

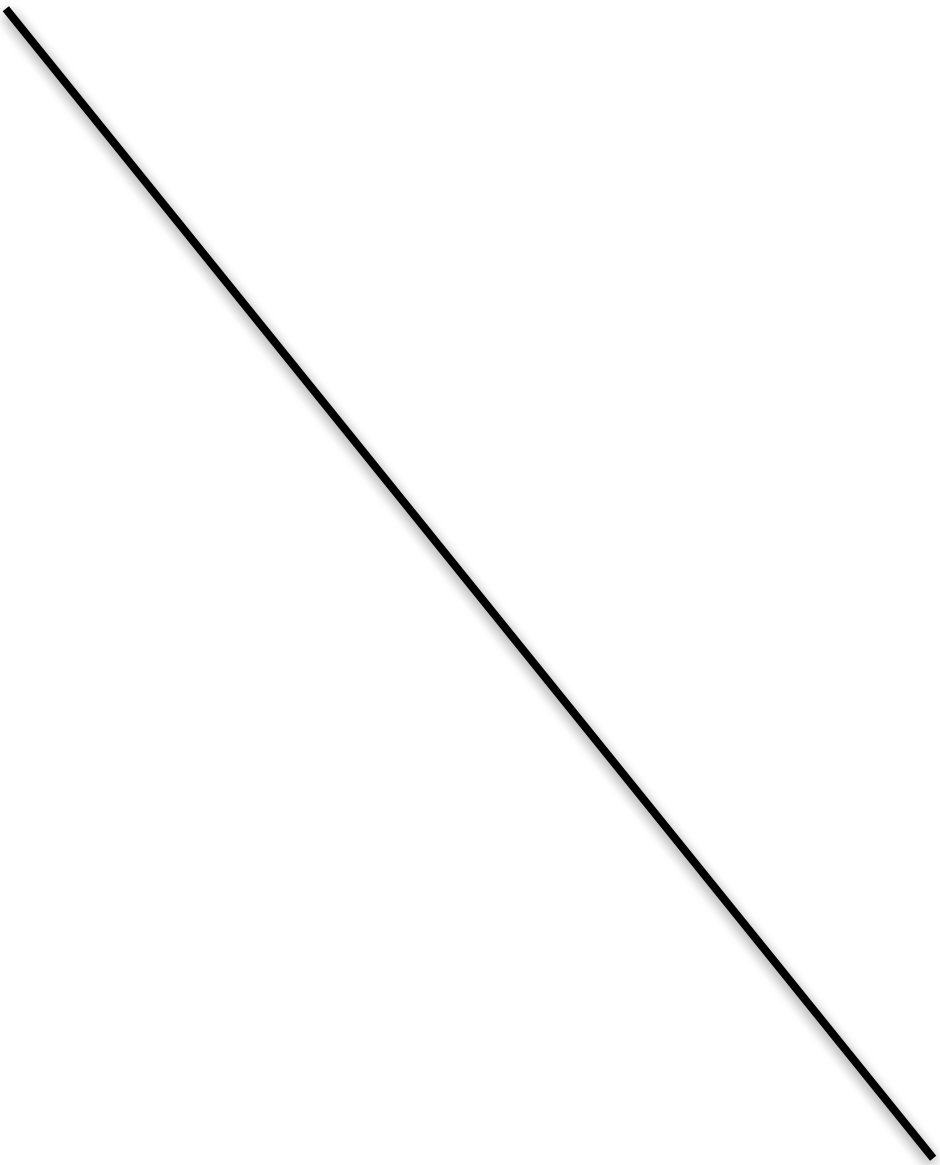




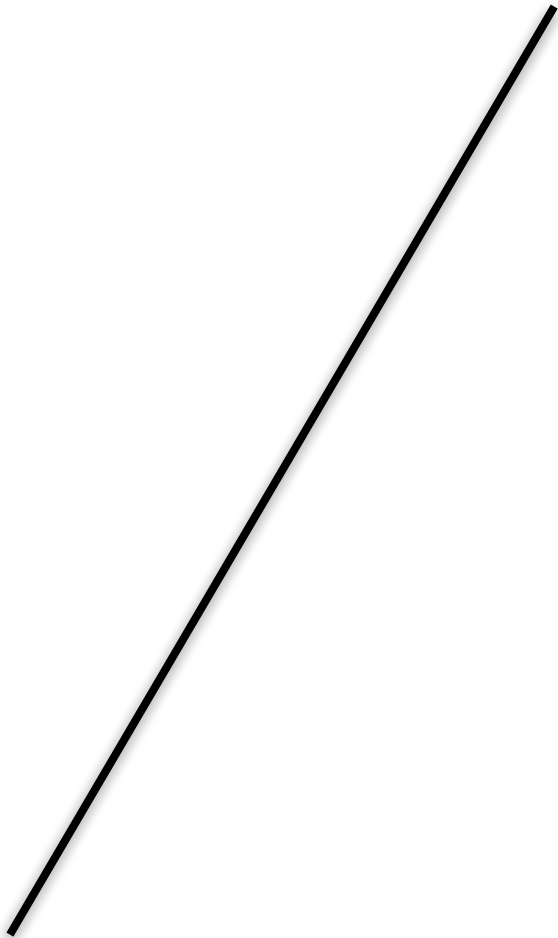


ATC

MC

