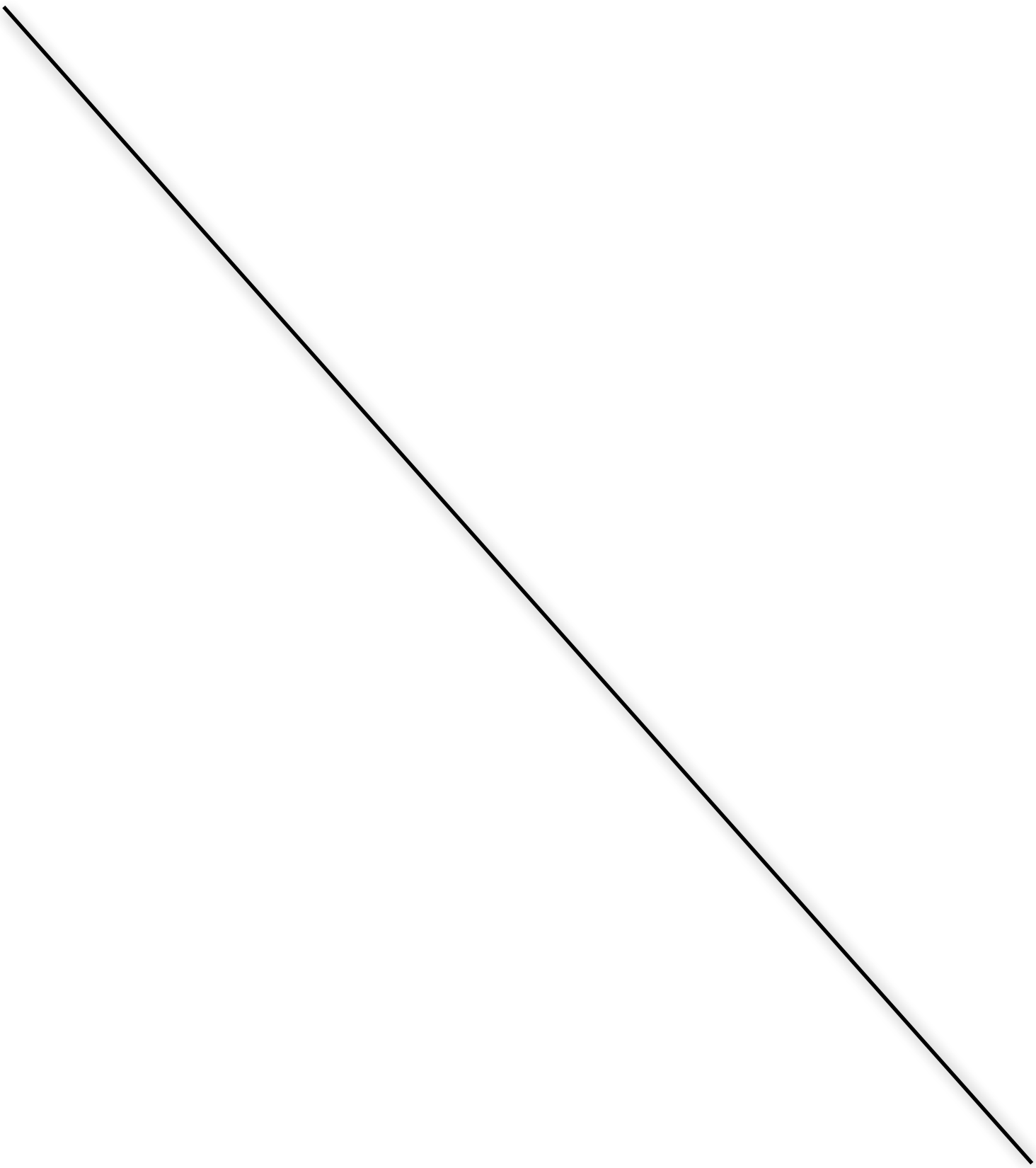
