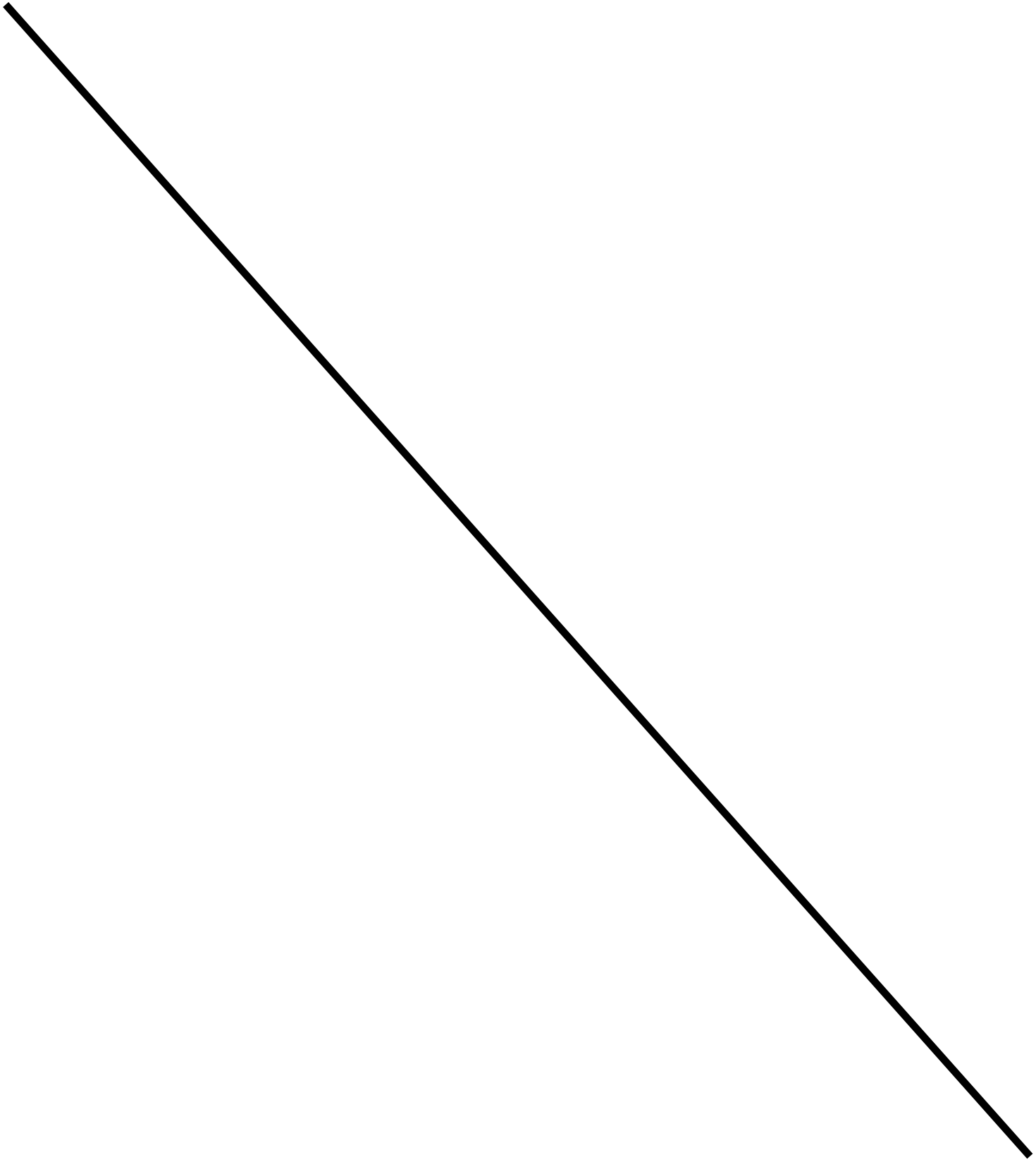
