







Cost per unit

5

10

15

20

25

Pounds of Coffee Produced



0.40





0.50





0.66













2





Quantity Supplied =





5

10

15

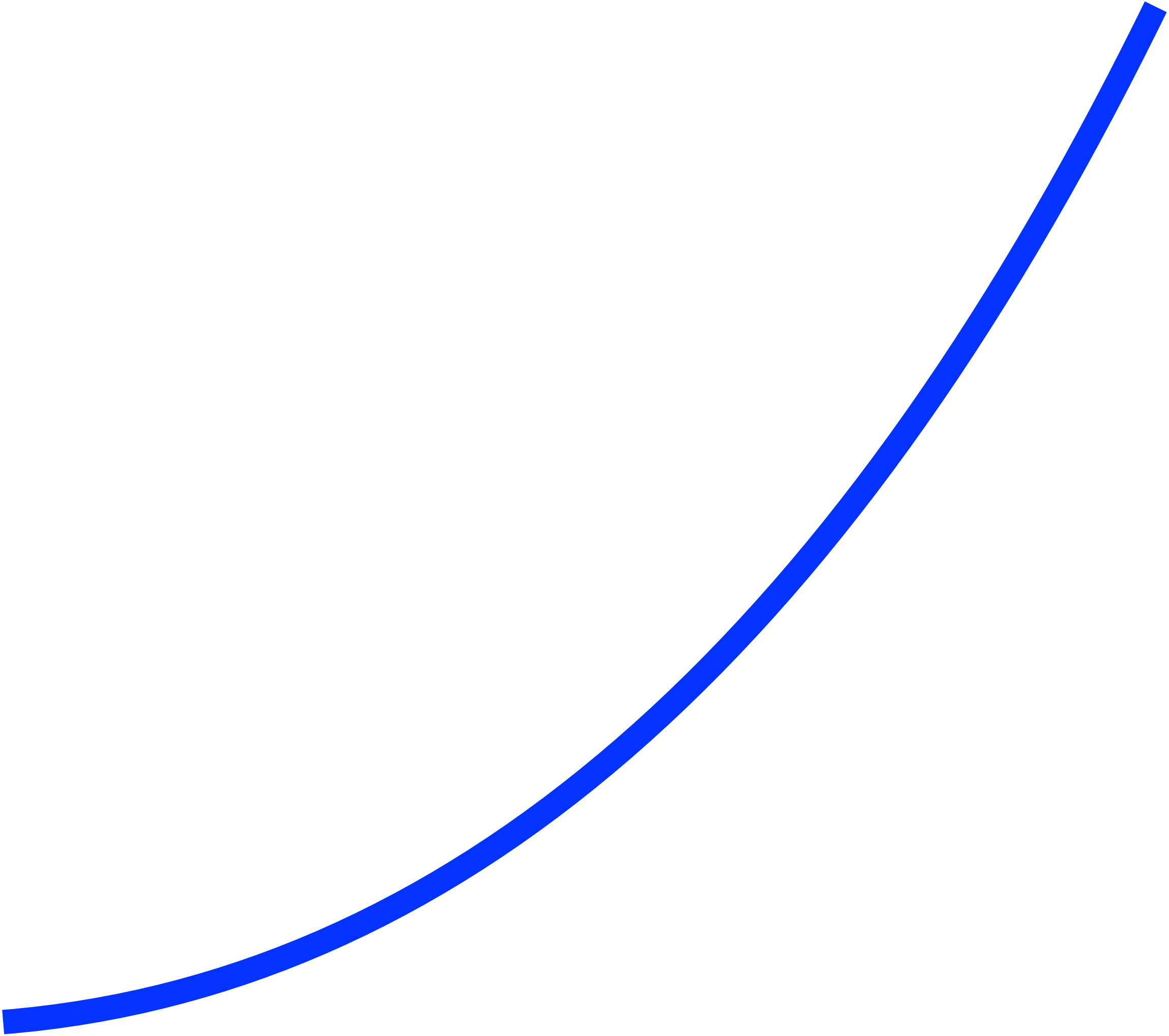
20

25









Supply

Price per unit

For any price  $\leq 0.40$

If price per unit is  $> 0.40$

If price per unit is  $\geq 0.50$

