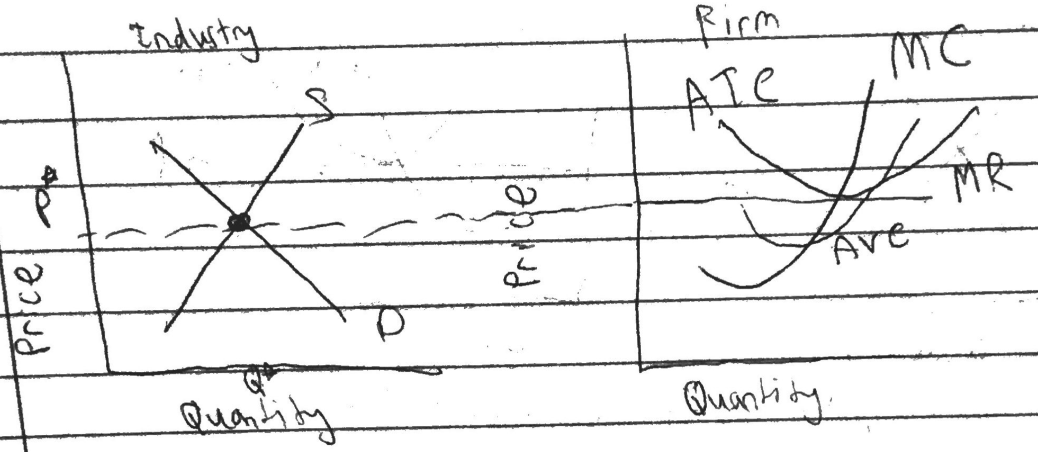
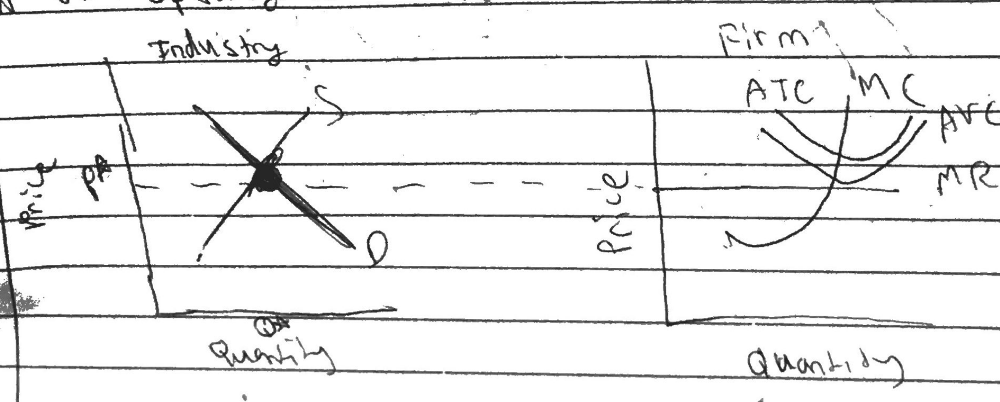
# Graphing Perfect Competition

1) A firm earning positive total profit in the short run



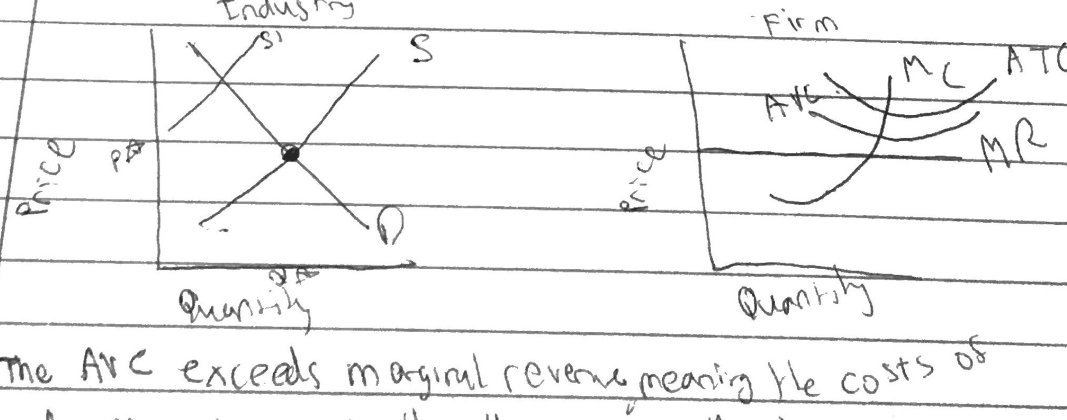

The firm experiences positive profit b/c the graph shows that the MR exceeds the AVC

2) A firm operating with an economic loss but not wanting to shut down in short run.