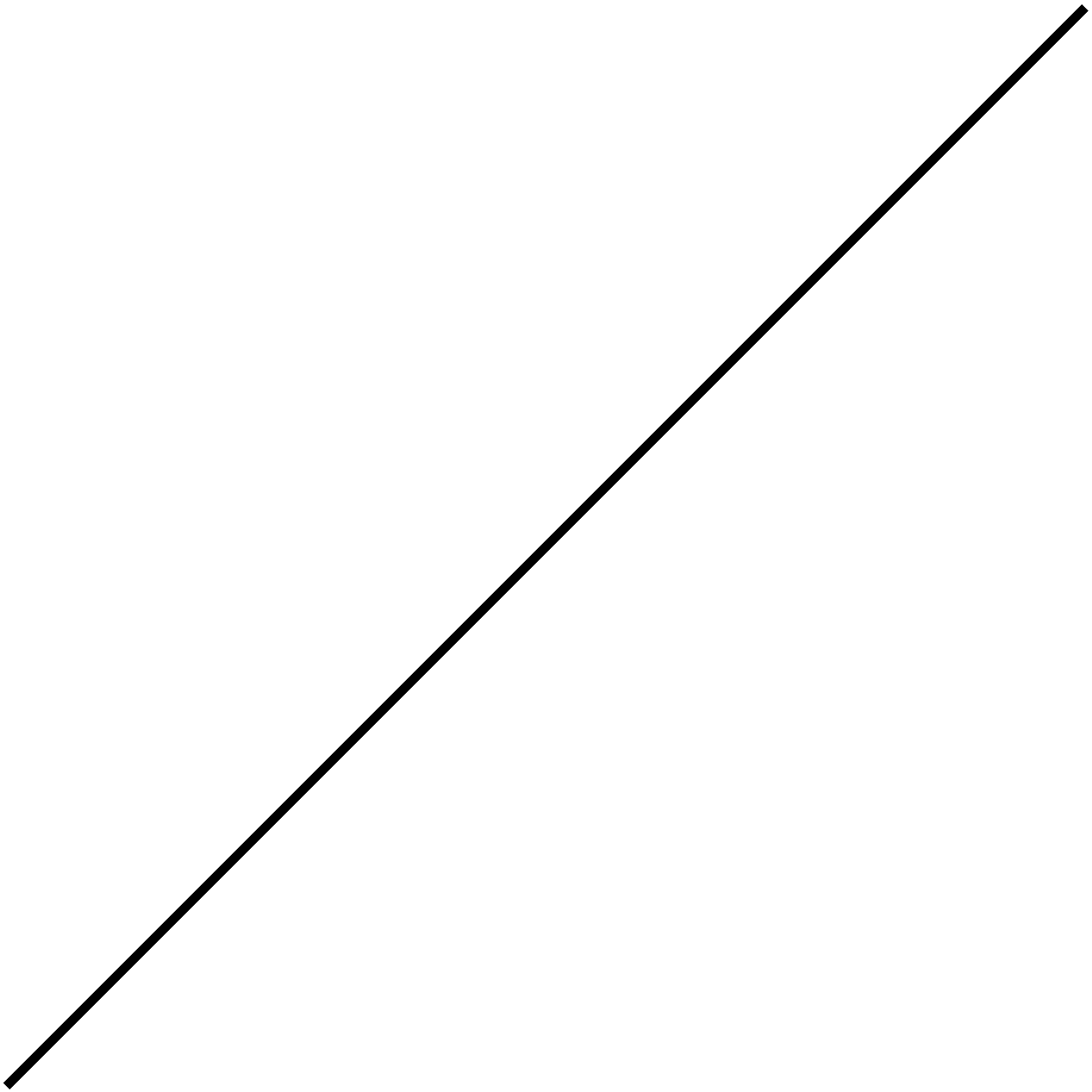




