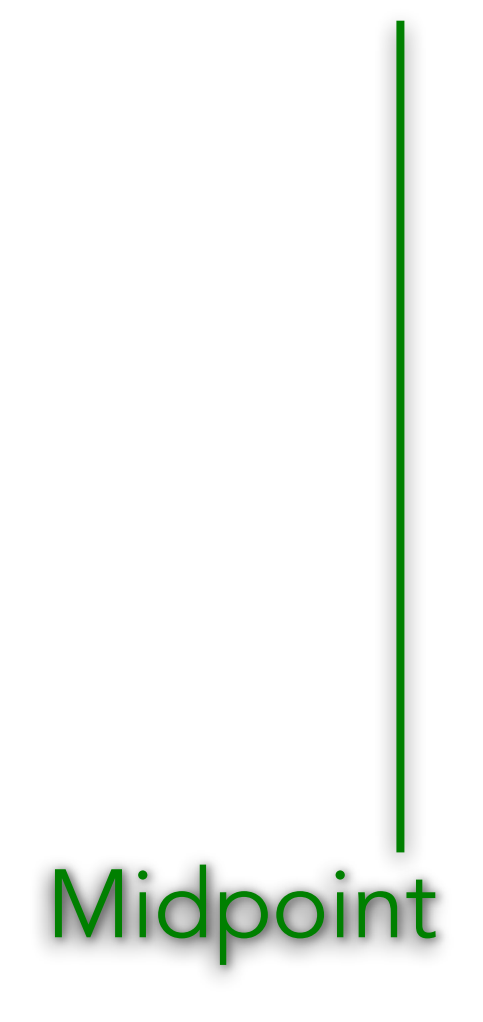
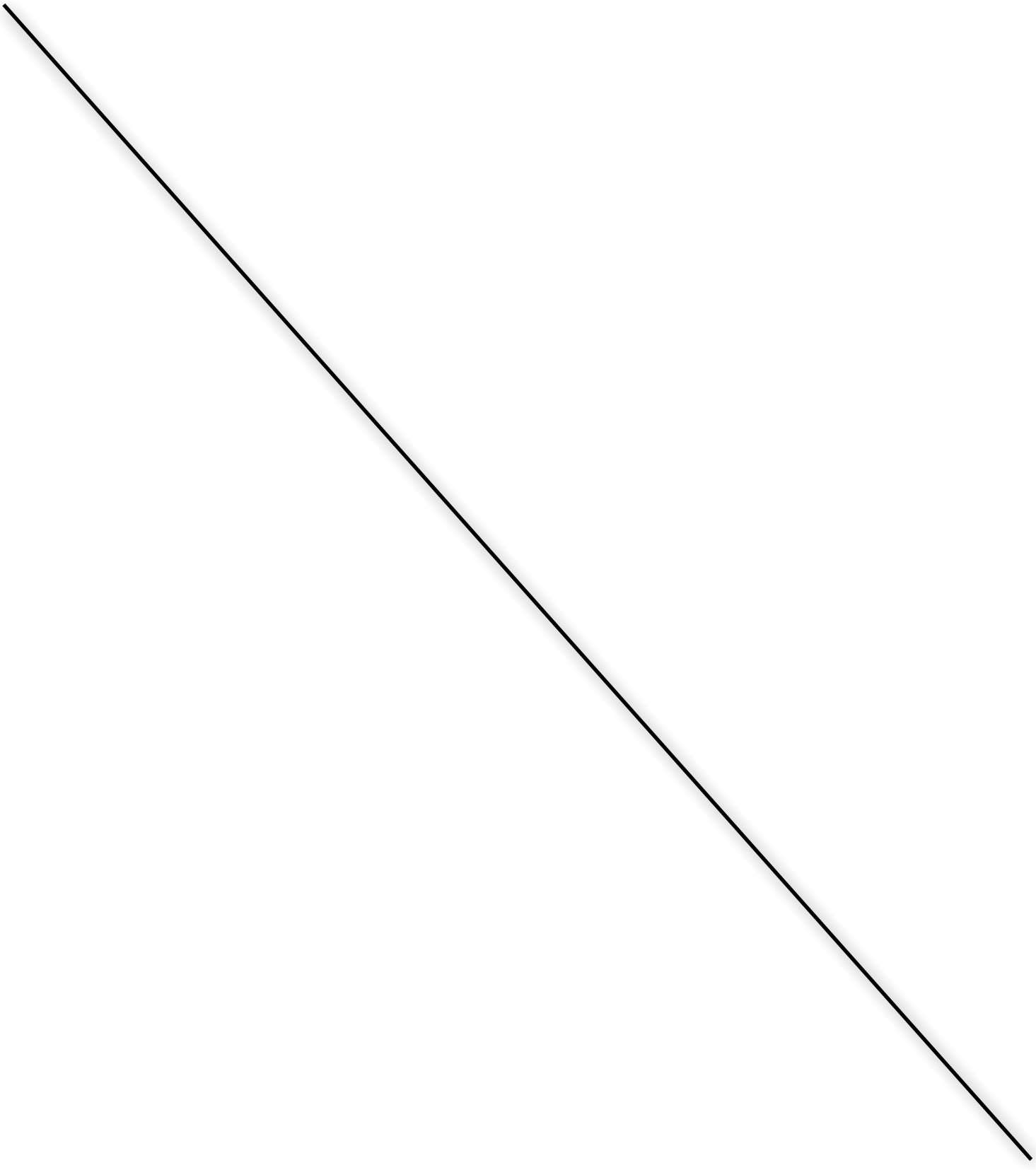
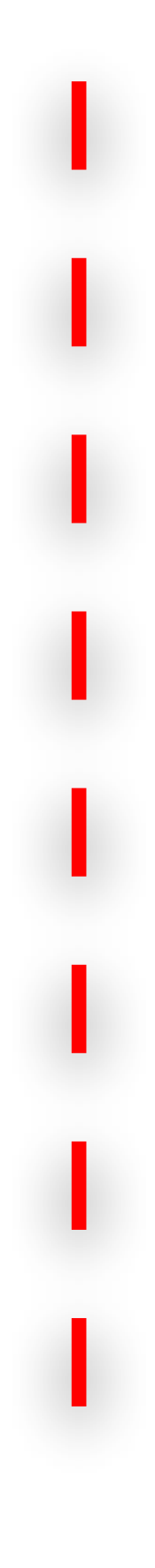
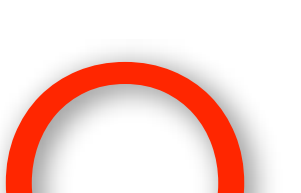

