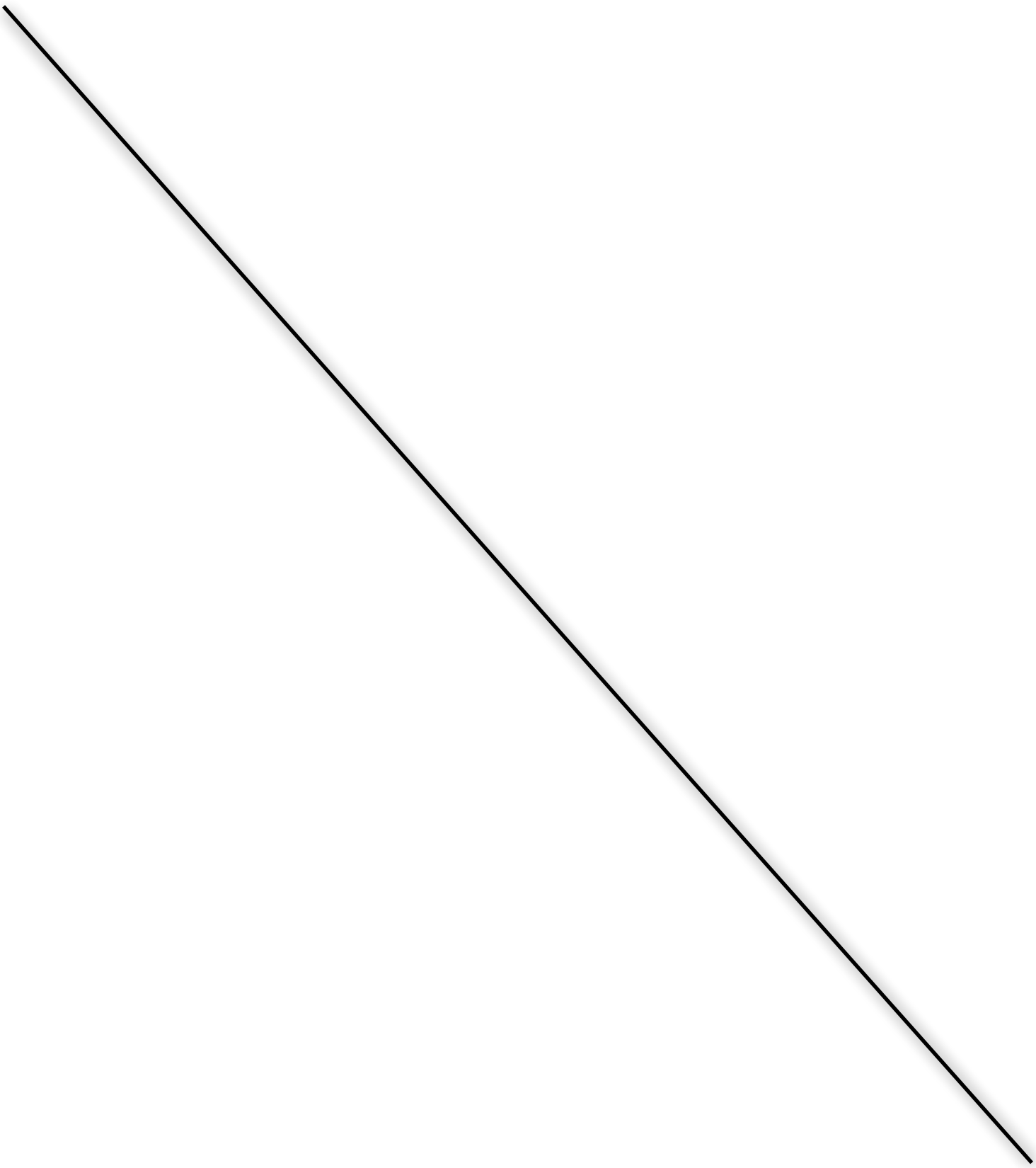
