





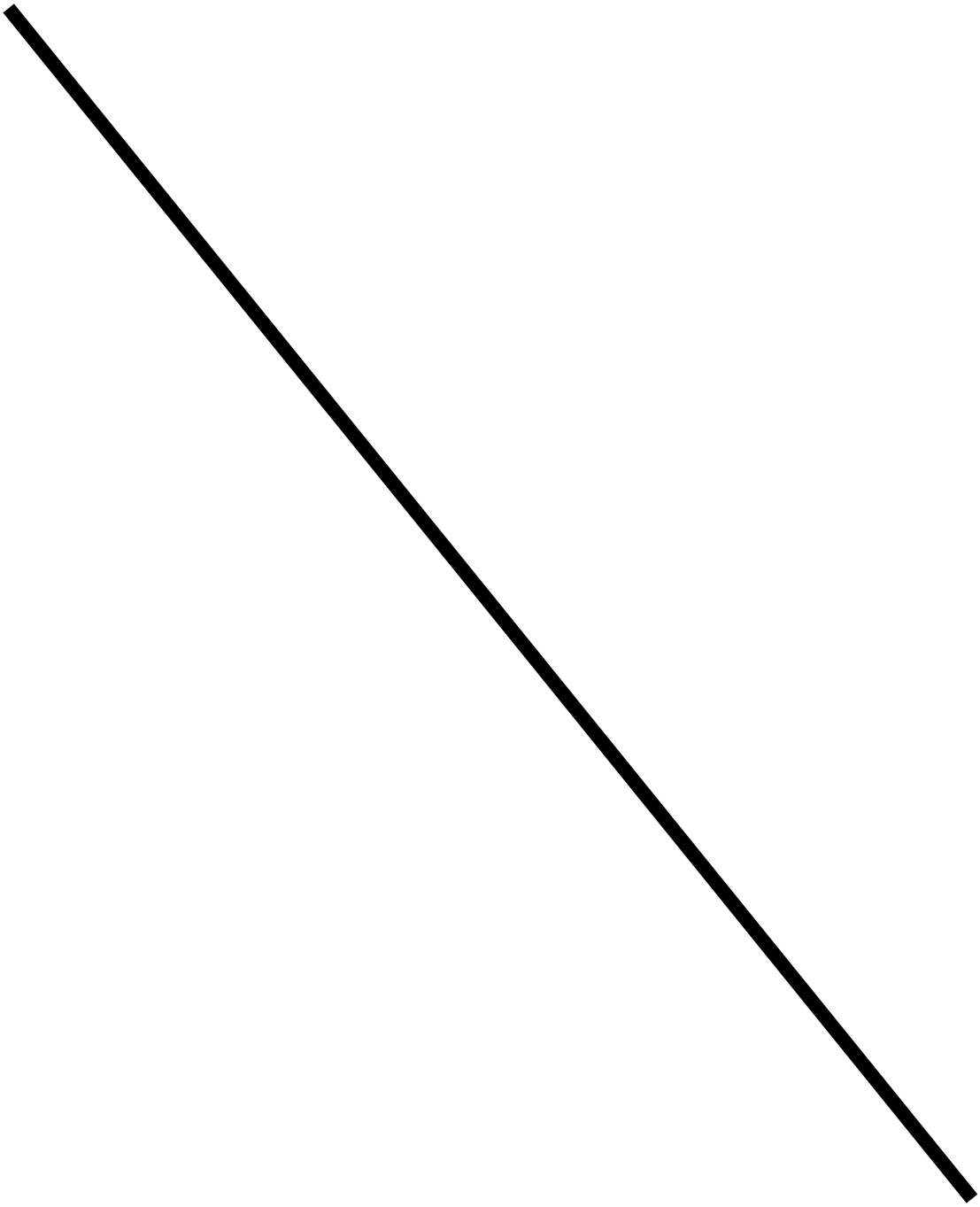


PO

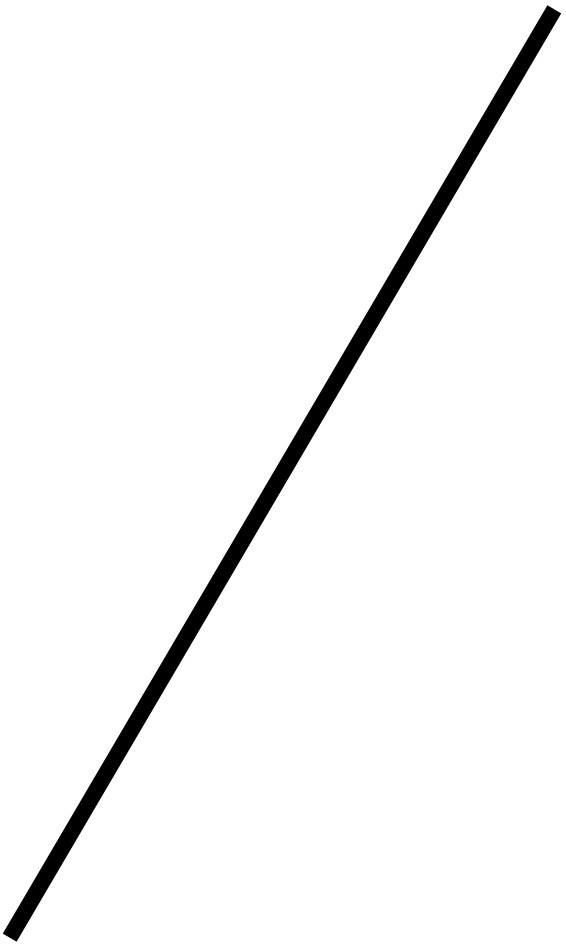
MR₀

ATC

MC

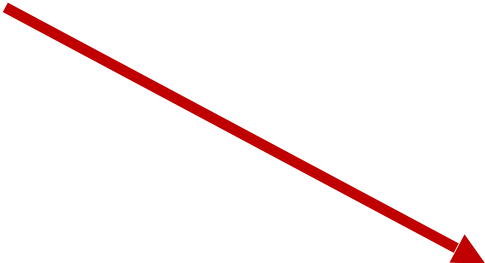


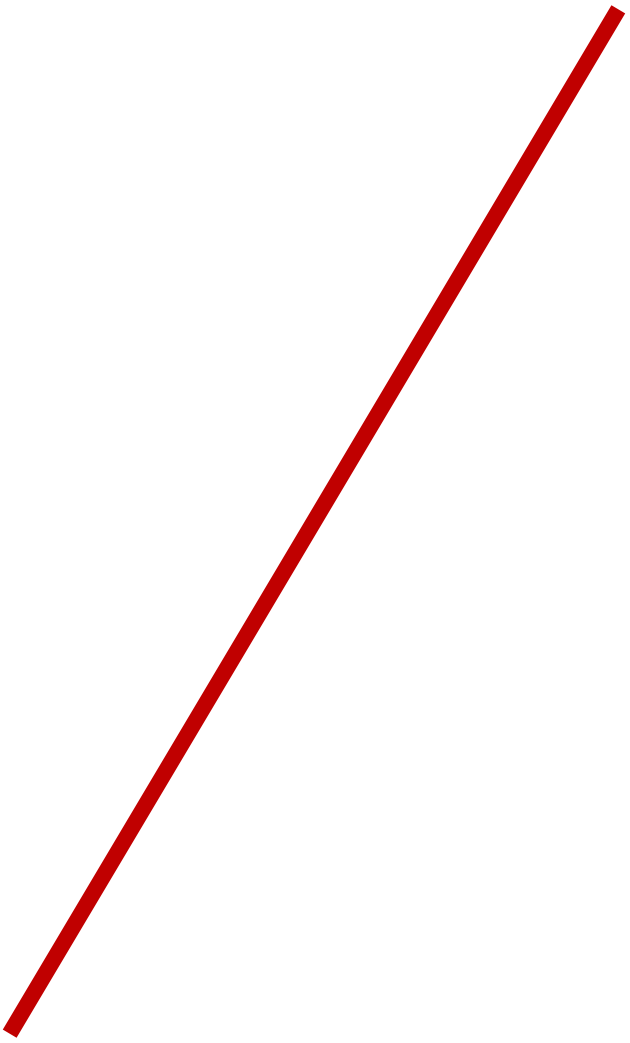




So







S₁

P1

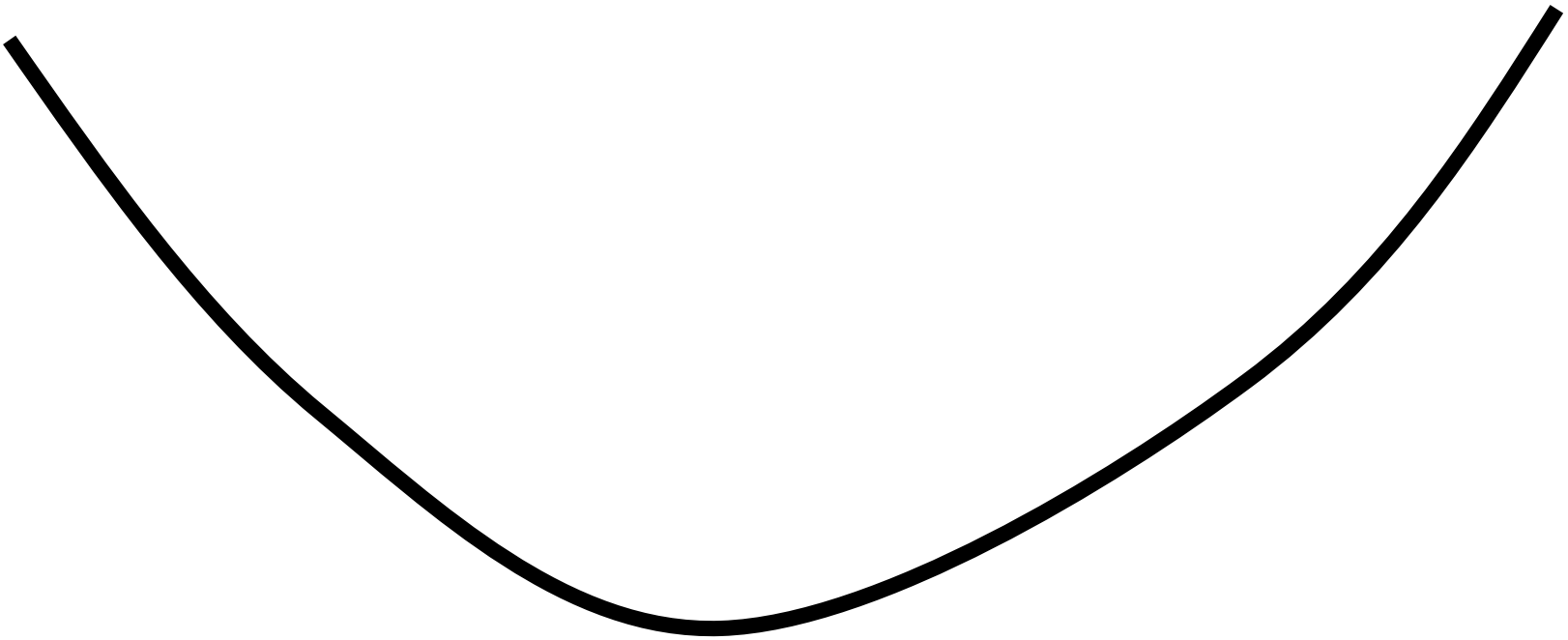