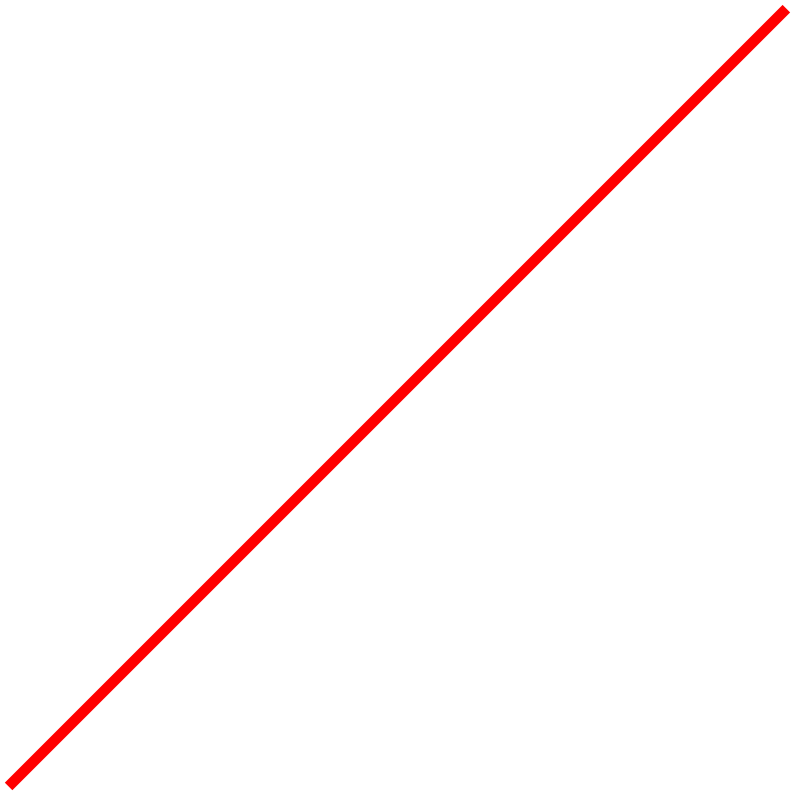
Midpoint















Total
Revenue
Before

Ω_1

P₁

Qo

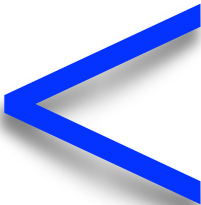
P₀

D₀

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

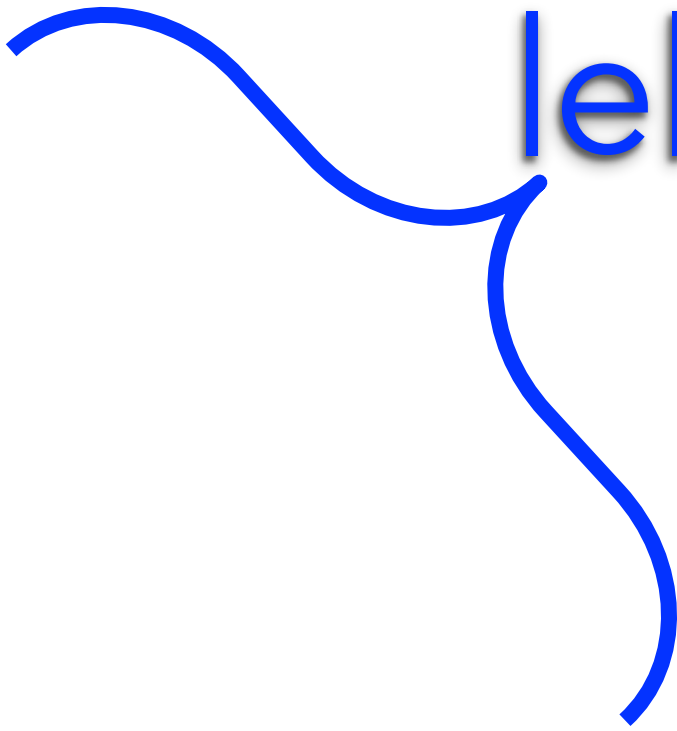


If consumers are
sensitive to prices, it is
NOT in the producers'
best interest to
decrease supply

Decreasing Supply, cause an decrease in Total Revenue for producers if demand is elastic ($e > 1$)