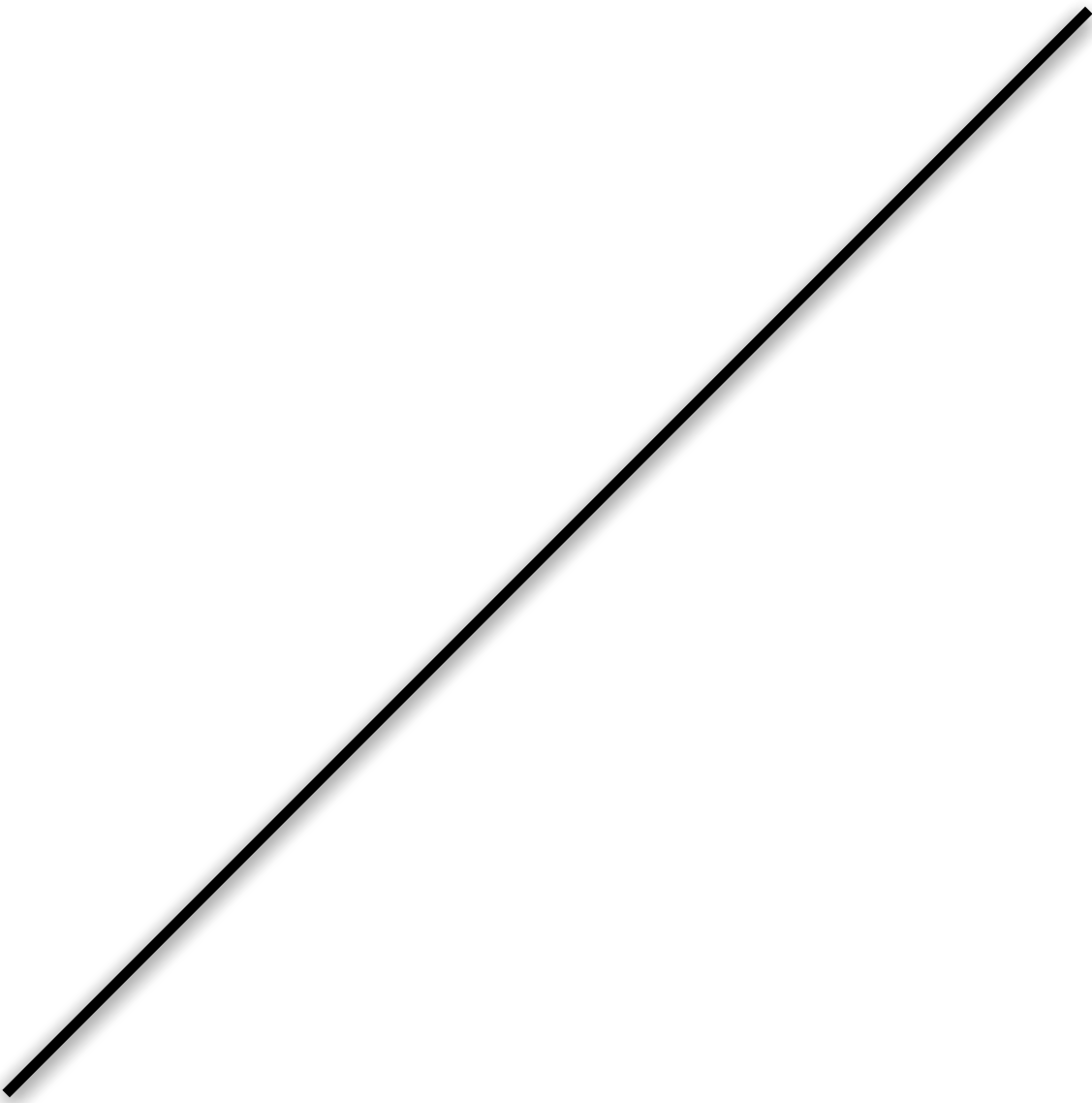