MR₁

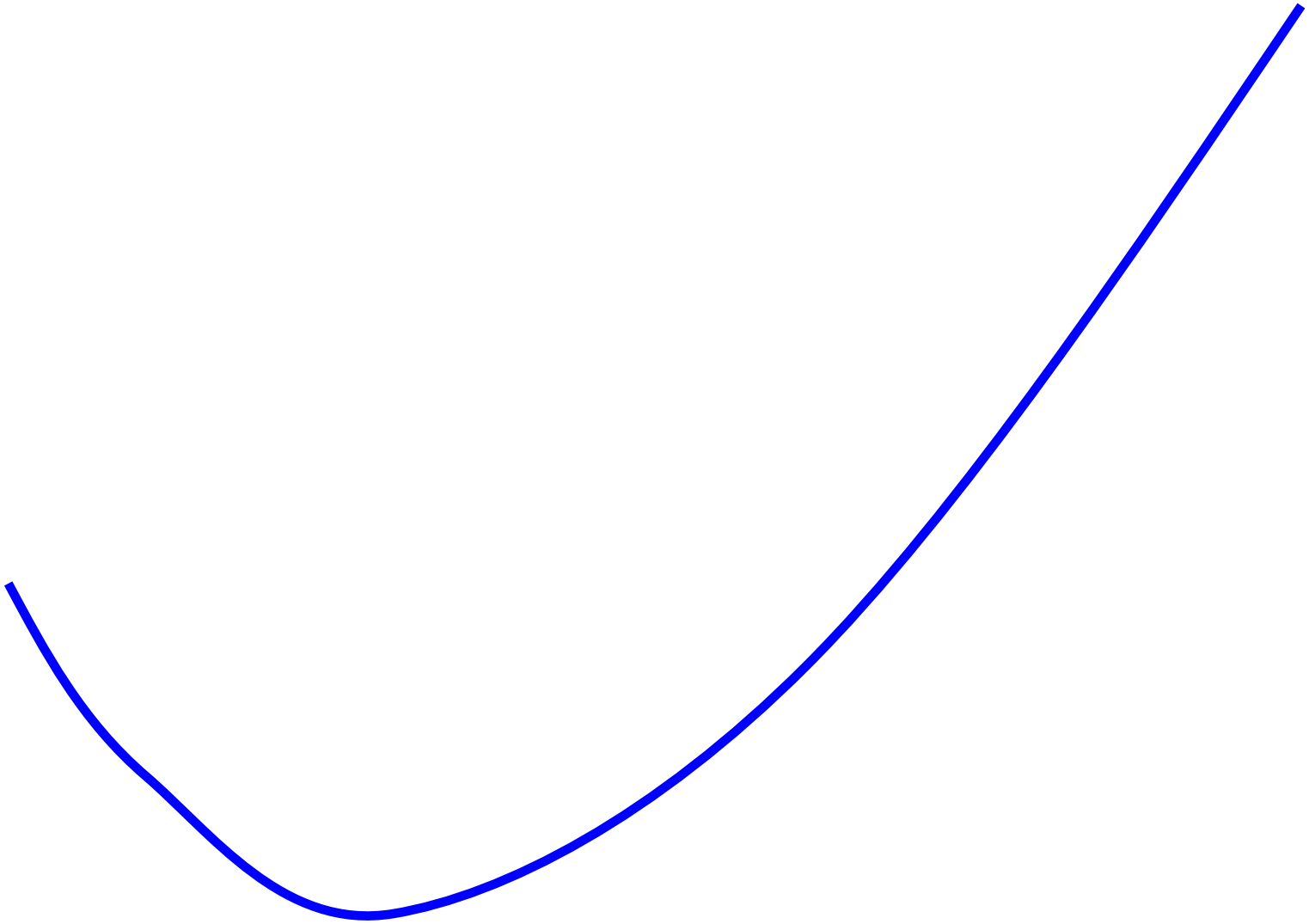


Q1

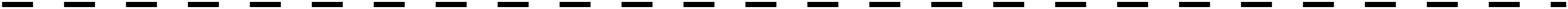
A large, solid red arrow pointing downwards, centered on a white background. The arrow has a rectangular top section and a triangular bottom section. Inside the rectangular section, the words "Price" and "drops" are written in white, sans-serif font, stacked vertically.

Price
drops









Firms will enter until
price = Min ATC

Firms produce at
Capacity

Firms enter attracted by profits

Competition forces firms to be efficient: Minimize Cost

Firms will produce
at the lowest ATC

Profit

Firms producing
Beyond full Capacity



Qo

Competition forces firms to be efficient: Minimize Cost

Firms will enter until
price = Min ATC

