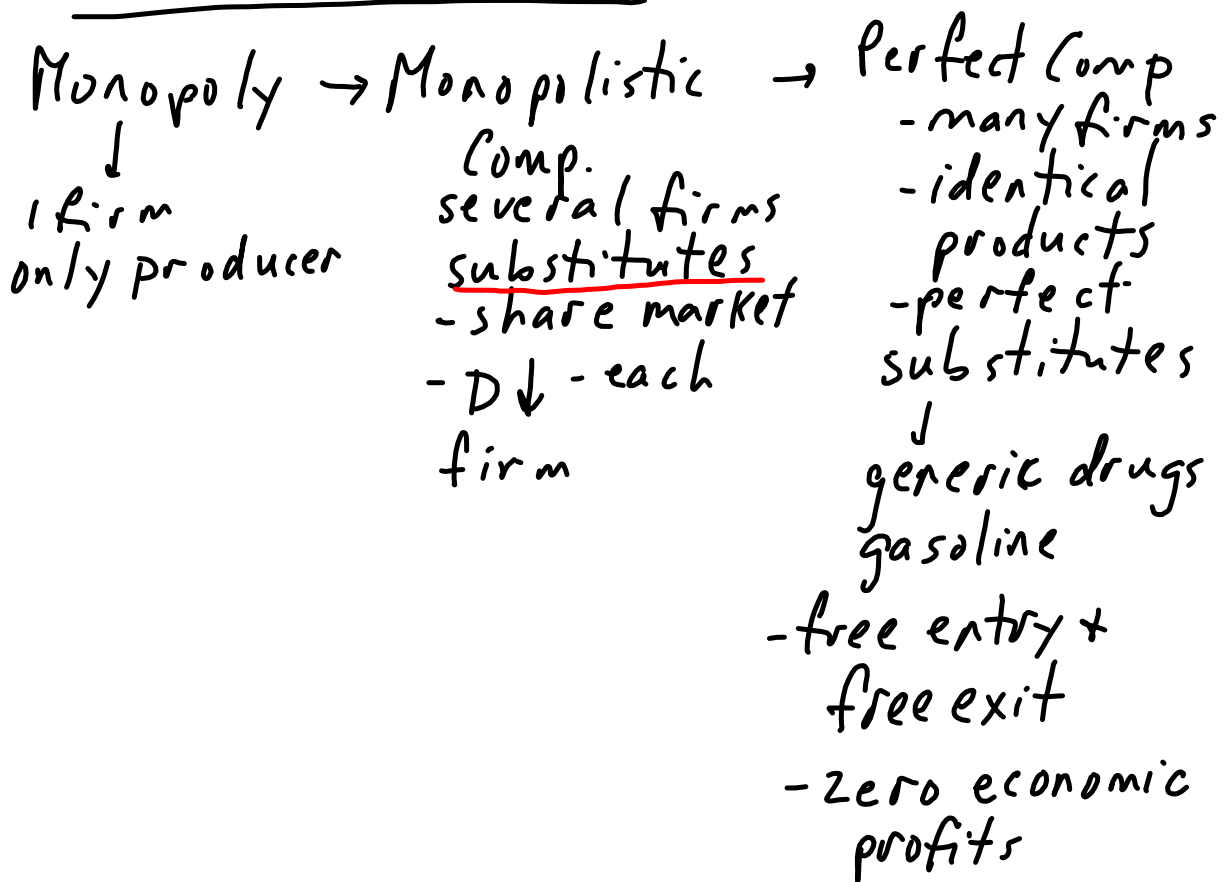
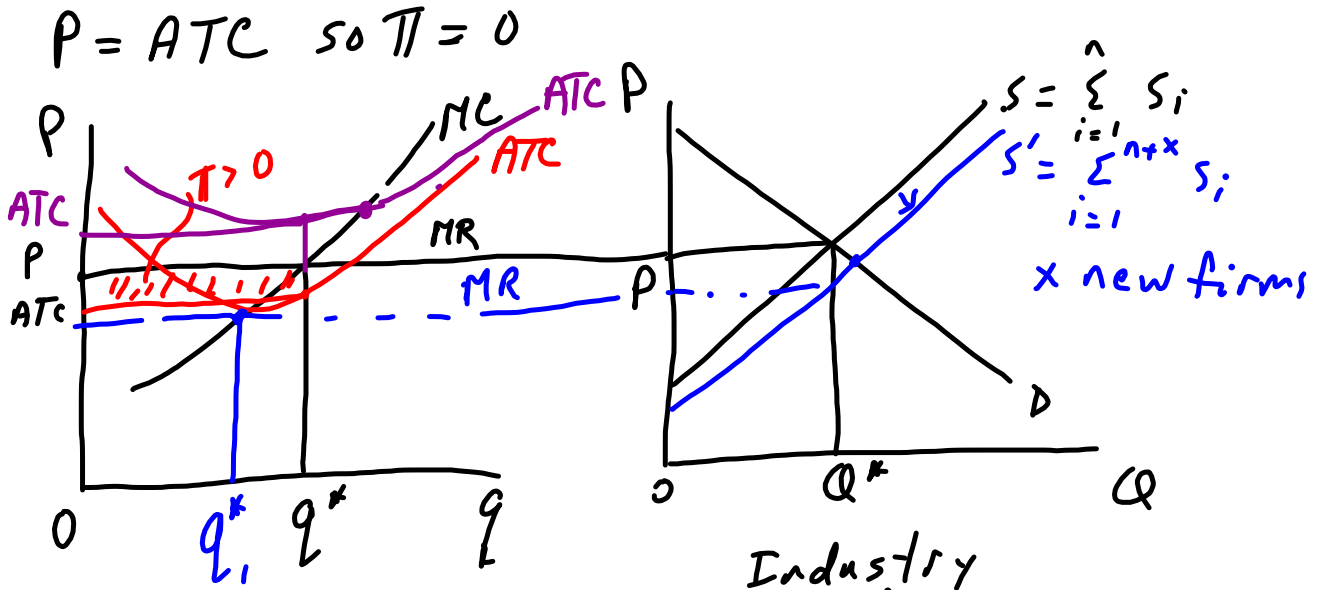


