17.1 Perfect Competition

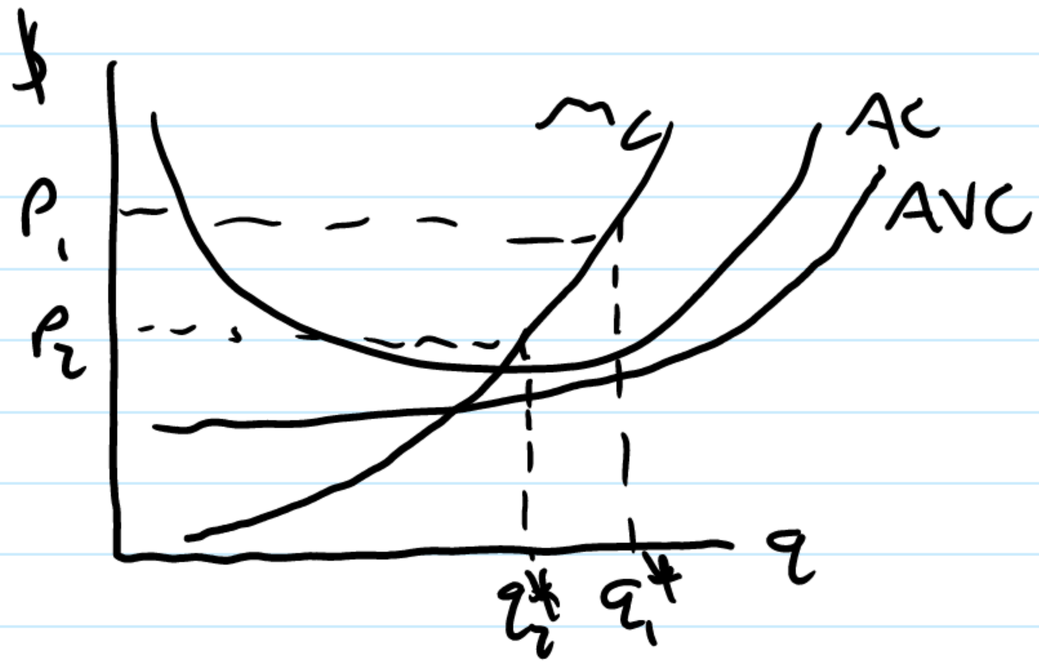
Friday, April 9, 2021 4:20 PM

$MR_i = MC_i$

$MR_i = P_i(1 + 1/\beta_i)$ what happens to 3 or more comp's

$\beta_i \to$ large $MR_i \to P$

$P = MC_i$ short run



$P <$ min AVC $\to$ shut down
$P \geq$ min AVC $\to q$ where $MC = P$

$q_i^s = MC^{-1}(P)$ if $P \geq$ min AVC

$Q = \sum_i q_i^s(P)$