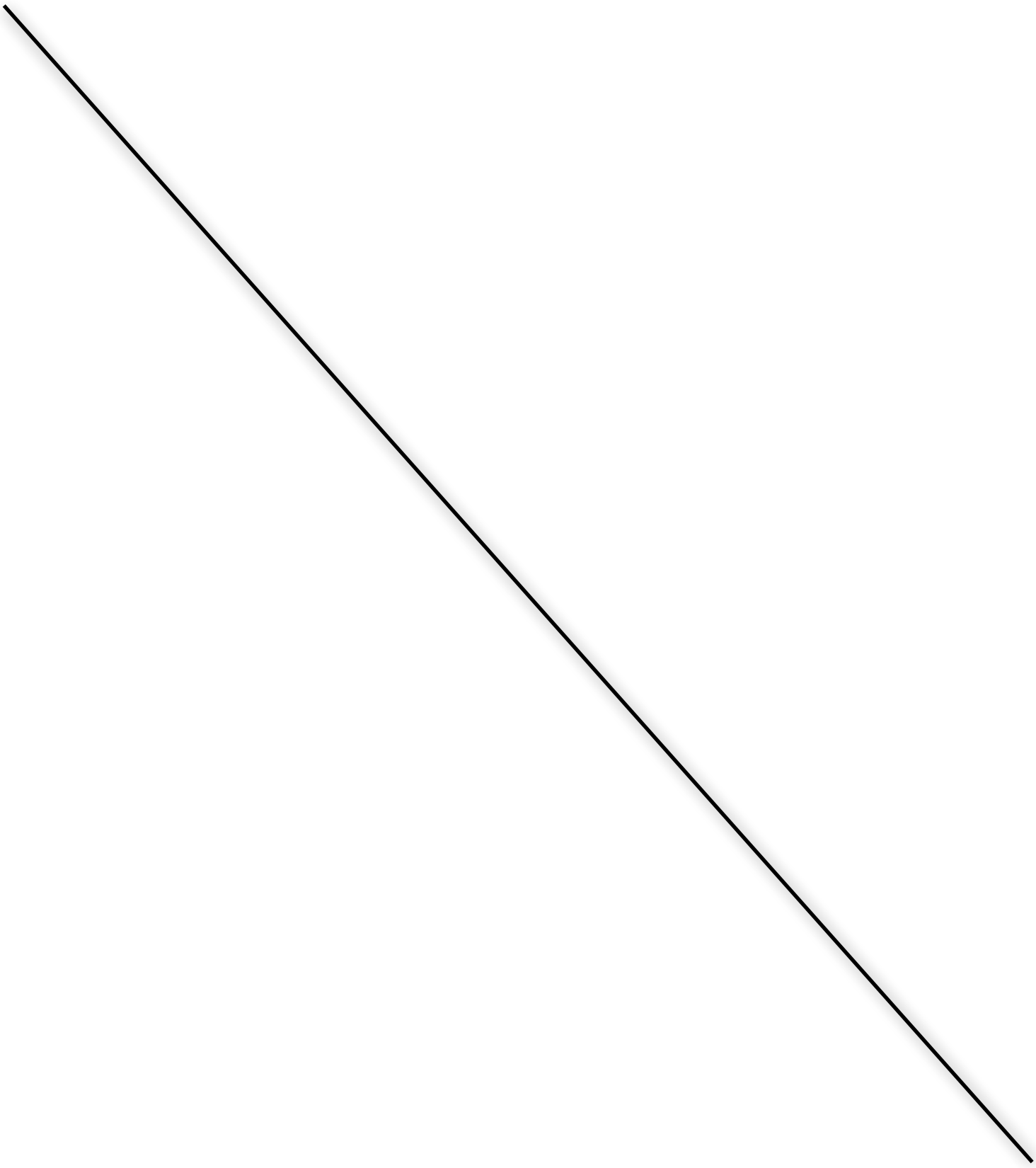