If price per unit is  $\geq 0.66$

If price per unit is  $> 1$



If price per unit is  $> 2$









Quantity Supplied =

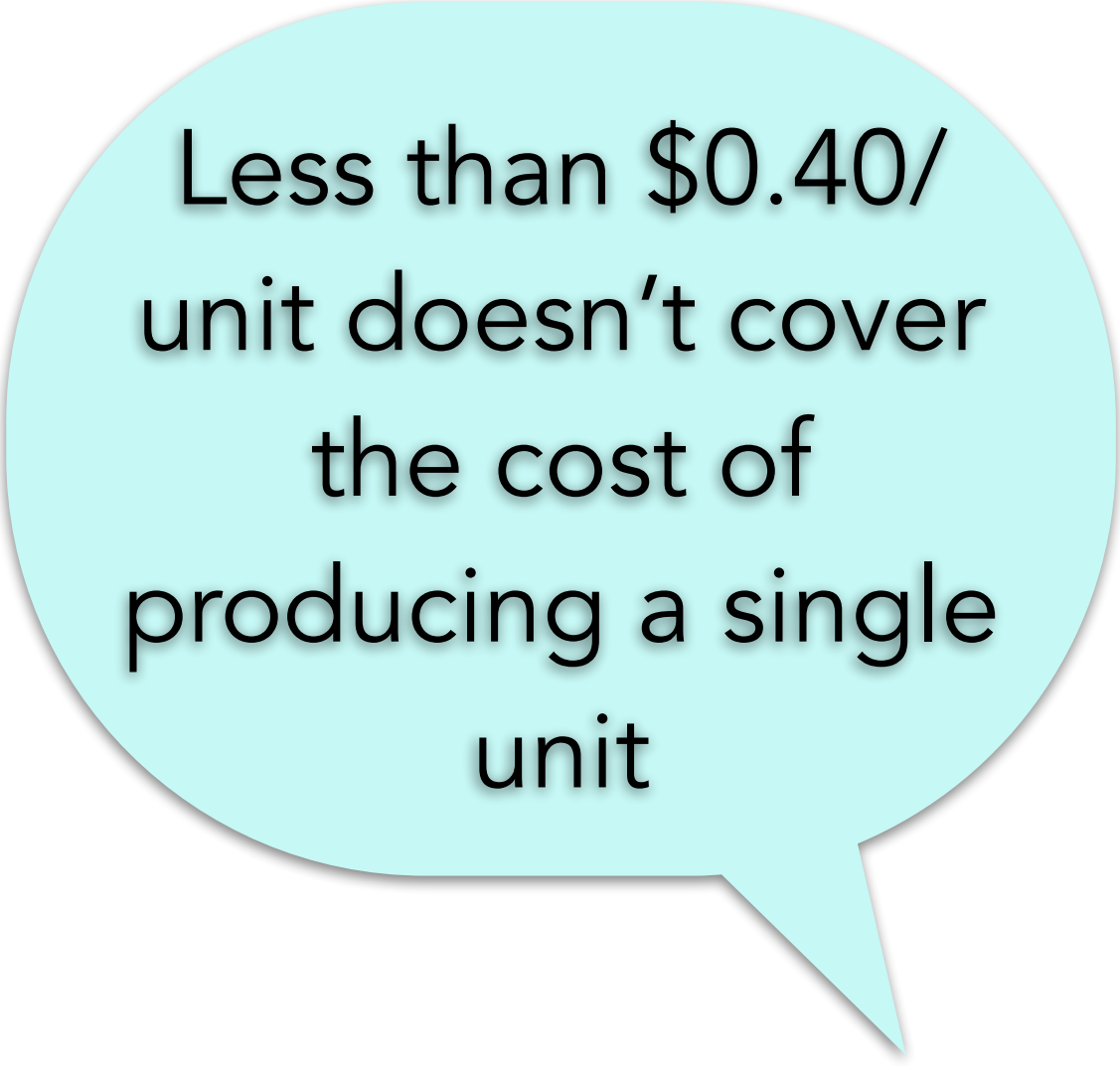
Quantity Supplied =

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**



Less than \$0.40/  
unit doesn't cover  
the cost of  
producing a single  
unit