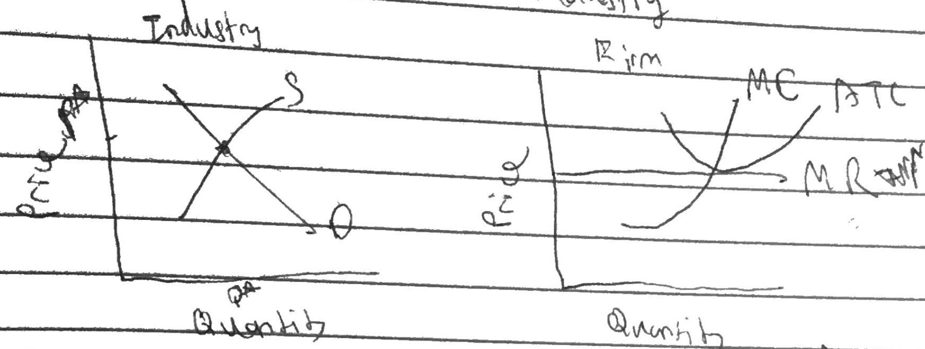

MR is between ATC, but equal to the AVC

3) A firm in a classic shutdown position in the short run



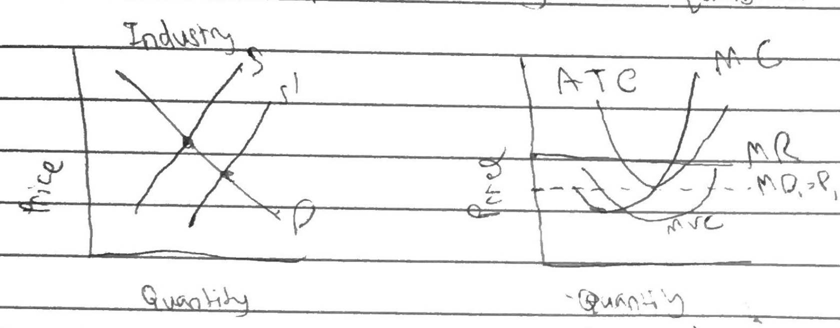

The AVC exceeds marginal revenue meaning the costs of production is greater than the revenue they bring in

4) LRE for a firm and the industry



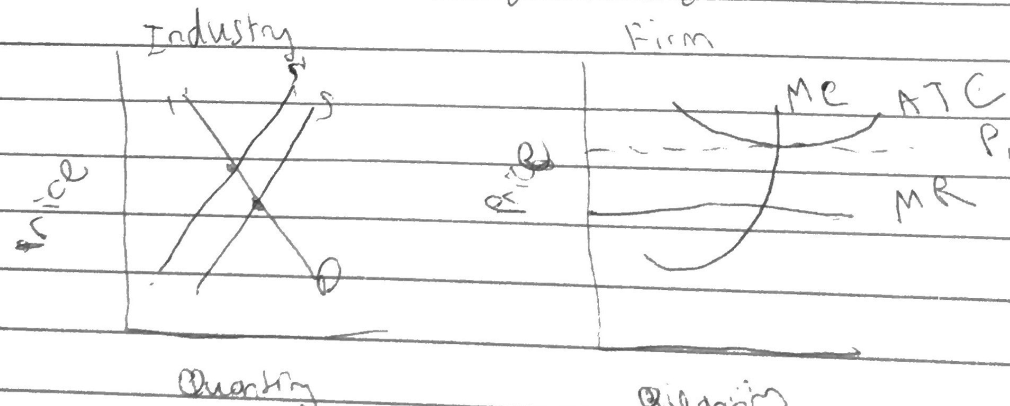

The firm is in long run equilibrim because MC = ATC

5) From Short-Run Profit to Long-Run Equilibrium




The MR=MC and the MR exceeds the MVC and is near the ATC.

6) From Short-Run Loss to Long-Run Equilibrium




The ATC and MC exceed MR at S and D, but at $P_1$ the MR is equal to the ATC.