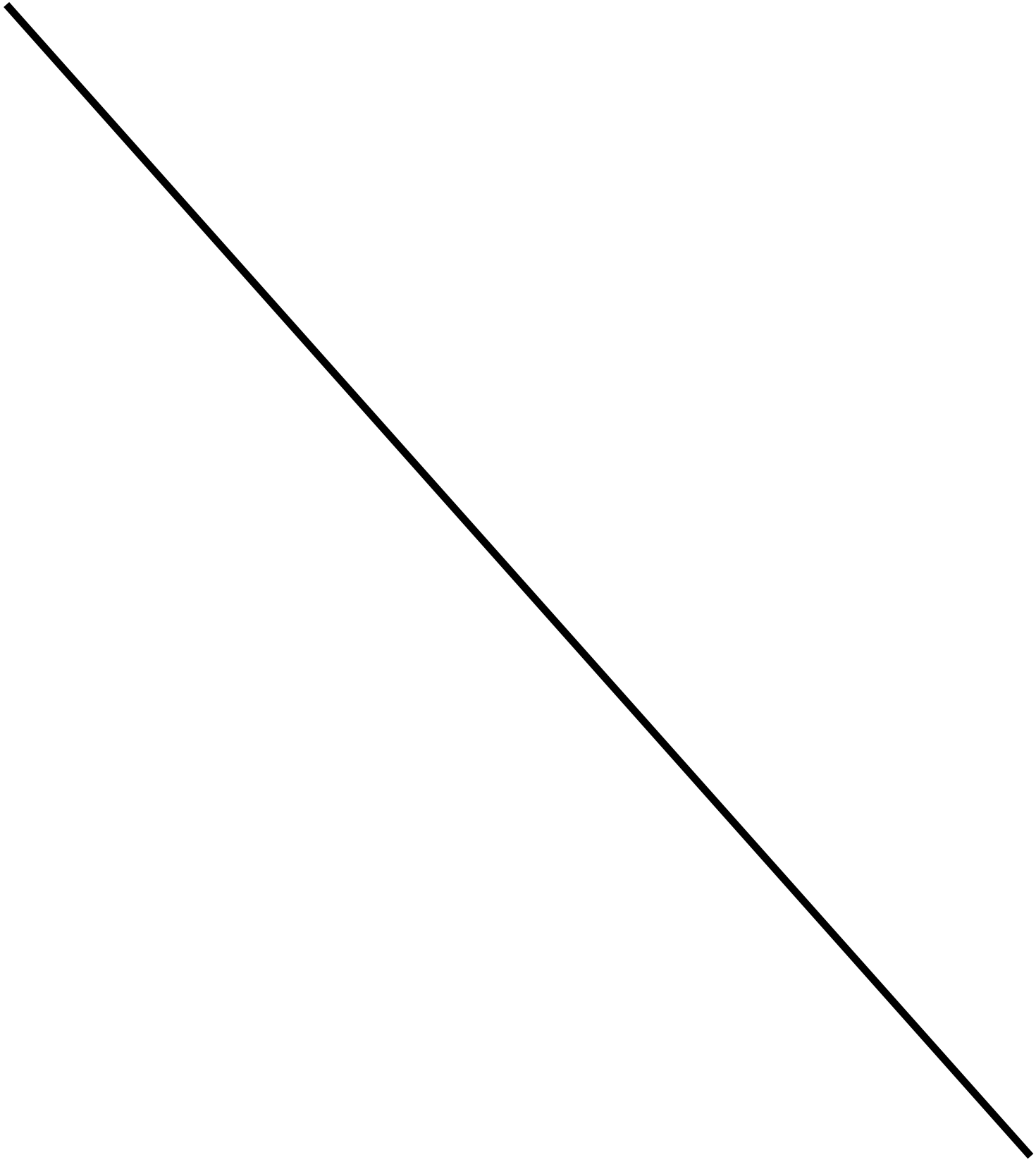