Perfect Competition.





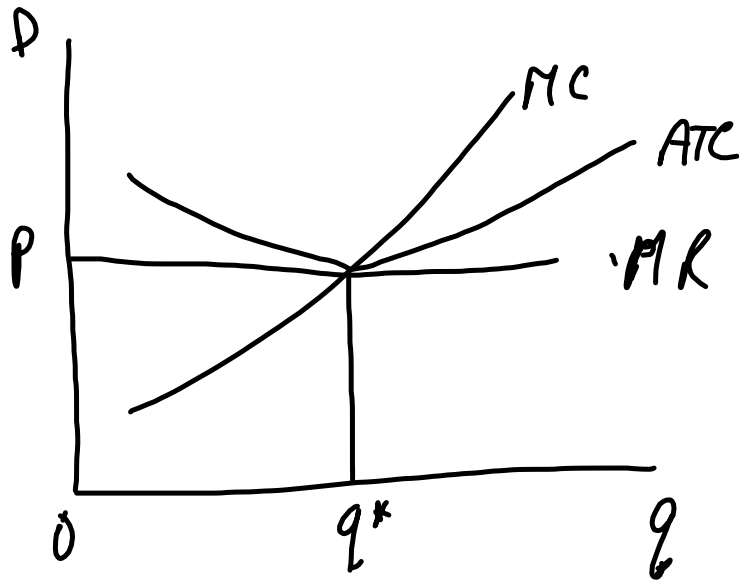
Per firm

Industry
 $Q = \sum_{i=1}^n q_i$

n - large

Price takers - price given
 - enter/exit

$ATC \rightarrow \pi < 0$ Cost > Price - exit $S \downarrow P \uparrow$

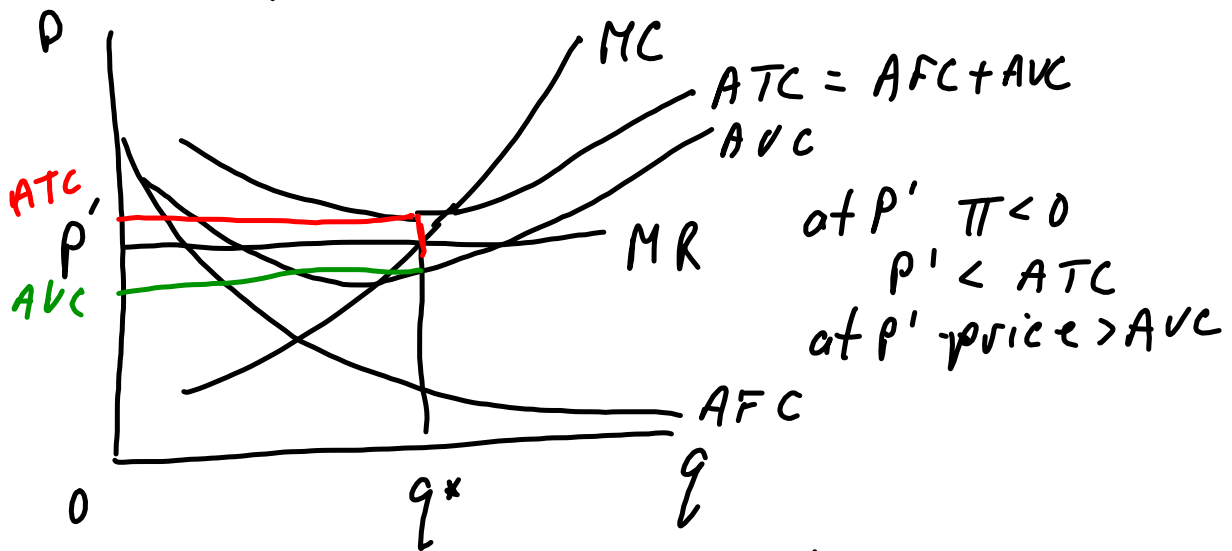


Long run
equilibrium
- no entry
- no exit
- homogeneous
products

$$ATC = AFC + AVC$$

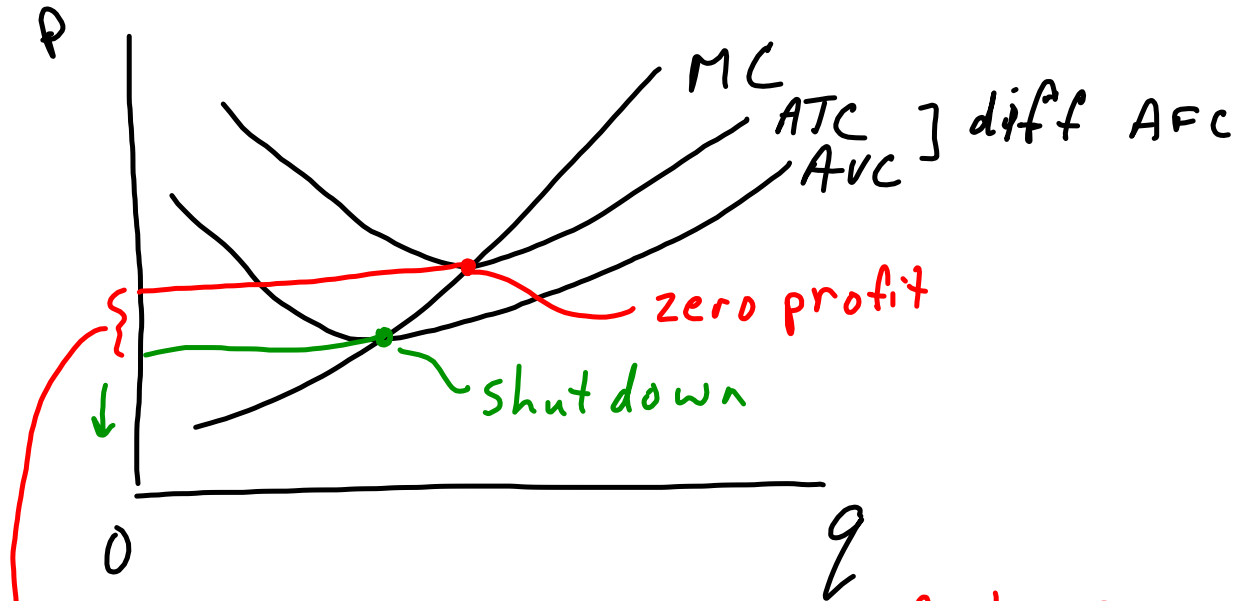
fixed
not avoidable

variable - avoidable cost
opportunity cost



