

Many buyers

Many sellers

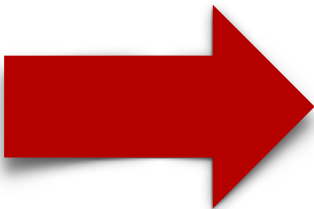
Firms sell identical products

Established firms have no advantages over new firms

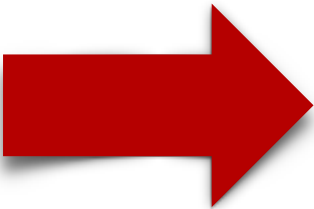
Buyers know all available prices

Free Entry

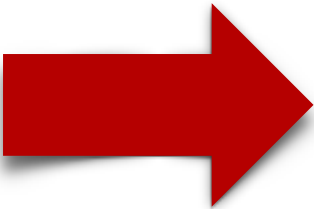
One or few sellers **can not**
control the price



What makes a Market Perfectly Competitive?

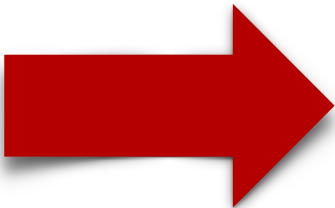


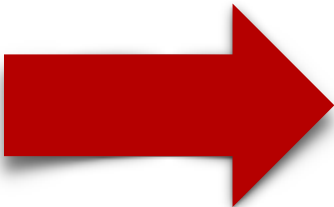
One or few buyers can not control the price



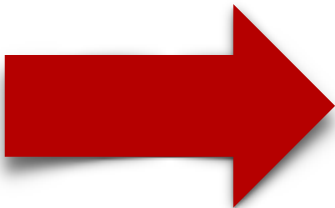
One or few sellers **can not** control the price

All firms must sell at the same price

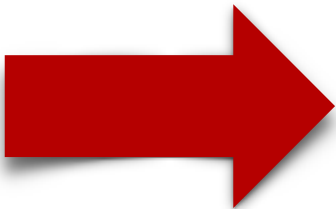




All firms sell at
the same price



All firms sell at the same price



Many sellers



Buyers

Sellers

Rules to ensure a "tug of war"
between equals

Rules to ensure a “tug of war” between equals



Buyers

Sellers

Perfectly Competitive Market

