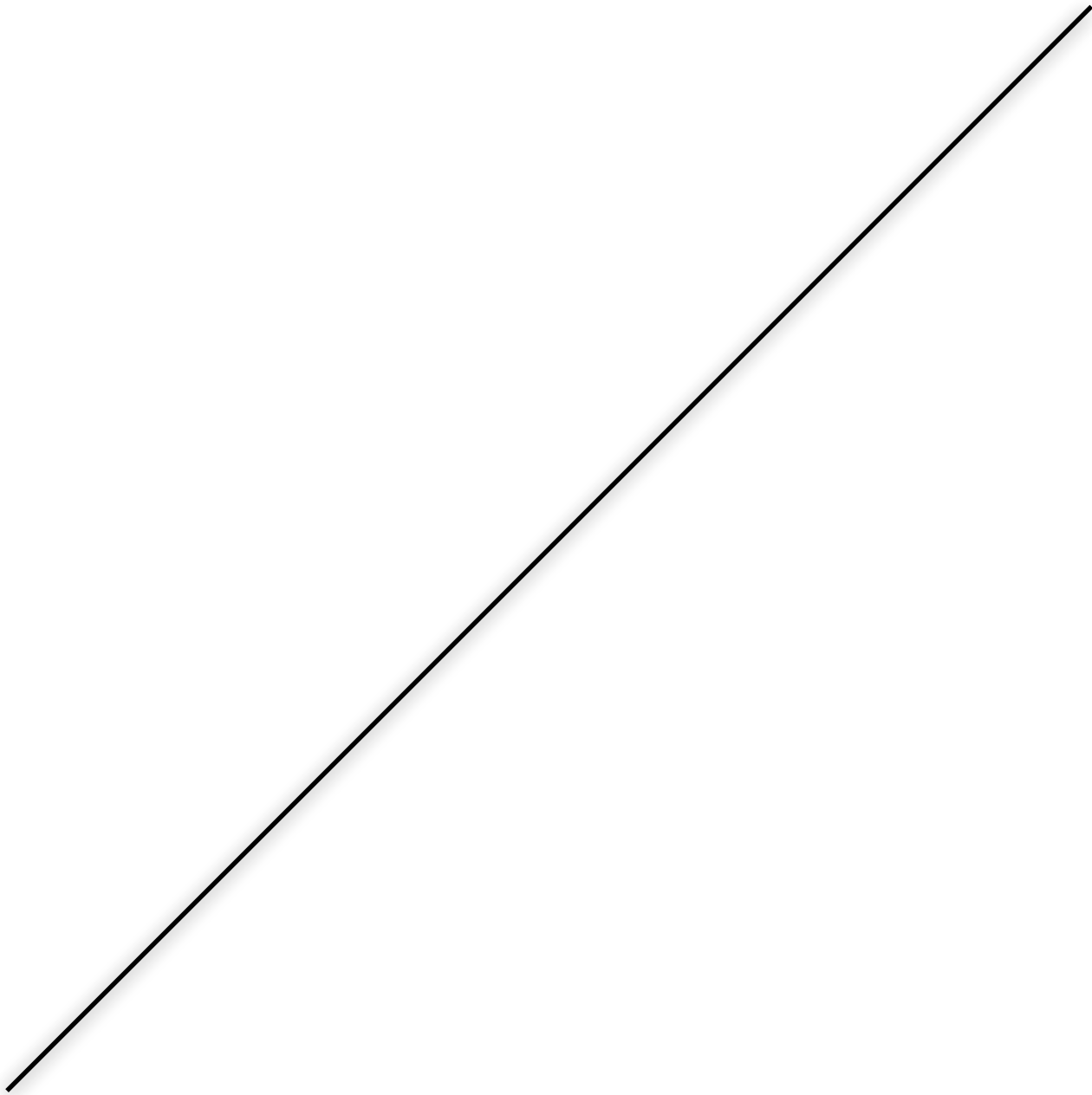




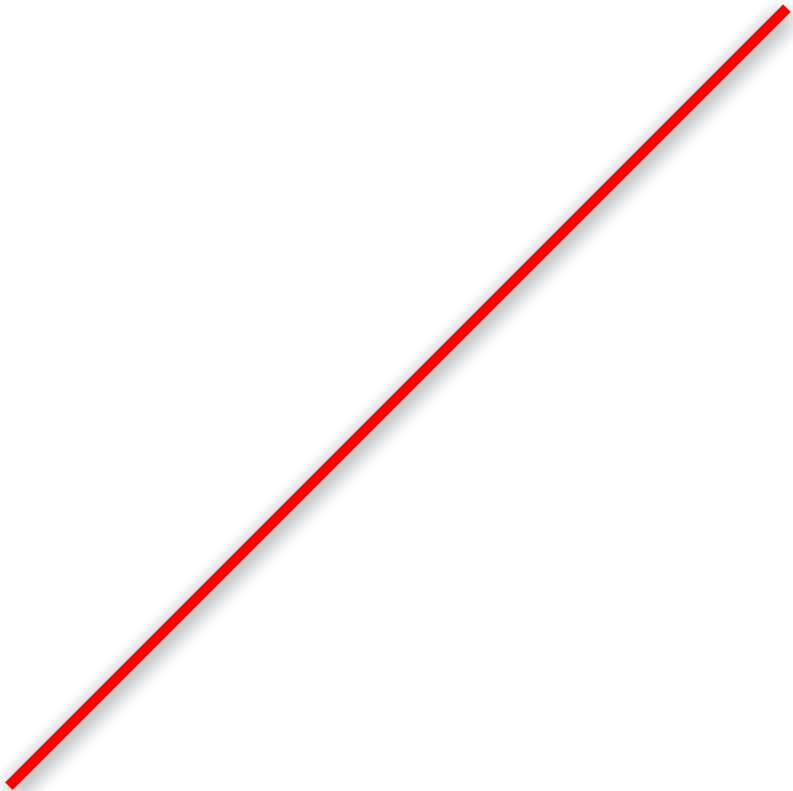
Midpoint















Total
Revenue
Before

Ω_1

P_1

Q₀

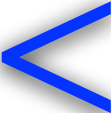
P₀

Do

So