Midpoint



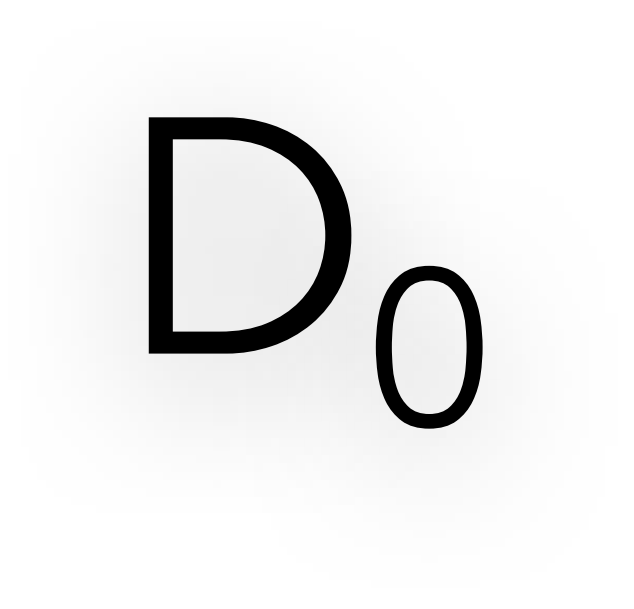


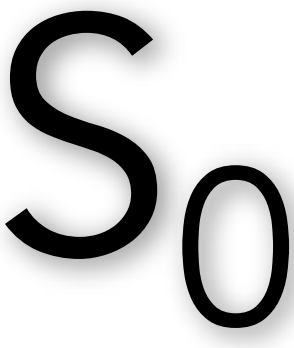
Total Revenue Before


Q1

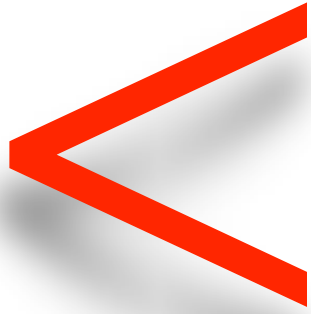

P1


P0


D_0


S0


S1



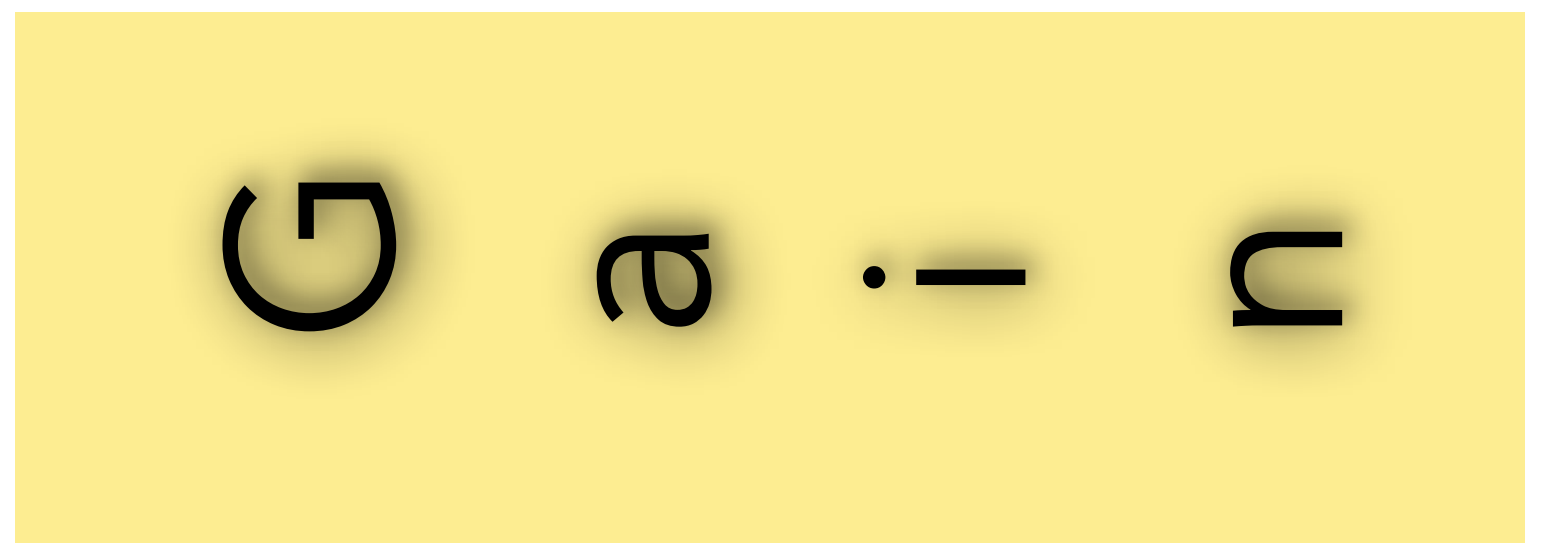
TR decrease

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

- $e=1$

Loss

Total Revenue After



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)

