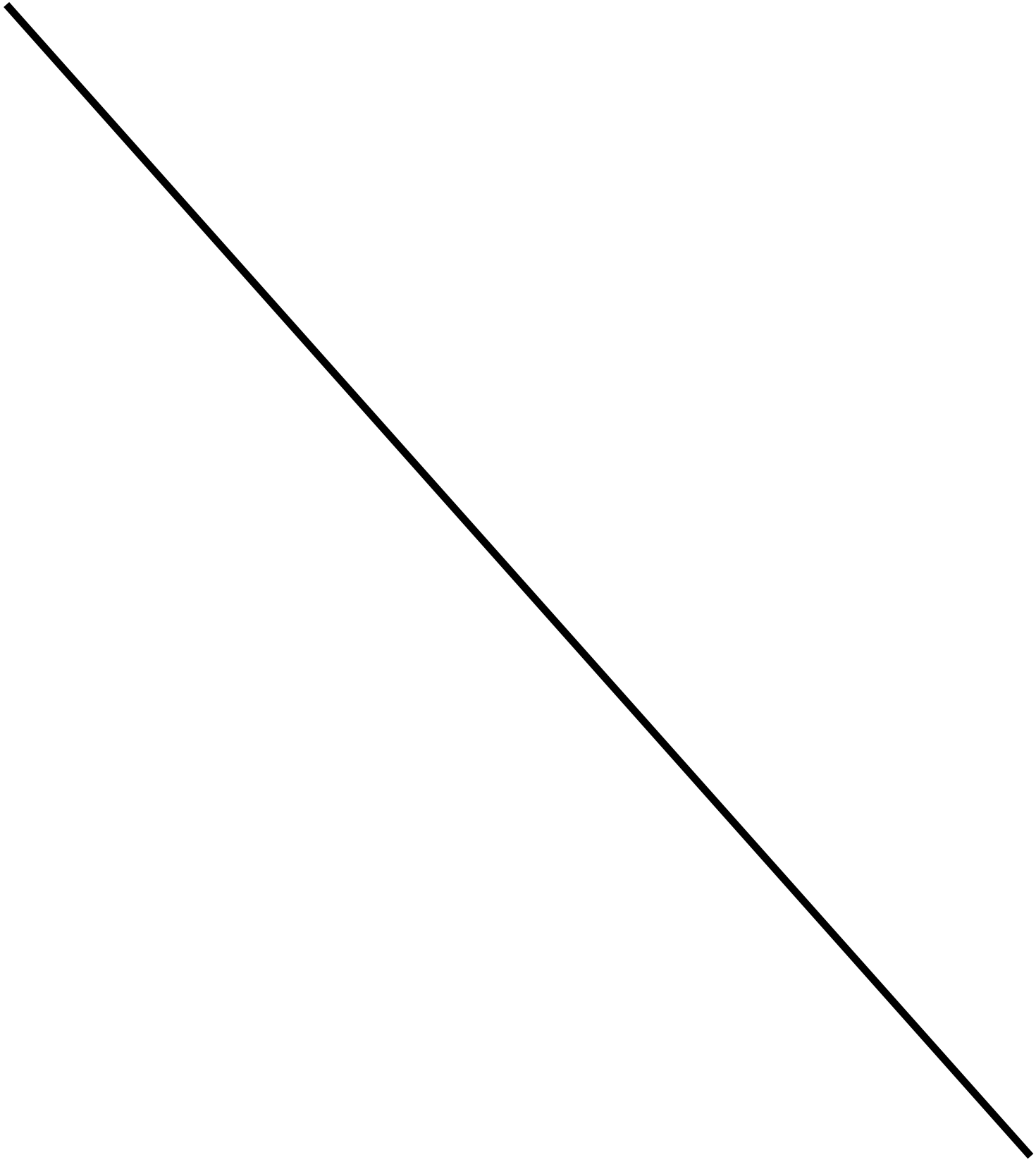
