

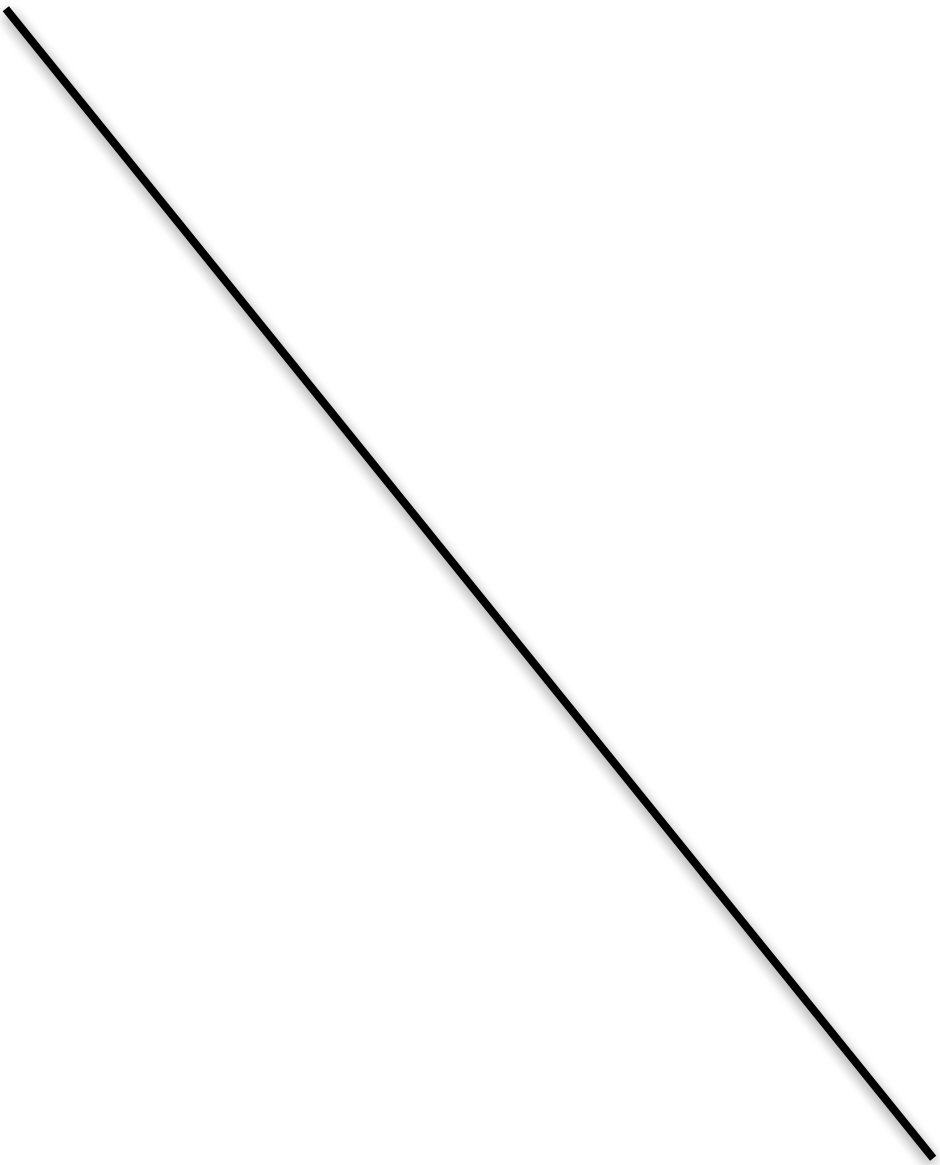




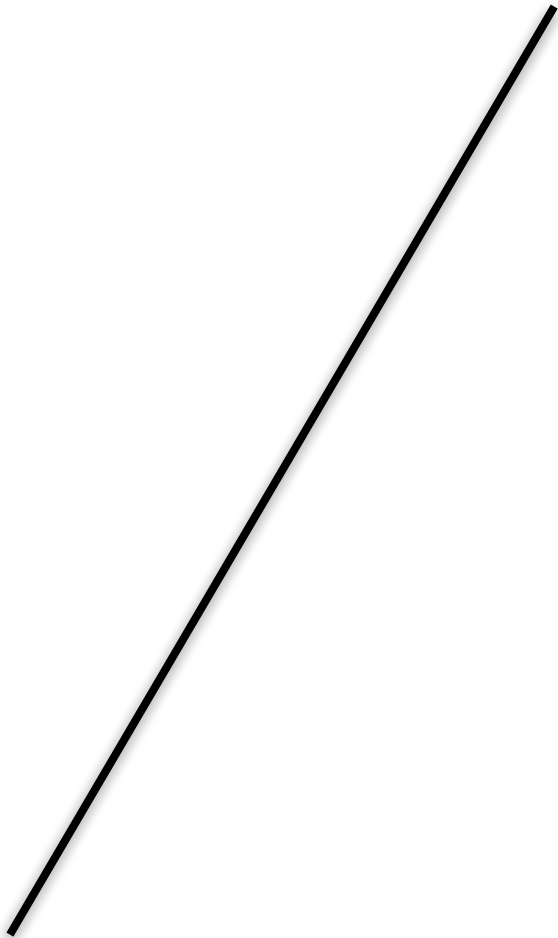