Midpoint





1

2

3

4

5

6

7

8

9

10

11

12

13

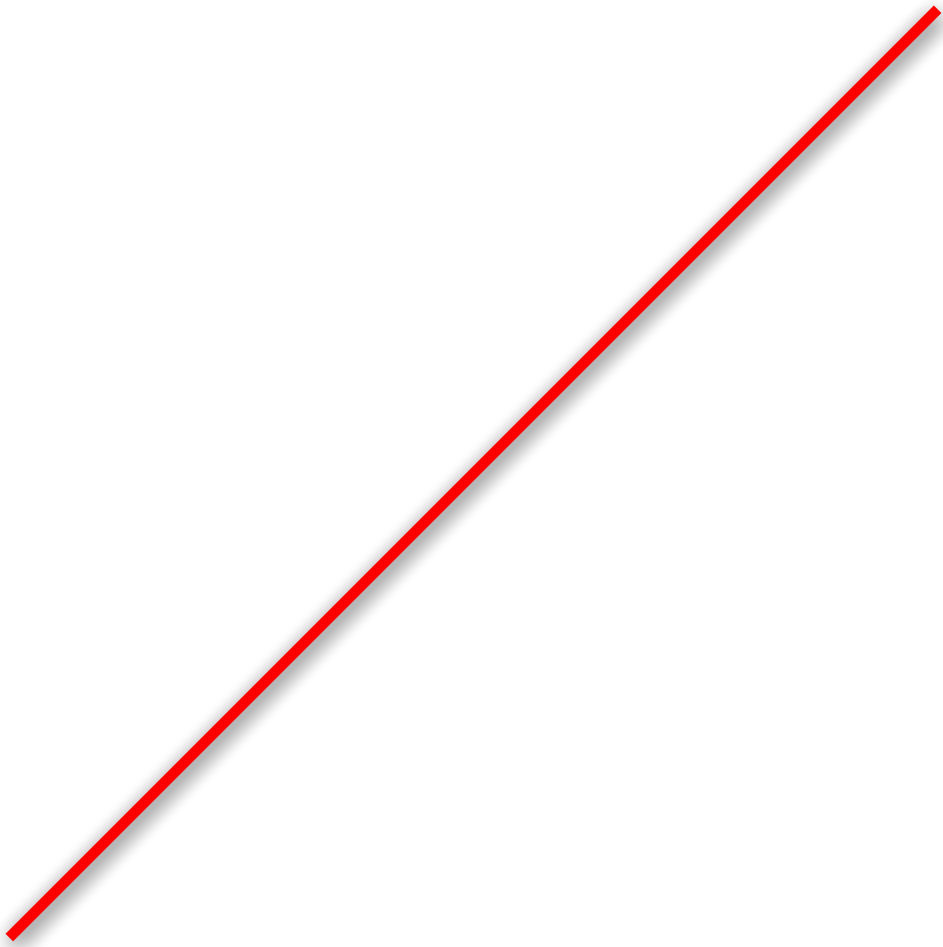
14

15

16

17





1

2

3

4

5

6

7

8

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10

11

12

13

14

15



Total Revenue
Before

O_1

P_1

Q₀

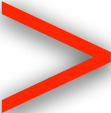
P₀

Do

So

S₁





TR increase