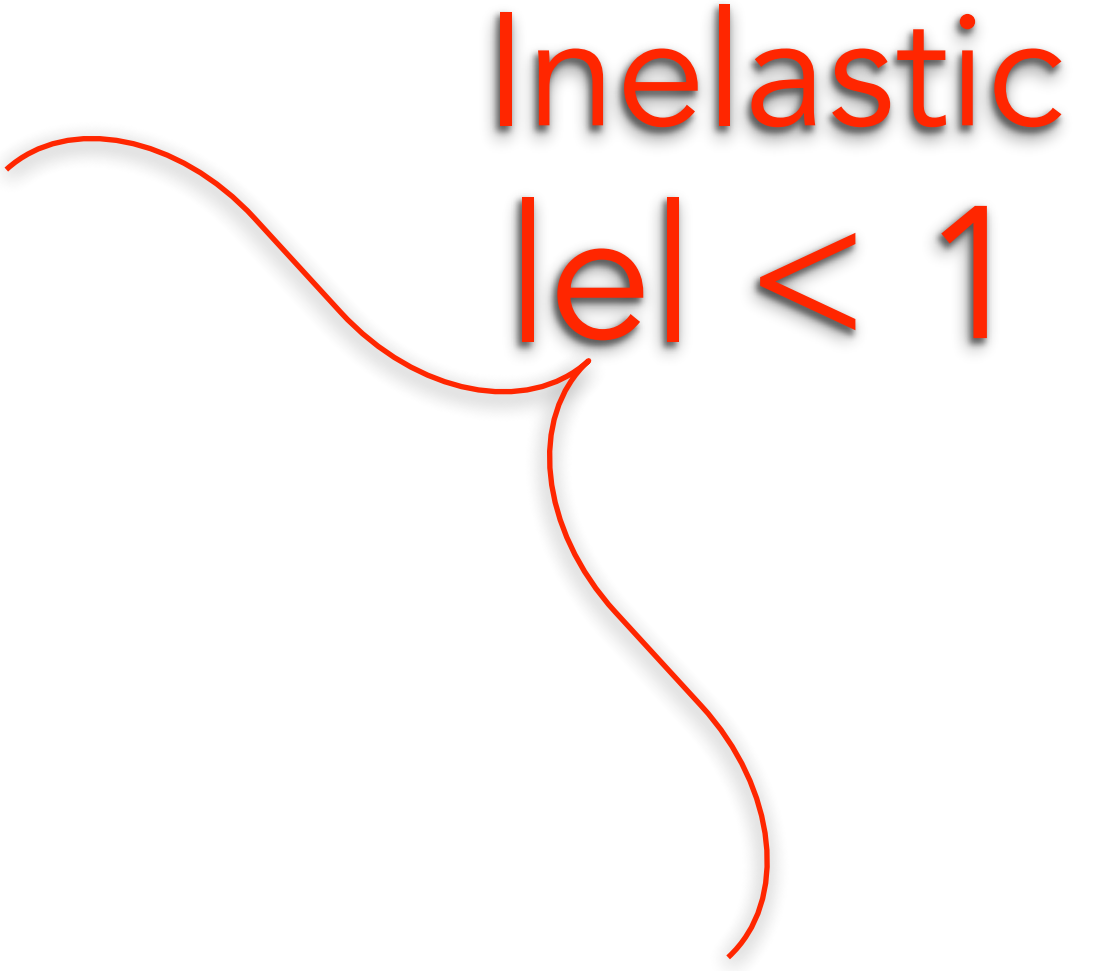
G

a

i

n

Loss


Inelastic
lel < 1

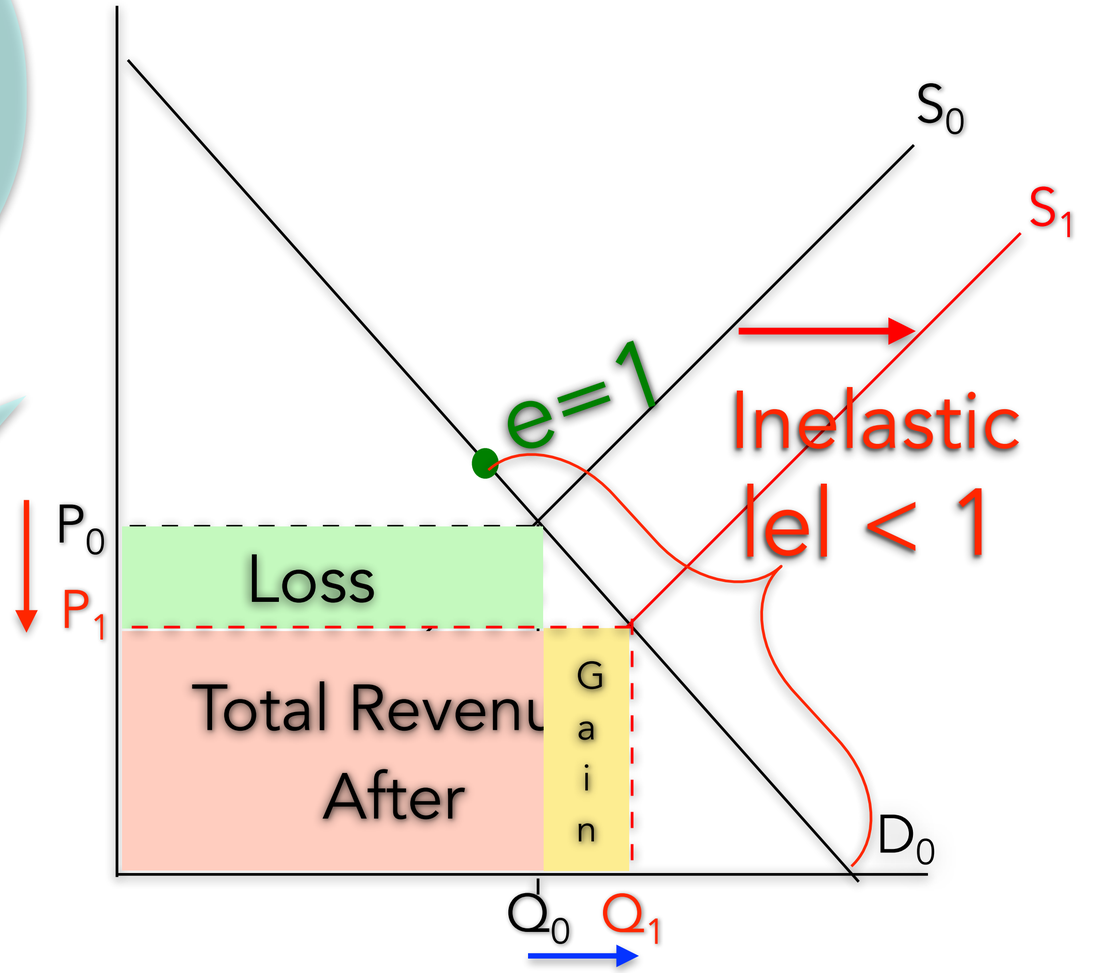

Inelastic
|e| < 1

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

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