S₁





TR decrease

$e=1$



Loss



Total
Revenue
After

Gain

Because

Loss

Gain

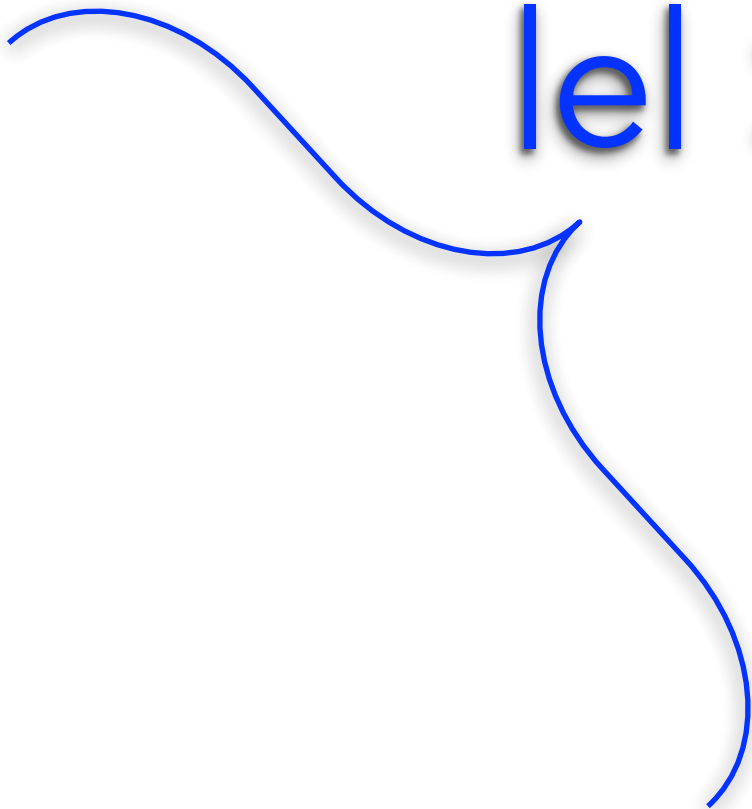
Decreasing Supply, cause an increase in price and a decrease in Q^d