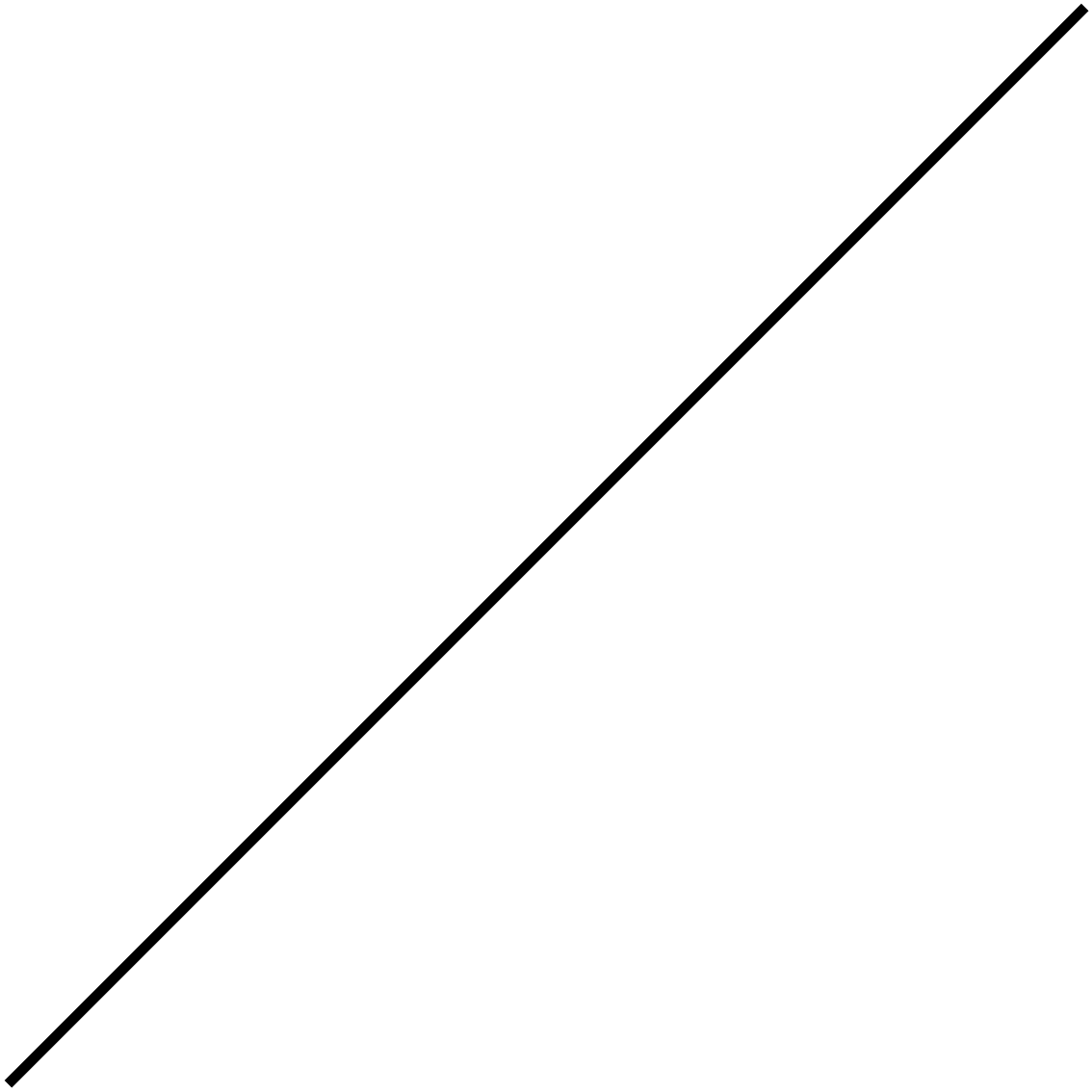