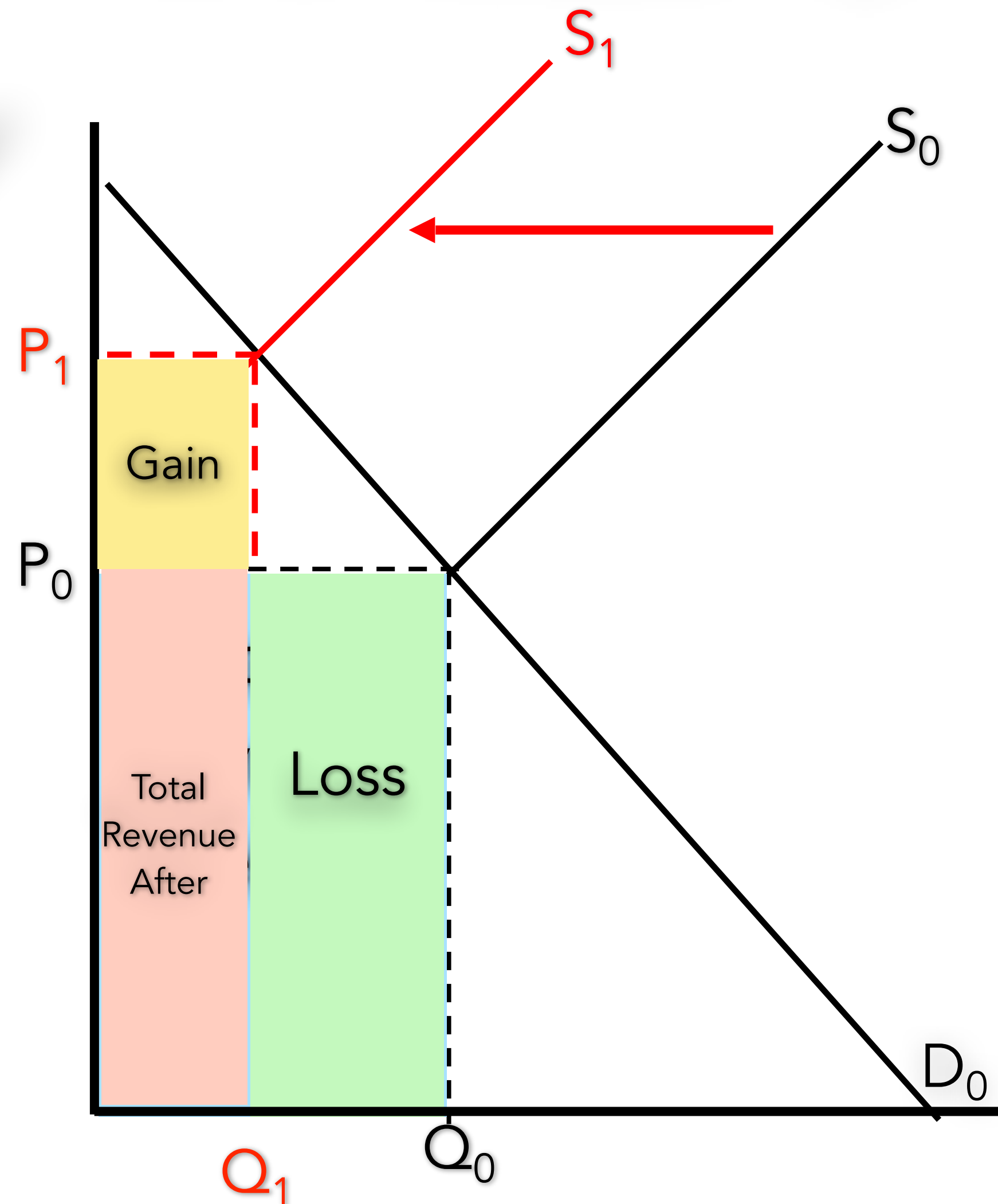
Elastic

$|e| > 1$



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



Because

Gain

<

Loss

TR decrease

Decreasing Supply, cause an decrease in Total Revenue for producers if demand is elastic ($e > 1$)