\$0.40/unit covers  
the cost of  
producing 5 units  
but not more



\$0.50/unit covers  
the cost of  
producing 10 units  
but not more

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**

2

1

0.66

0.50

0.40

0

5

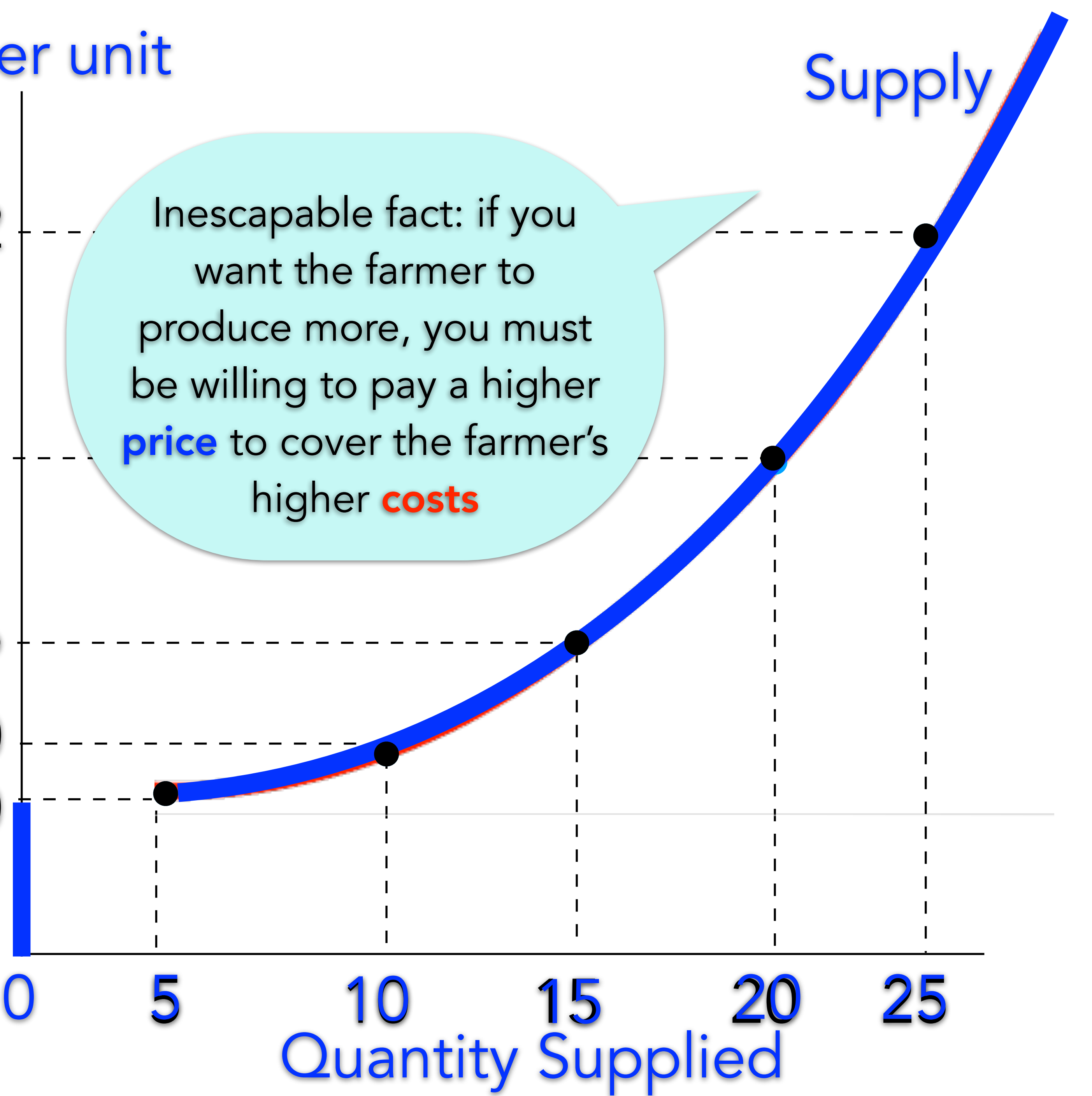
10

15

20

25

Quantity Supplied



# In Perfectly Competitive Markets