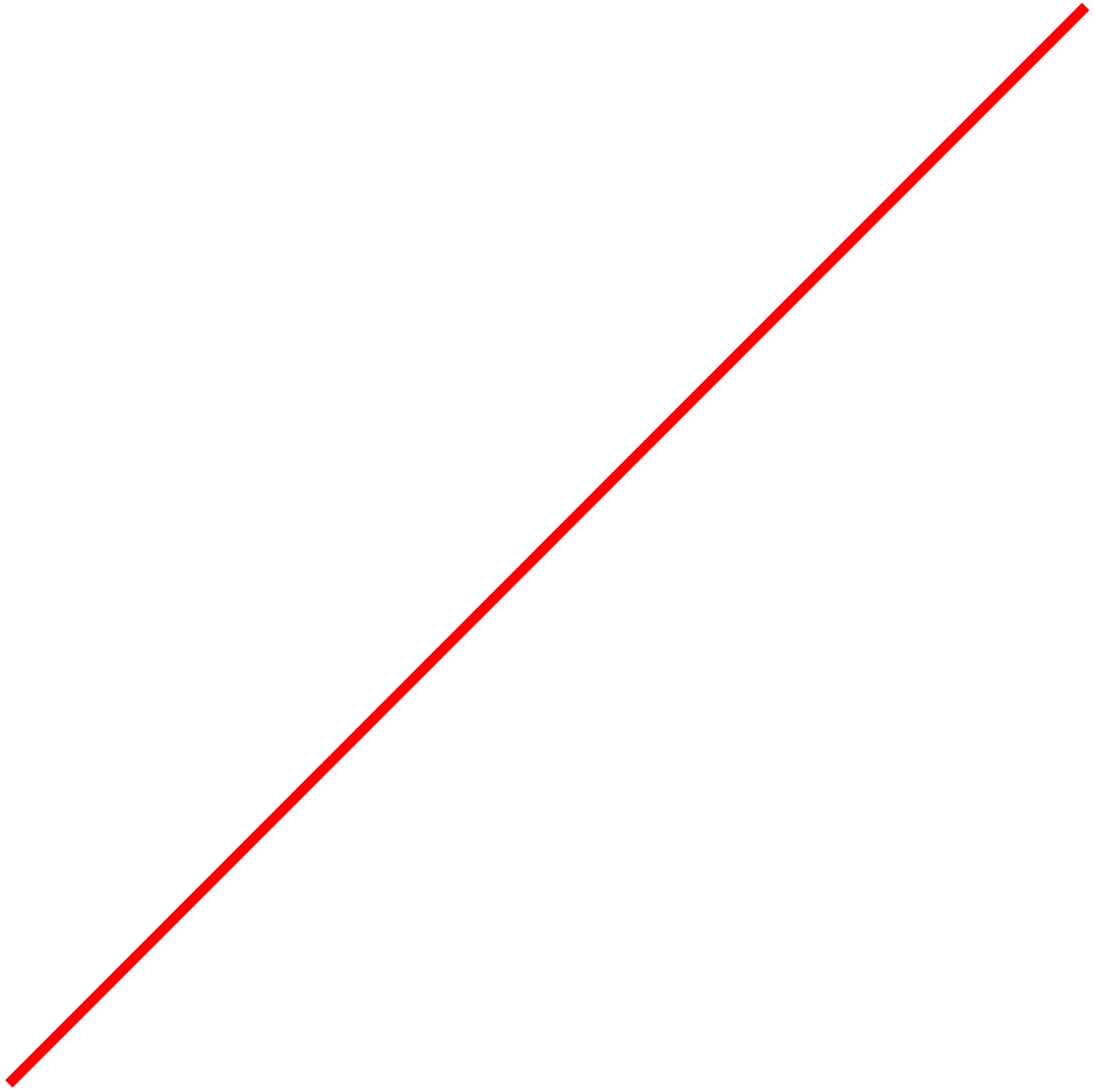
Midpoint













Total
Revenue
Before

Q_1

P₁

Q₀

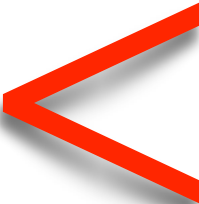
P₀

D₀

So

S₁





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