ATC

MC

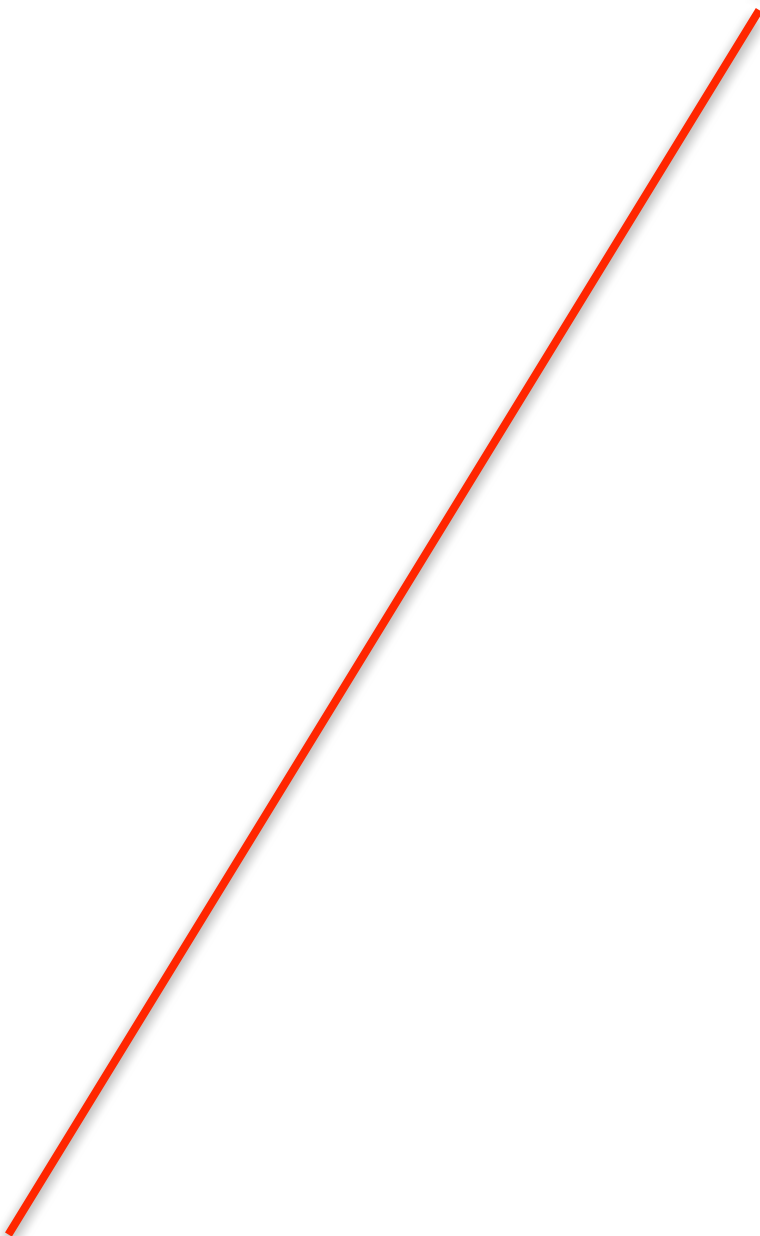


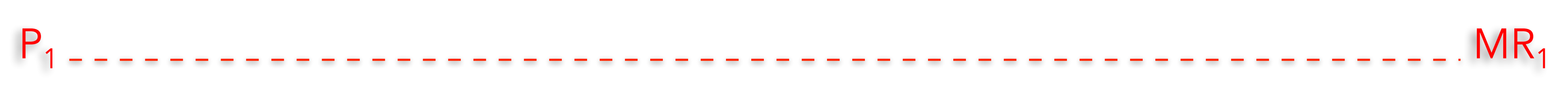