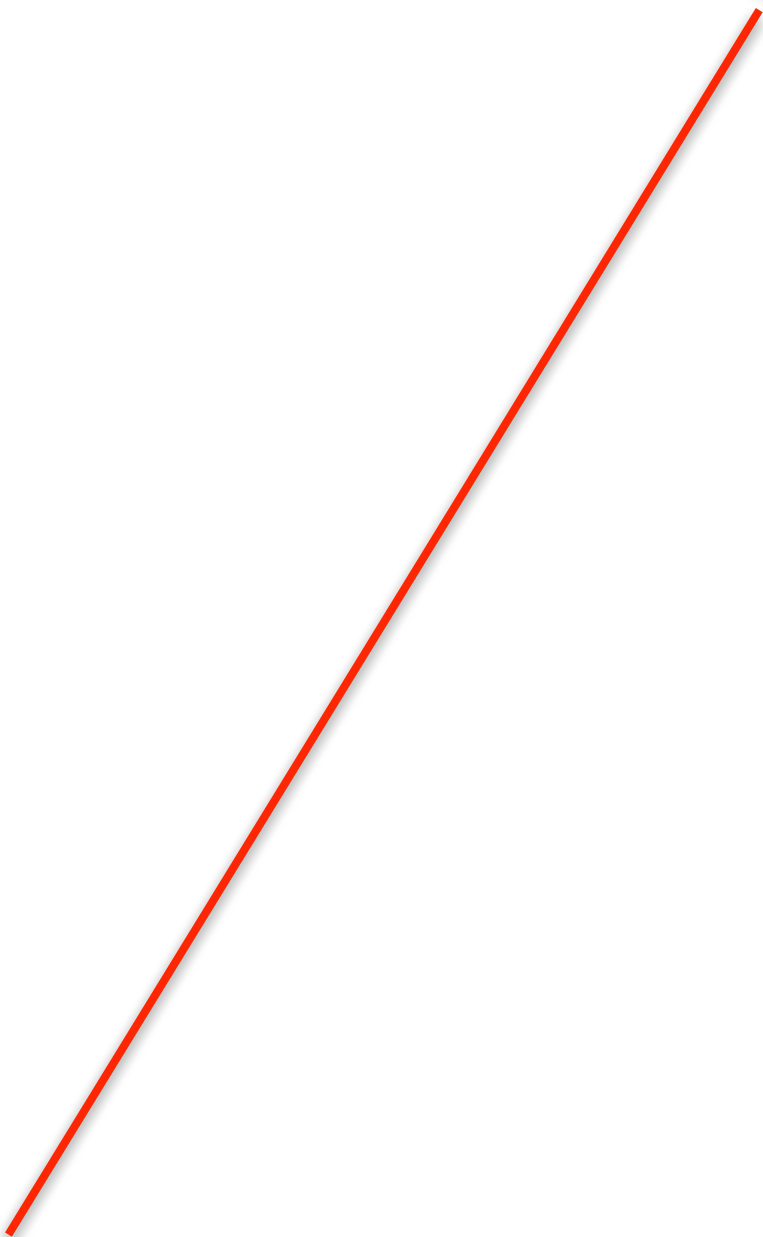


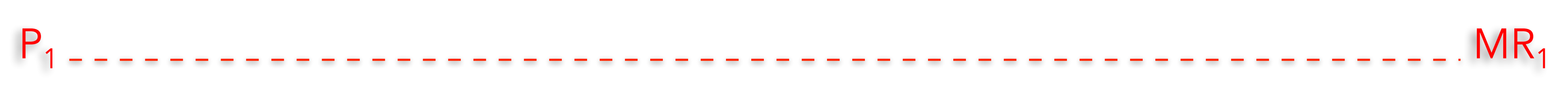




So

S_1