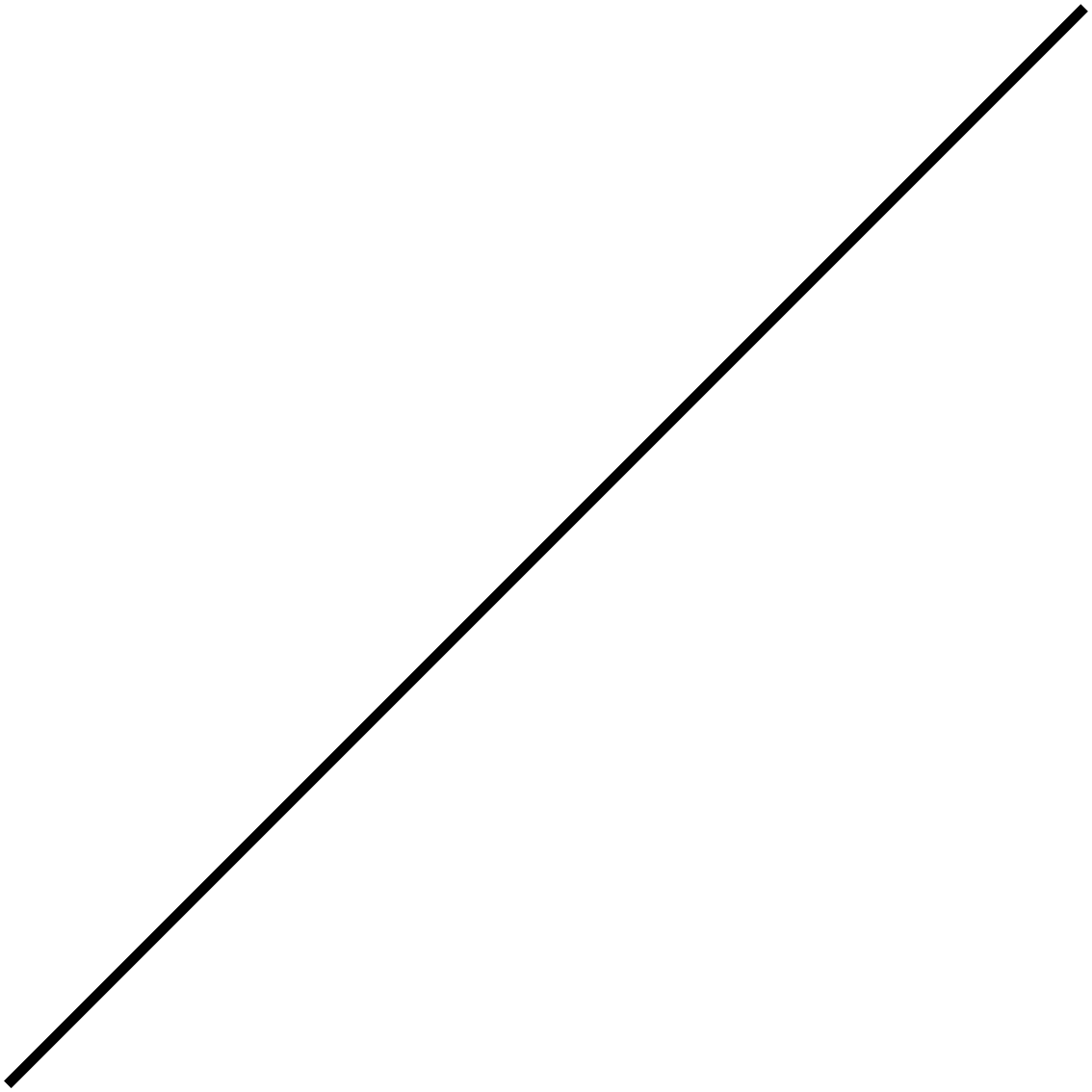




