

## Producer Surplus in the long run

$\pi^e > 0 \rightarrow$  enter or expand

$P \downarrow \rightarrow \pi^e \downarrow$

$\pi^e < 0 \rightarrow$  exit or contract

$\hookrightarrow P \downarrow, \pi^e \uparrow$

## Factor Surplus

$$PS = \pi + FS$$

$$PS = \pi^e + \text{Ricardian Rents}$$

$\hookrightarrow FS$

$$\begin{aligned} SS &= CS + PS \\ &= CS + \pi^e + FS \end{aligned}$$