91





P_0 ----- MR_0

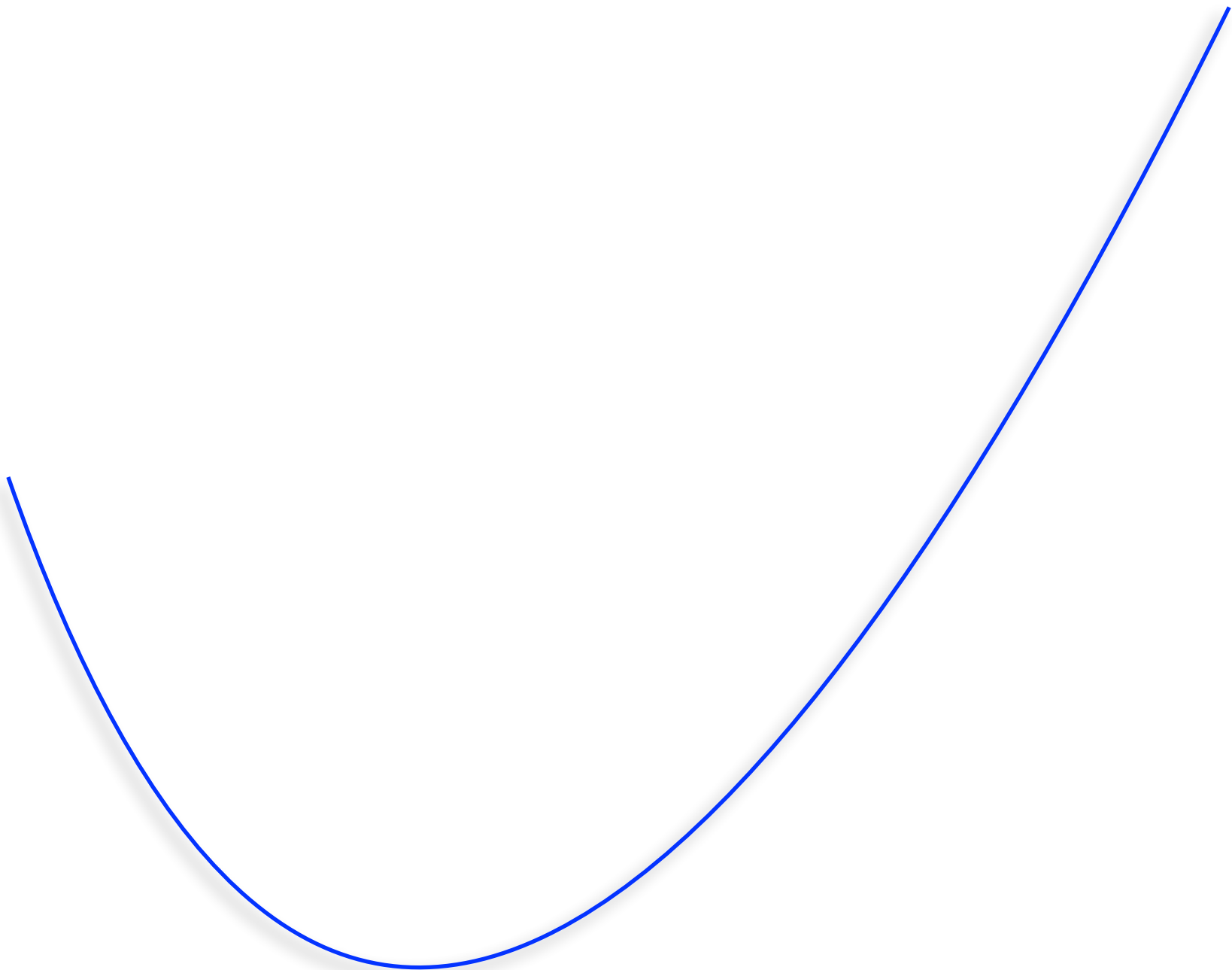


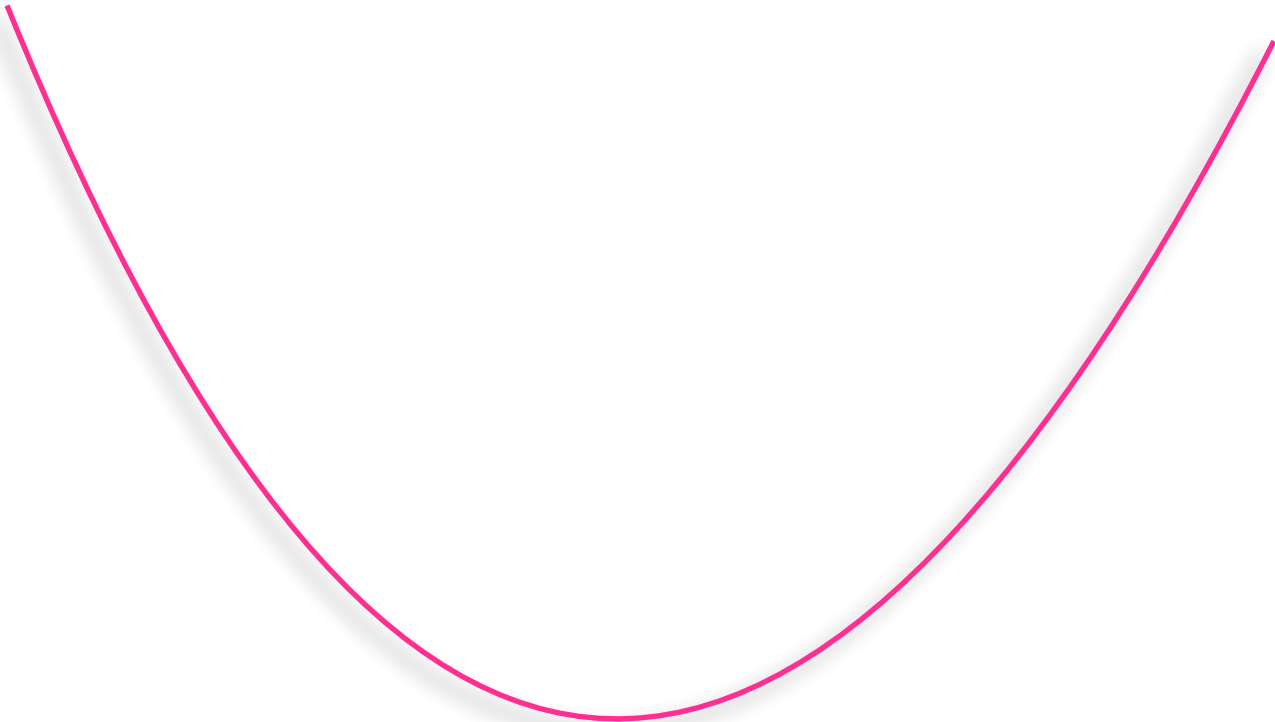
Firms **enter** attracted by **profits** and
supply shifts **right** until profits are **zero**