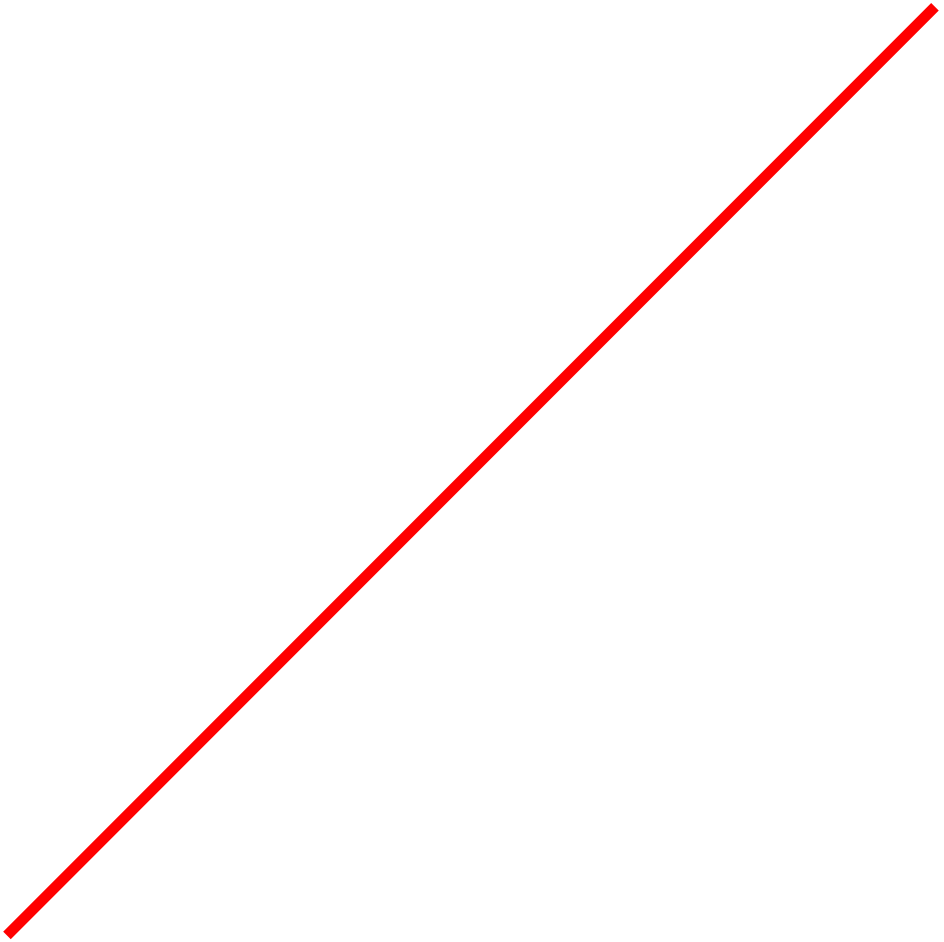
Midpoint















Total Revenue
Before

Q_1

P₁

Q₀

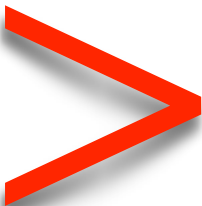
P₀

D₀

So

S₁





TR increase

Decreasing supply, cause an increase in price and a decrease in Q^d

● $e=1$



Loss




Total
Revenue
After

Gain

Gain

Loss

Because



If consumers are
insensitive to prices,
it is in the producers'
best interest to
decrease supply

Decreasing supply, cause an increase in Total Revenue
for producers if demand is inelastic ($e < 1$)