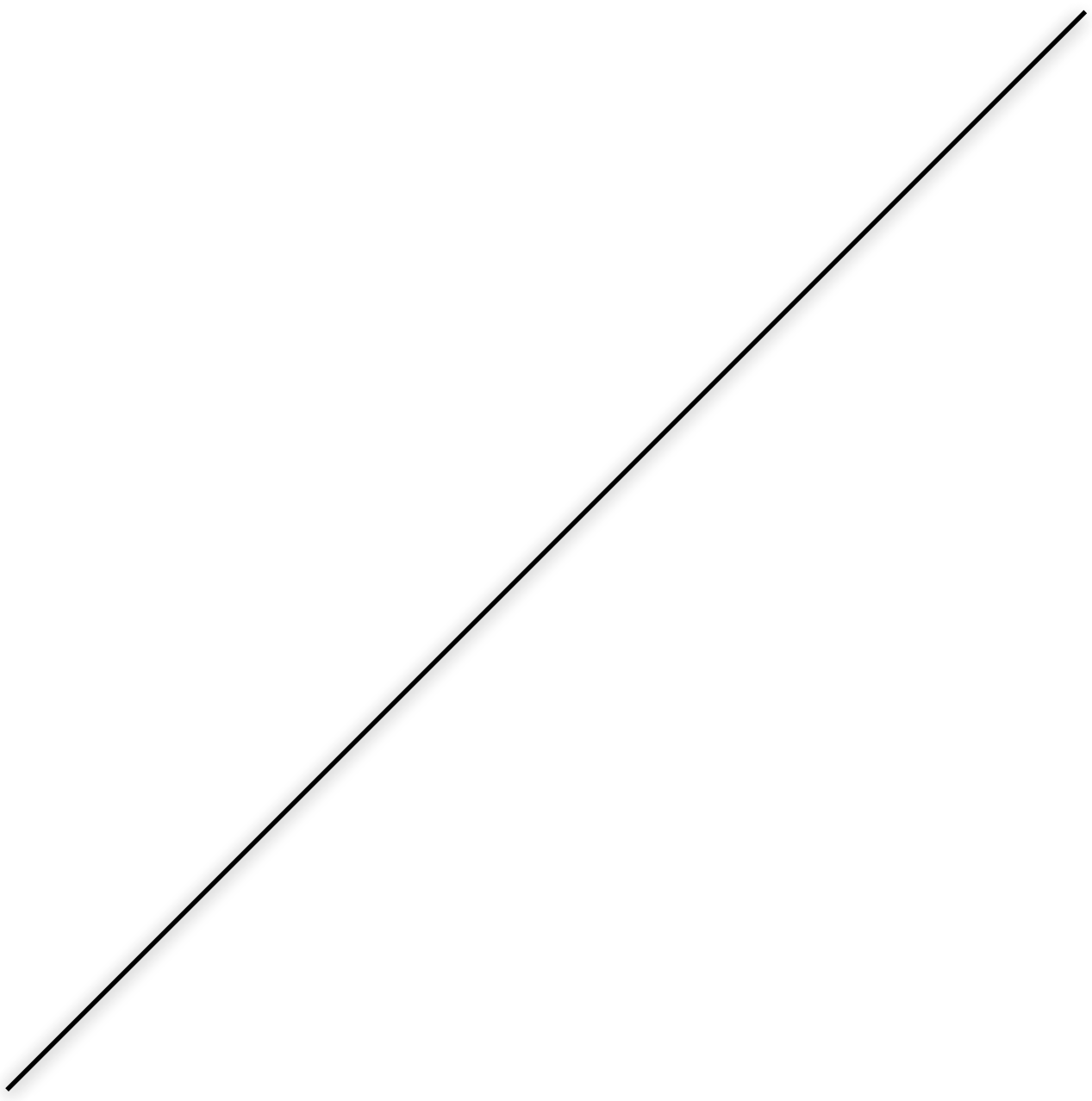