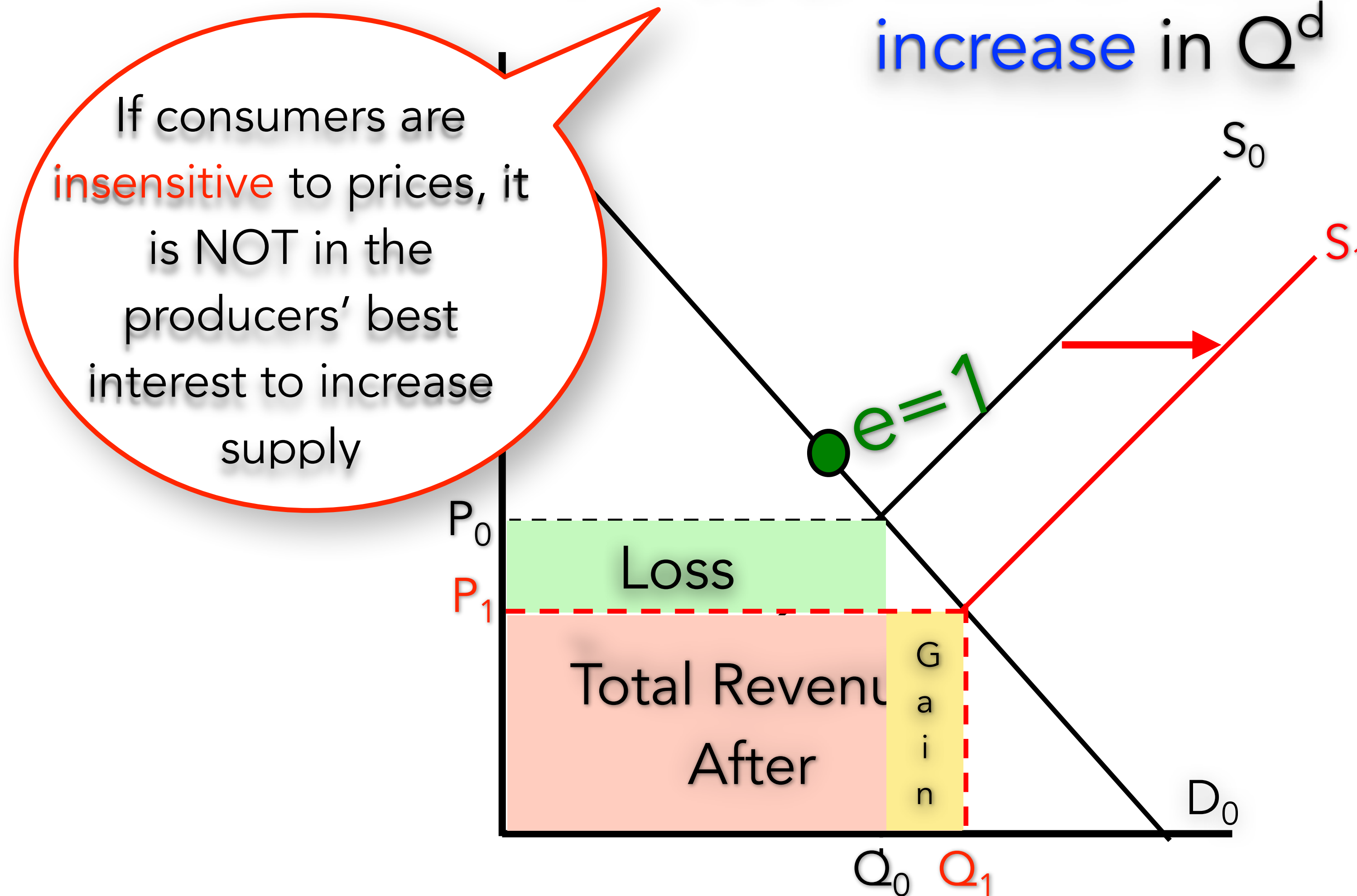
Loss

Inelastic

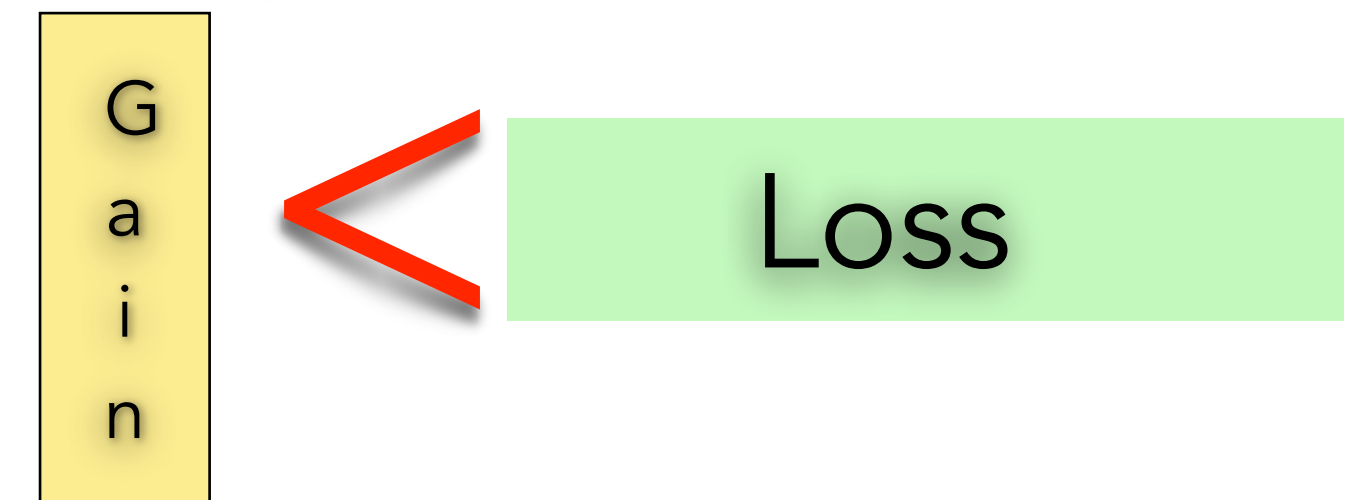
$$|e| < 1$$



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 ($e < 1$)