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

$|\epsilon| > 1$

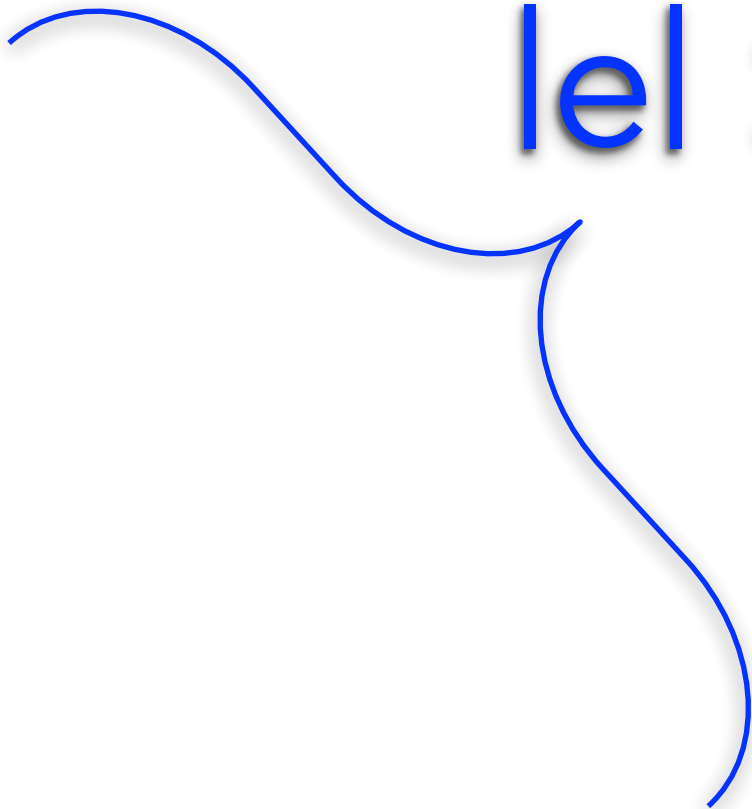






Elastic

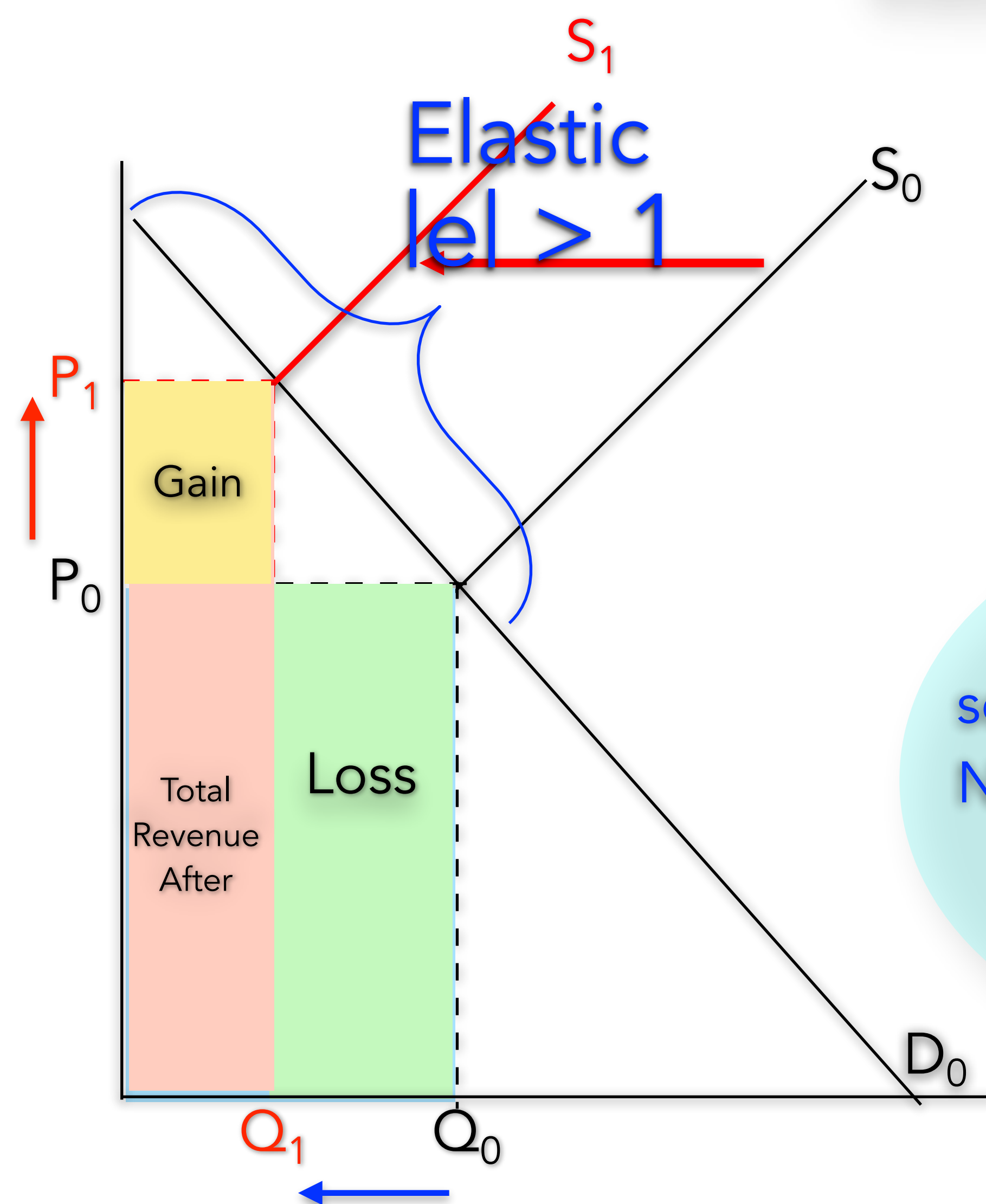
$|\epsilon| > 1$





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