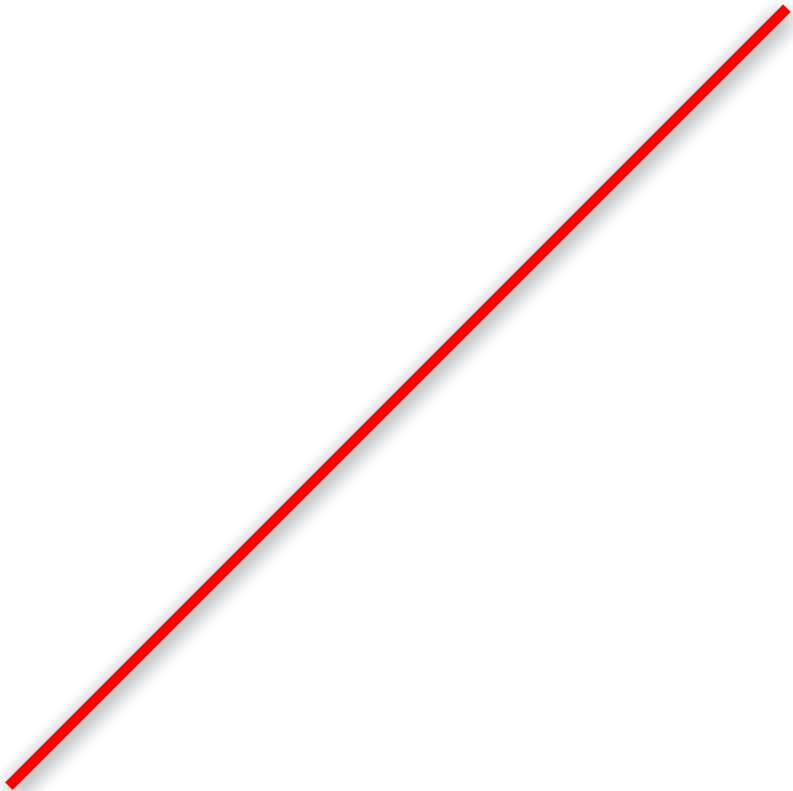
Midpoint















Total
Revenue
Before

Ω_1

P₁

Q₀

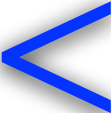
P₀

Do

So

S₁





TR decrease

$e=1$



Loss



Total
Revenue
After

Gain

Because

Loss

Gain

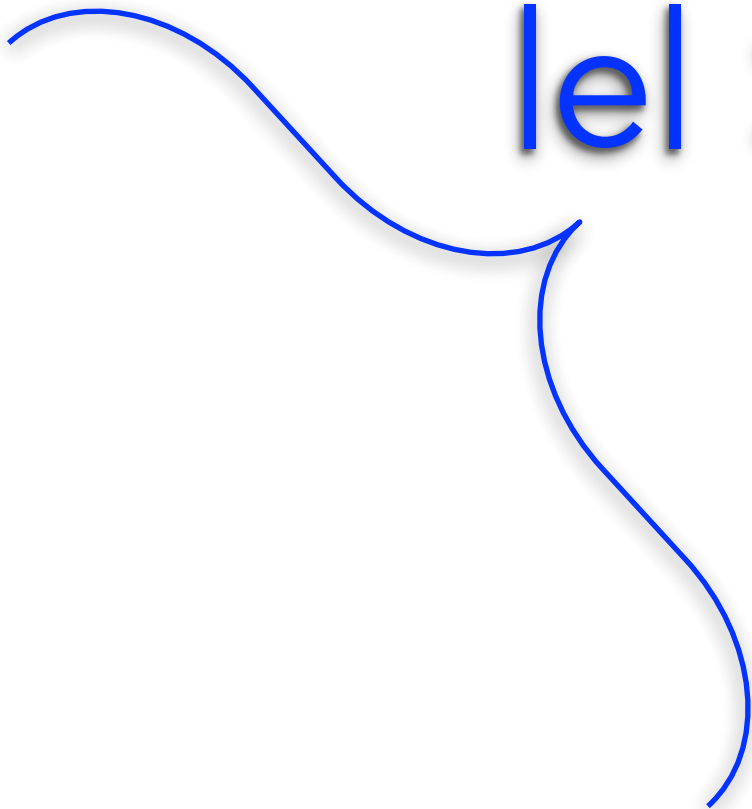
Decreasing Supply, cause an increase in price and a decrease in Q^d

