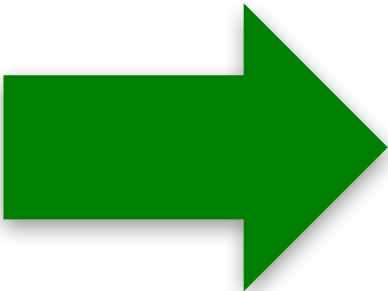


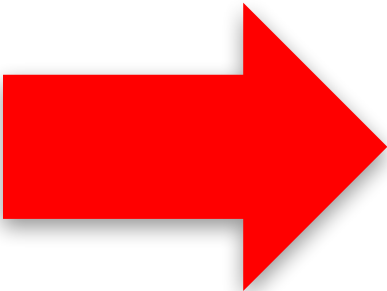
When firms break even

Number of firms do
not change



Make a profit

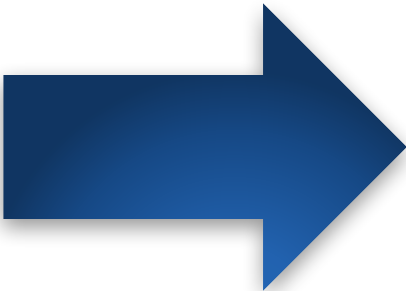
New firms enter



Industry expands

Incur a loss

Firms exit



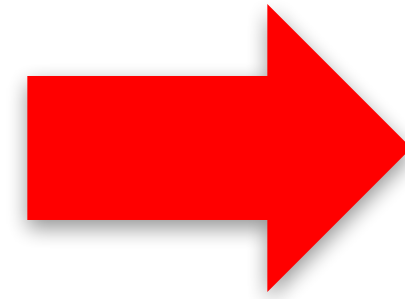
Industry contracts

If firms in the industry

Equilibrium

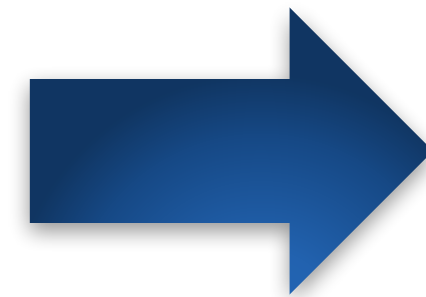
If firms in the industry

Make a profit



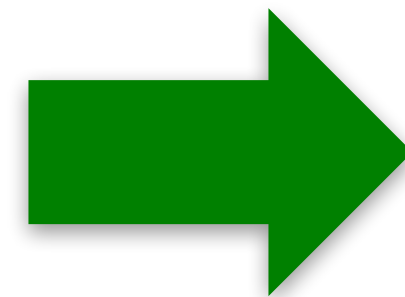
New firms enter
Industry expands

Incur a loss



Firms exit
Industry contracts

When firms break even



Number of firms do
not change
Equilibrium