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

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

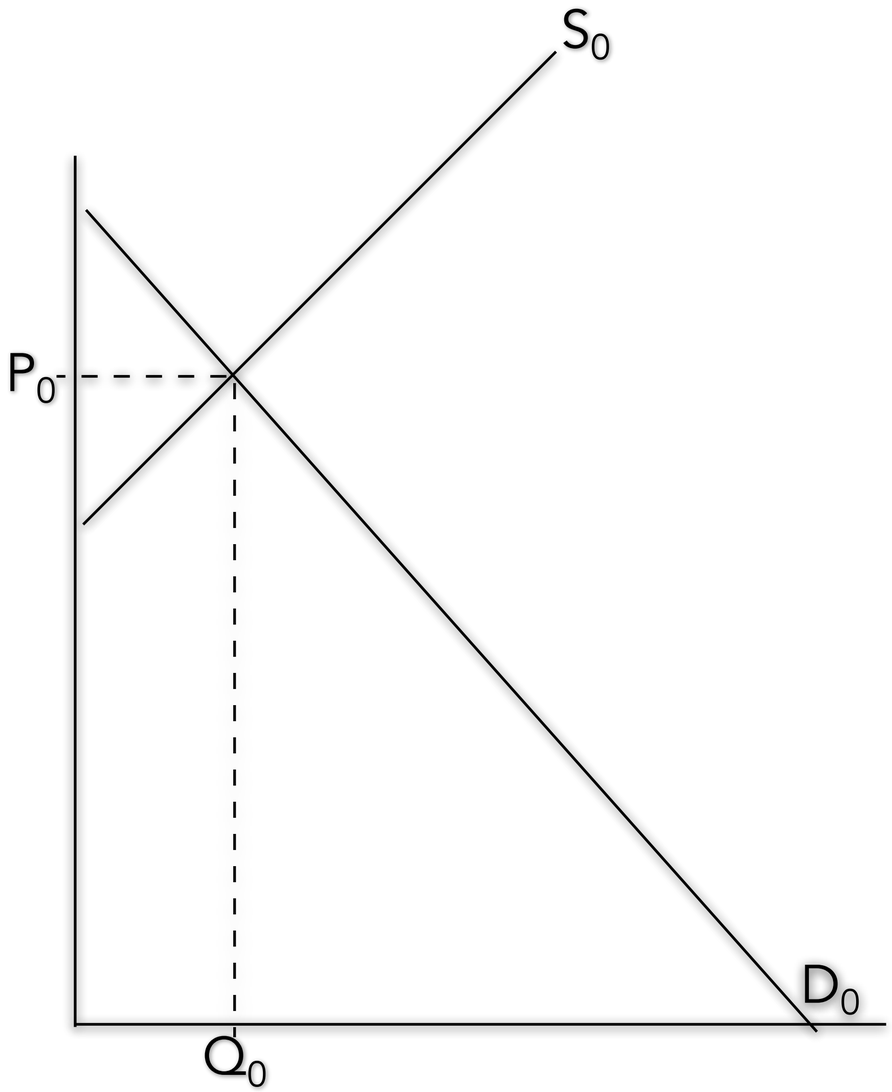


Because

Gain < Loss

TR decrease

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


S_0
P_0
D_0
Q_0