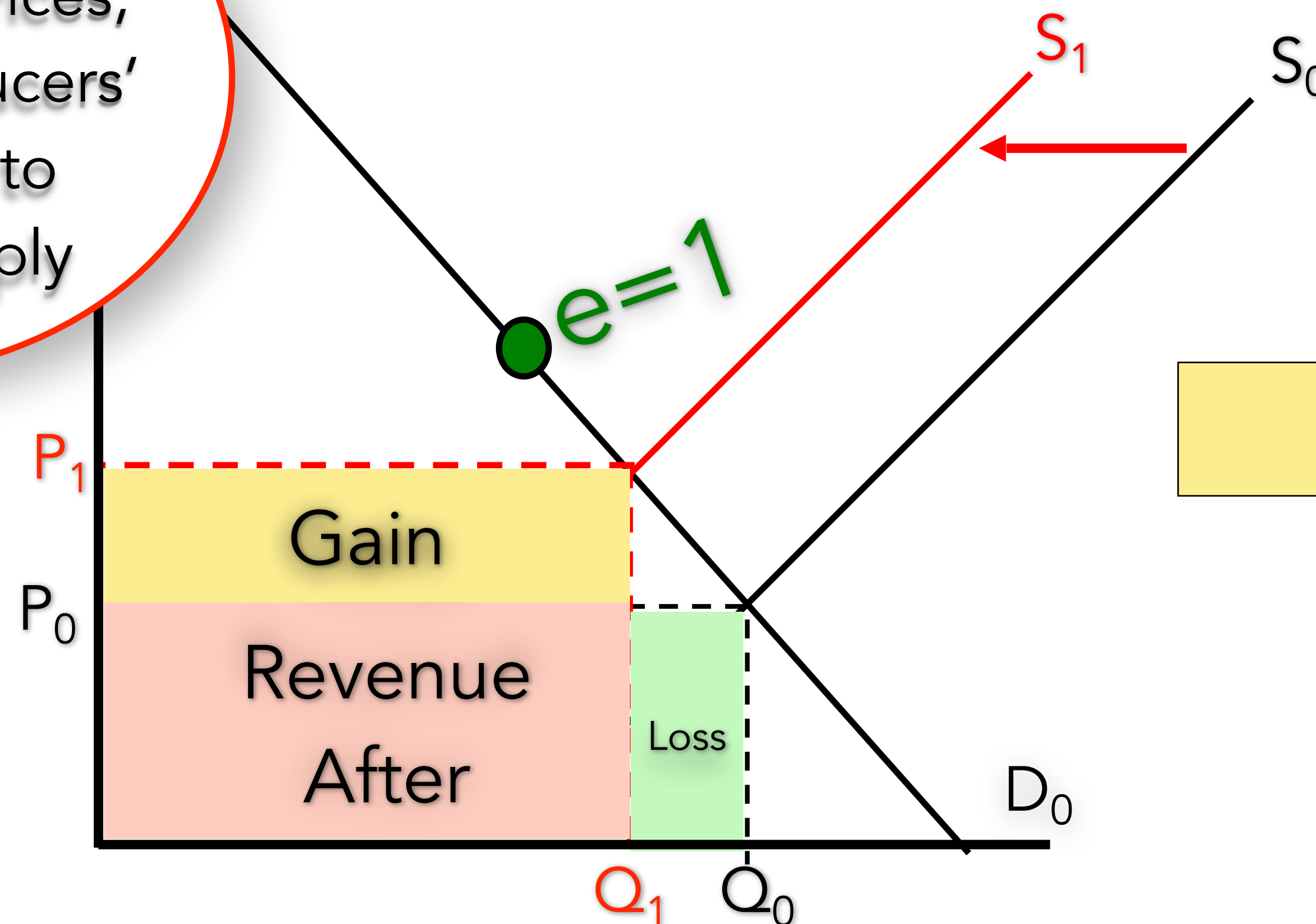
Inelastic

$$|e| < 1$$



Decreasing supply, cause an increase in price and a decrease in Q^d

If consumers are insensitive to prices, it is in the producers' best interest to decrease supply



Because

Gain

>

Loss

TR increase

Decreasing supply, cause an increase in Total Revenue for producers if demand is inelastic ($e < 1$)