Competition forces firms to be efficient: To produce at
the lowest per unit cost

Profit







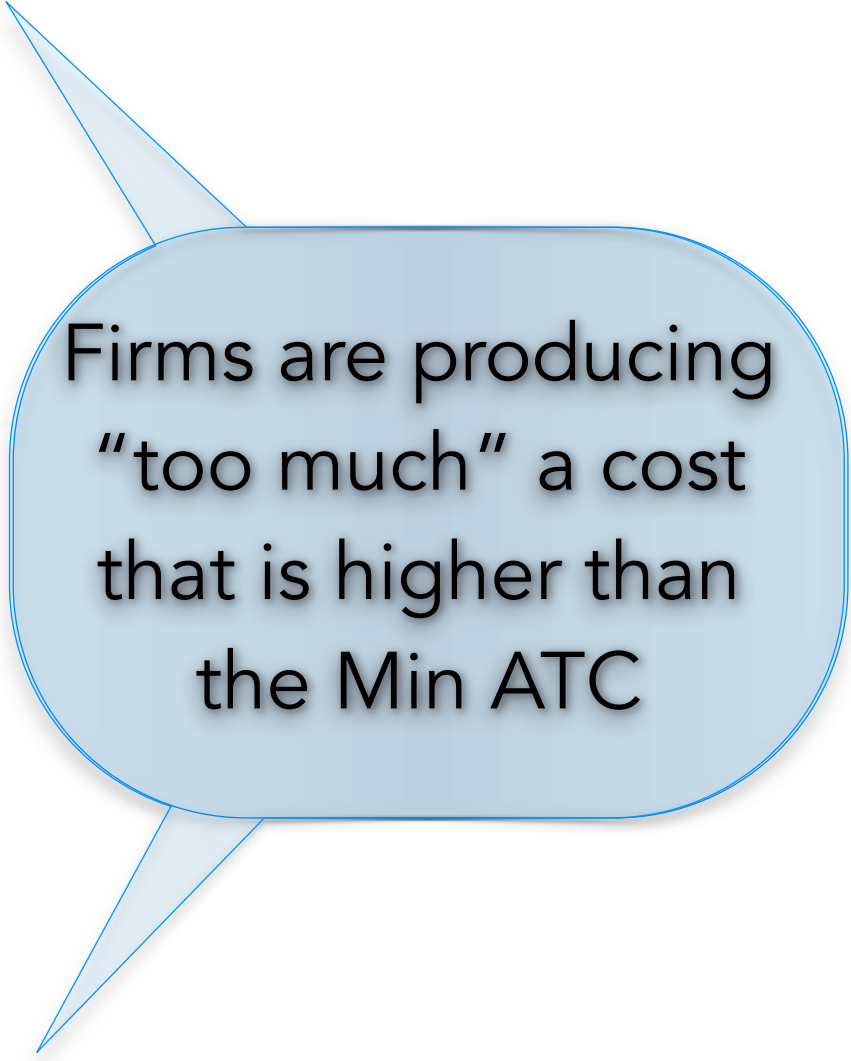


Price
drops
until equal
to Min
ATC





Firms are producing "beyond full Capacity"