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

$$.e \equiv 1$$



Loss



Total
Revenue
After

Gain

Gain

Loss

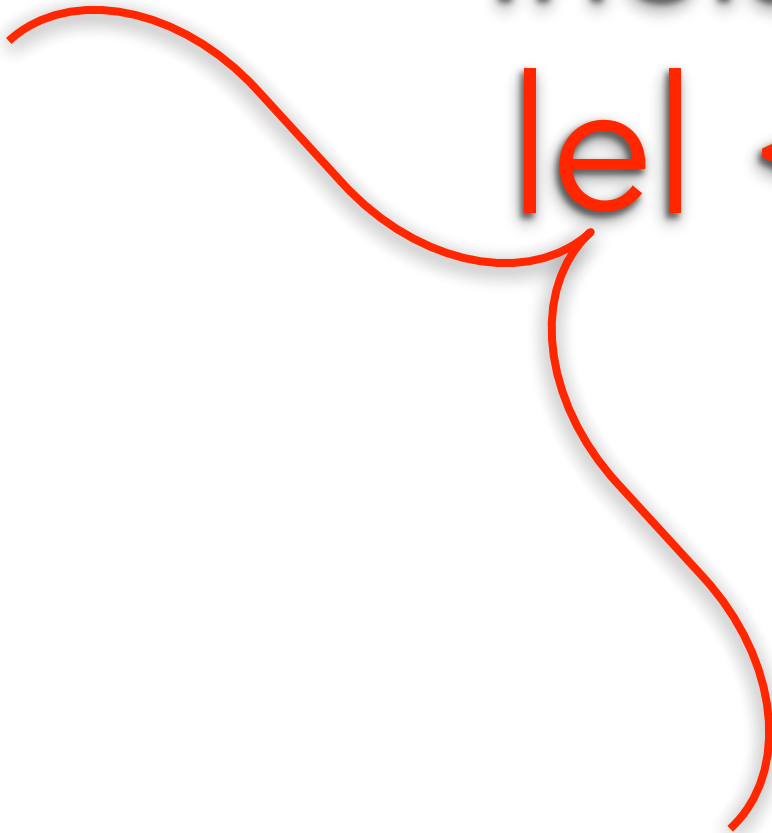
Because

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

$$|\epsilon| < 1$$

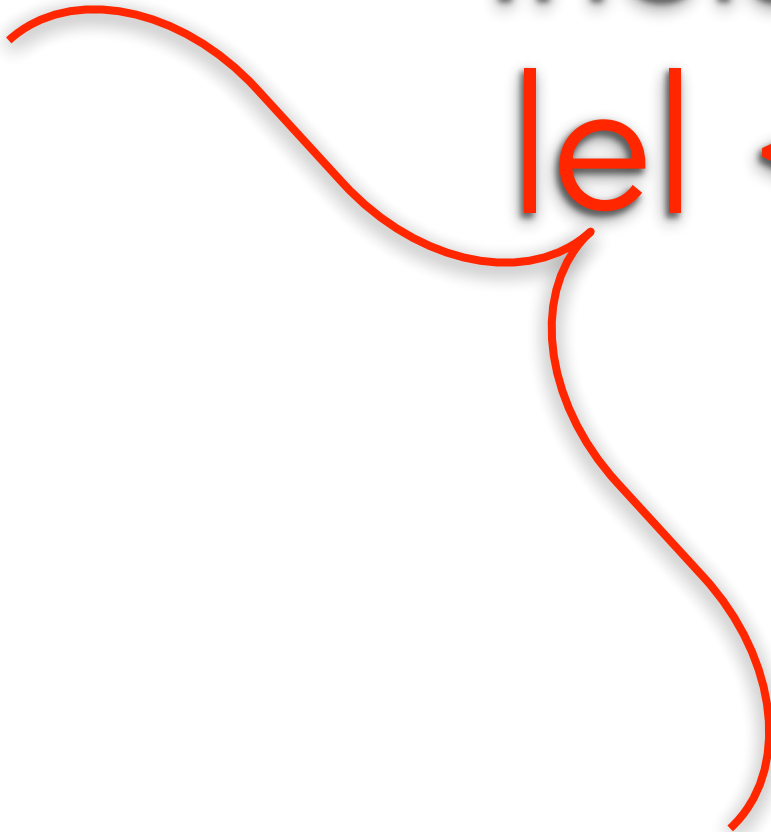







Inelastic

$$|e| < 1$$

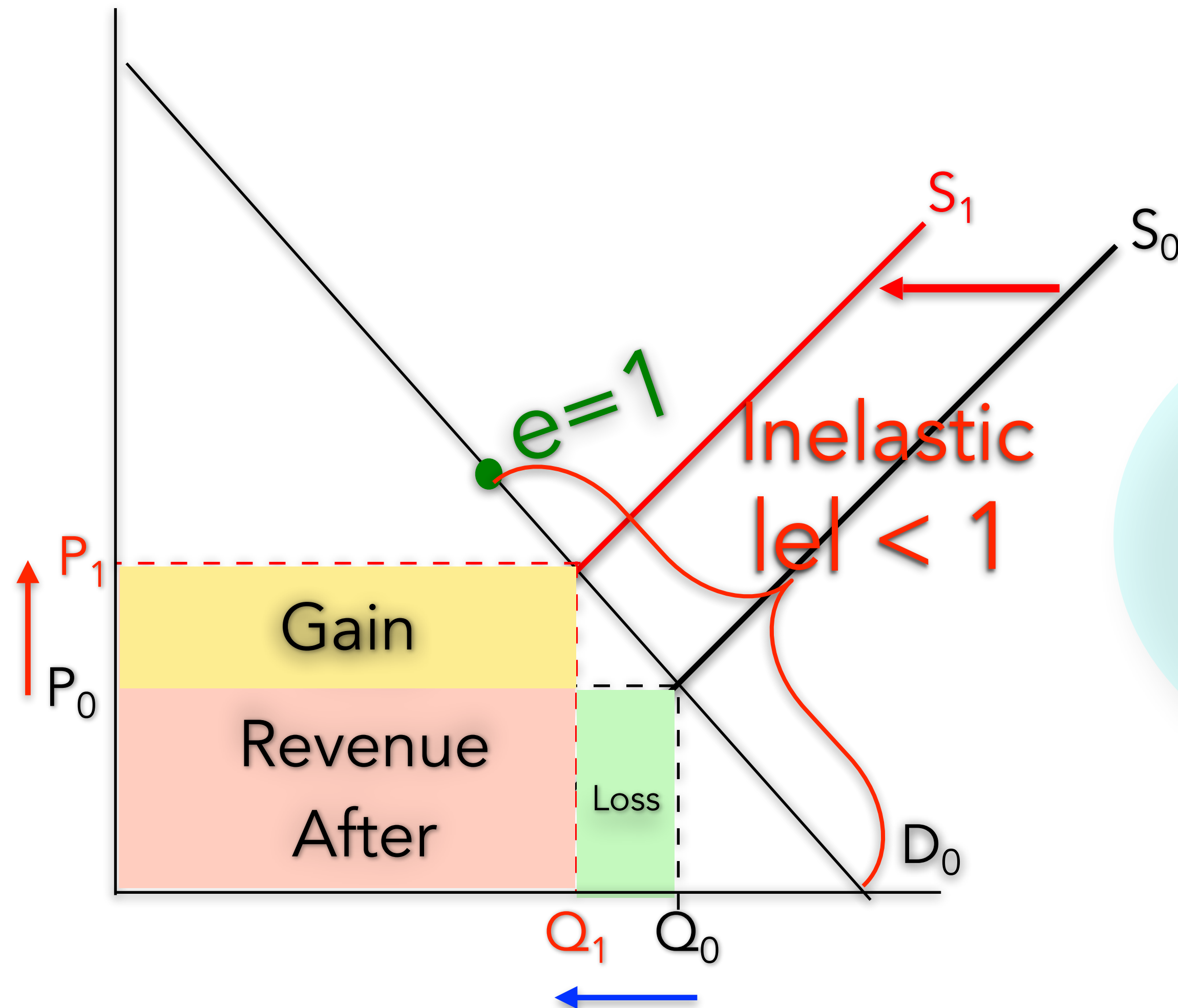




If consumers are
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Decreasing supply, cause an increase in Total Revenue for producers if demand is inelastic ($e < 1$)

Because



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

TR increase

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

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