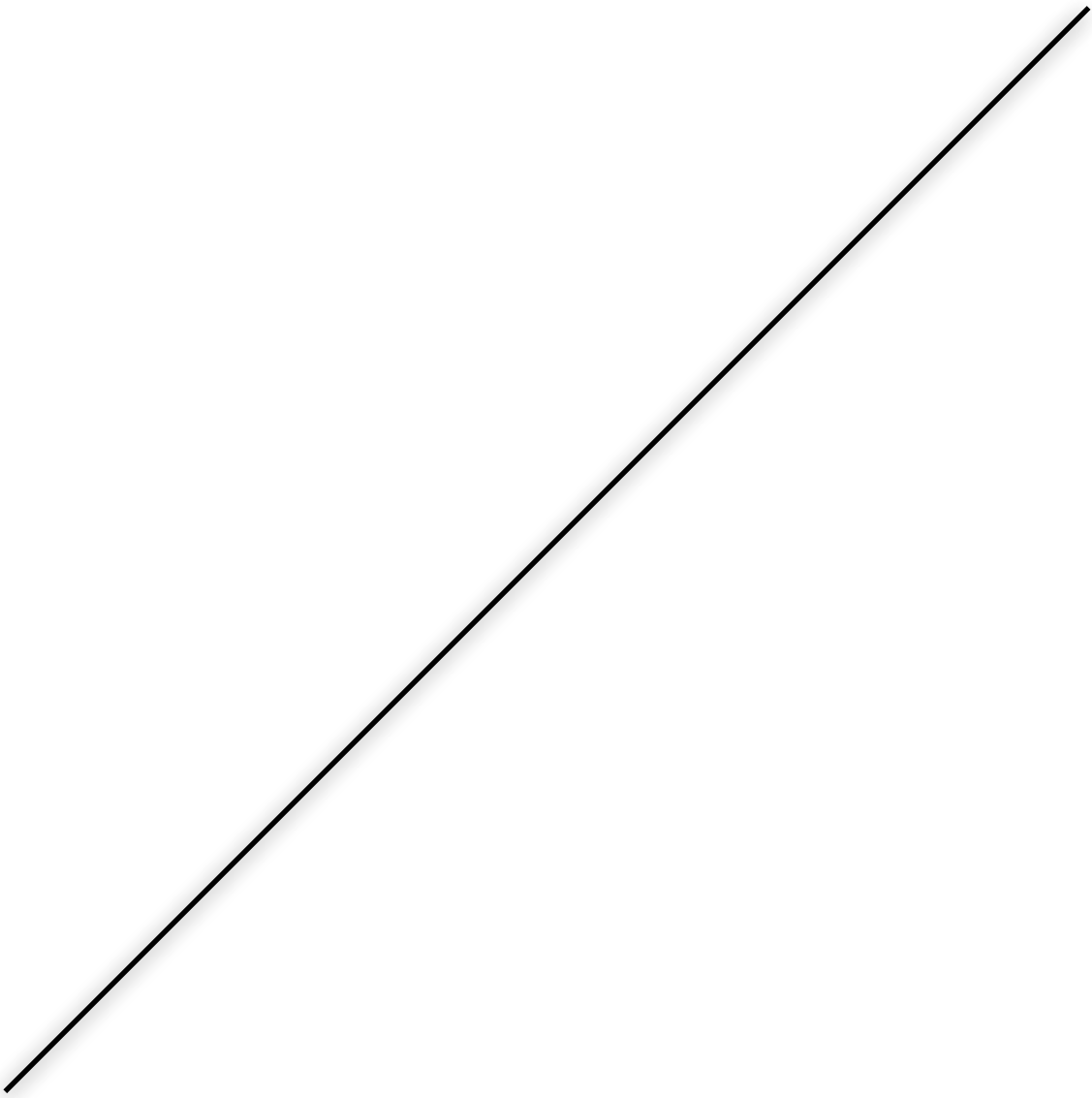