Firms are producing
"too much" a cost
that is higher than
the Min ATC

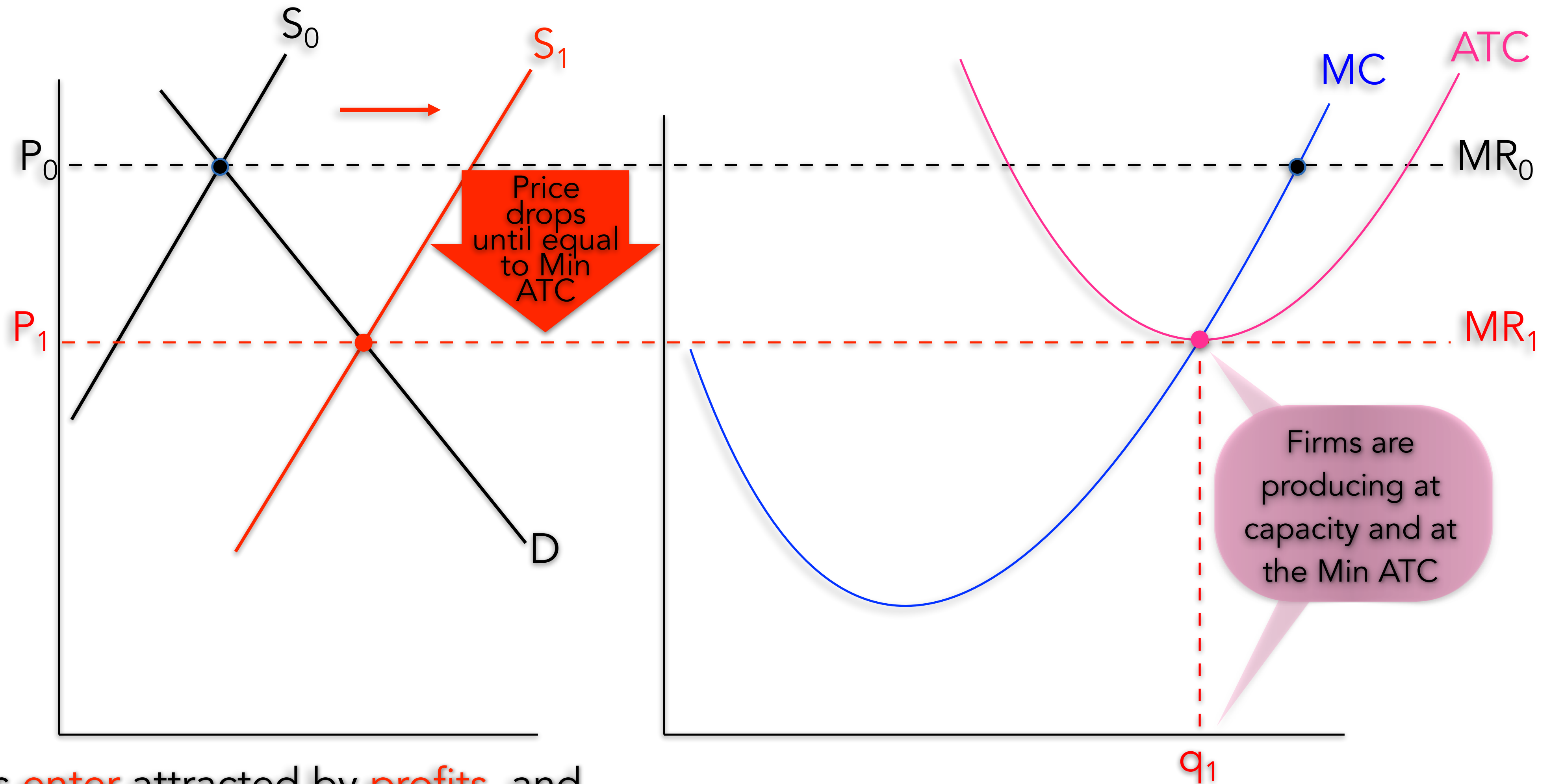


A pink speech bubble with a pointed tail pointing towards the bottom-left corner. The bubble has a soft shadow and contains text.

Firms are
producing at
capacity and at
the Min ATC



Competition forces firms to be **efficient**: To produce at the **lowest per unit cost**



Firms **enter** attracted by **profits** and supply shifts **right** until profits are **zero**