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

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

Elastic

$|\epsilon| > 1$

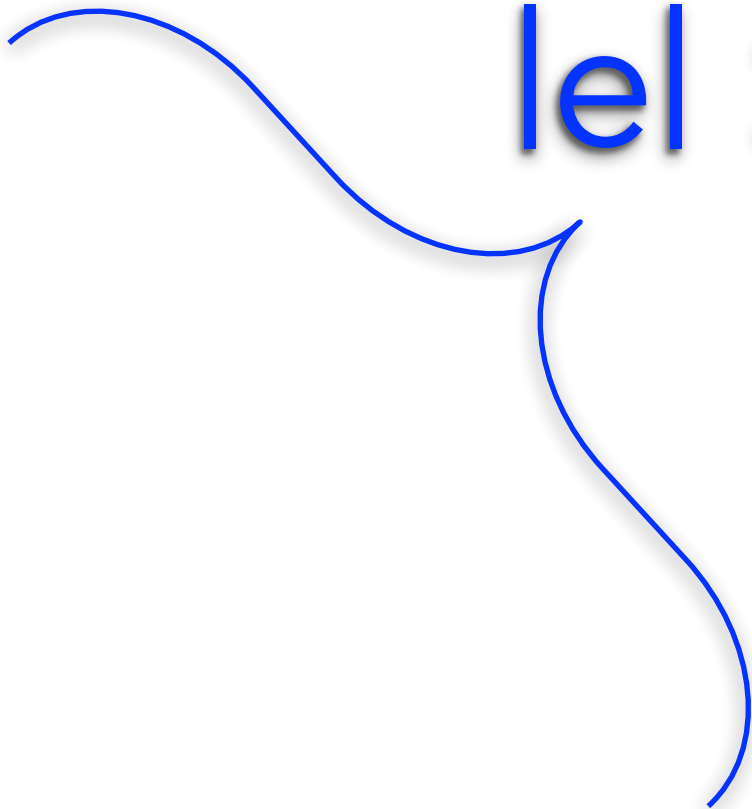






Elastic

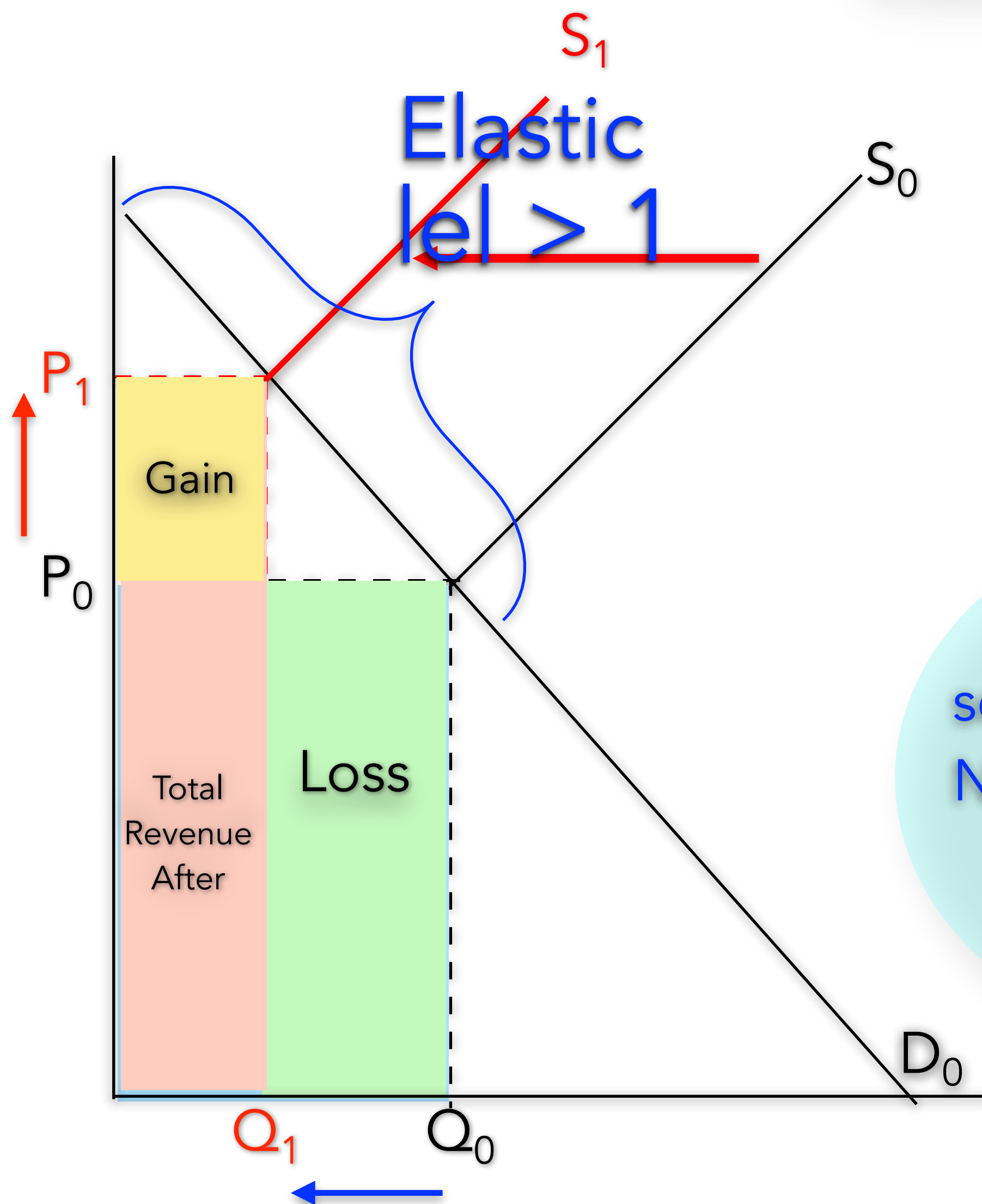
$|\epsilon| > 1$





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

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



Because

Gain

<

Loss

TR decrease

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

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

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