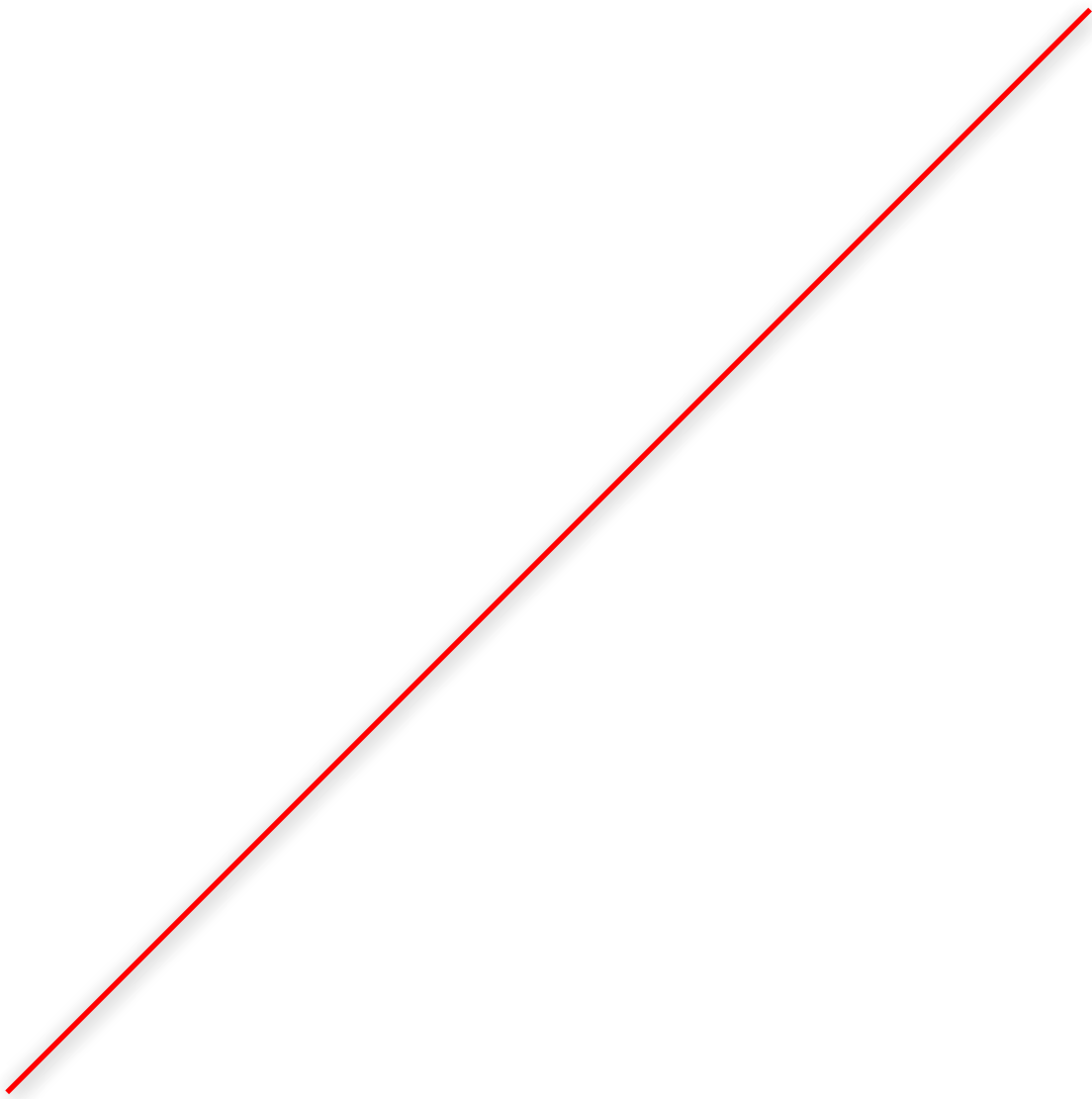
Midpoint













Total
Revenue
Before

Ω_1

P_1

Q₀

P₀

D₀

So

S₁





TR decrease

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

$$.e \equiv 1$$



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