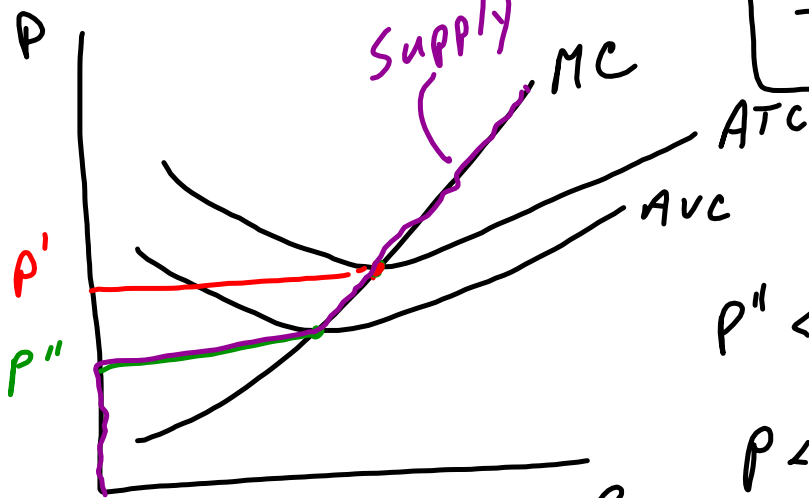
at P' $\pi < 0$
 $P' < ATC$
 at P' price $> AVC$

$ATC > P > AVC$ - produce - exit slowly $\pi < 0$
 but covering variable cost
 $P < AVC$ - shut down



continue ops but if expect P stay in this range - allow capital to wear out (FC \downarrow to zero) - leave biz. "slowly"

MC as Supply Curve



$$P = MR$$

$$\pi \text{ max } MR = MC$$

$P > P'$ MC is Supply

$P'' < P < P'$ MC is S.

$P < P'' - q = 0$
Shut down

$$S = \sum_{i=1}^n s_i$$