$$|\epsilon| < 1$$







Inelastic

$$|\epsilon| < 1$$



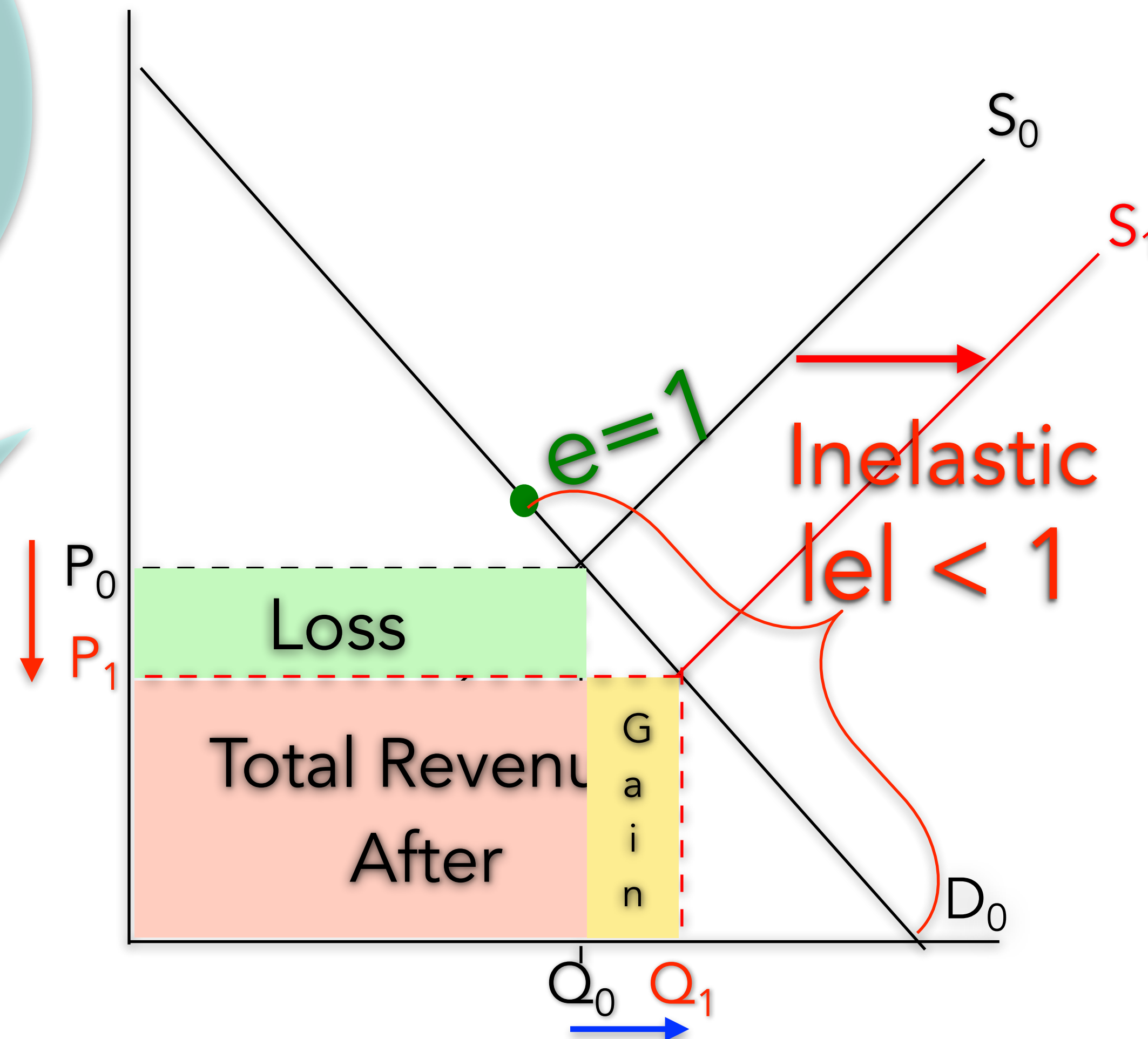


If consumers are
insensitive to prices,
it is **NOT** in the
producers' best
interest to drop
prices

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

Price elasticity of Demand