So

S_1





91



P_0 ----- MR_0

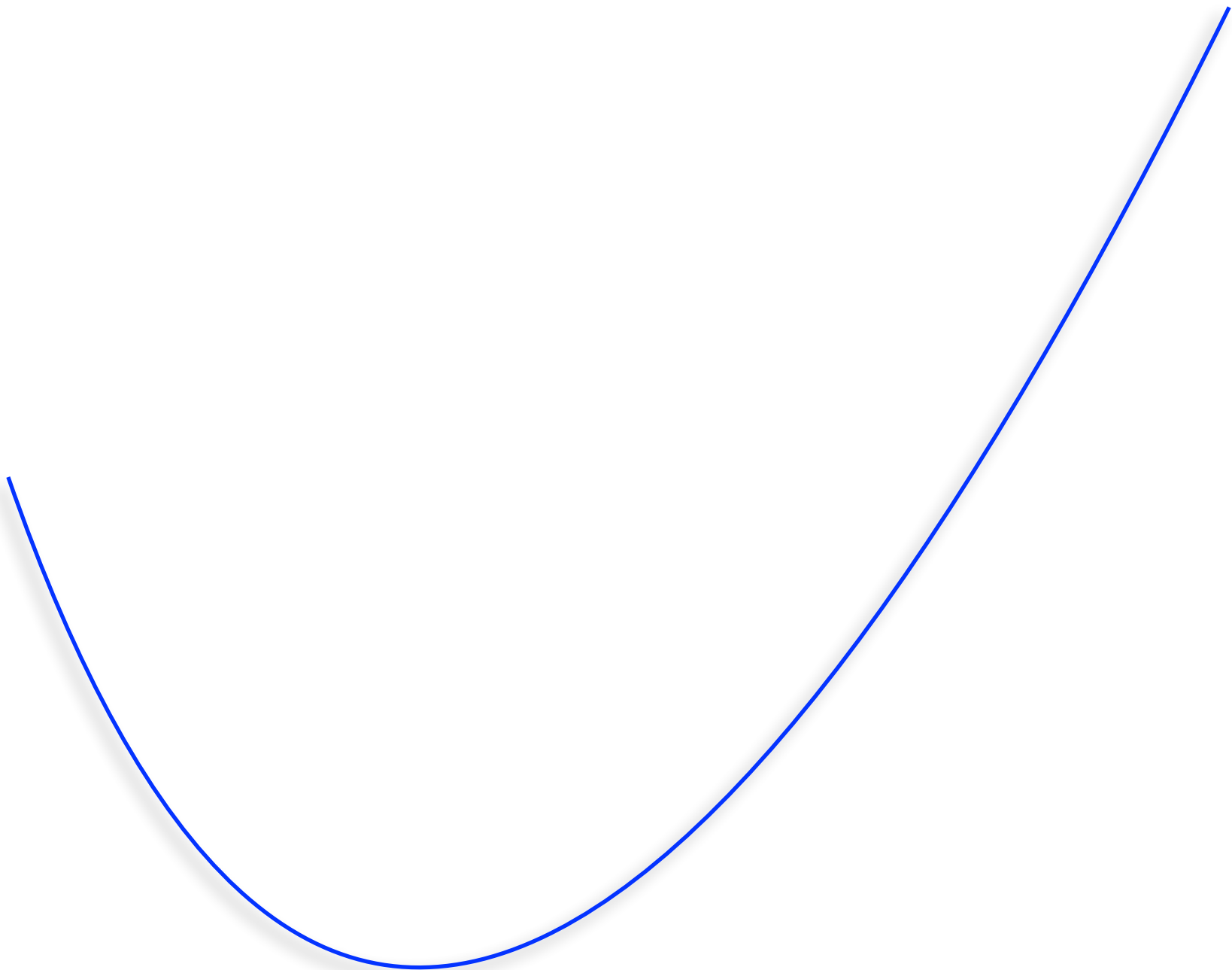


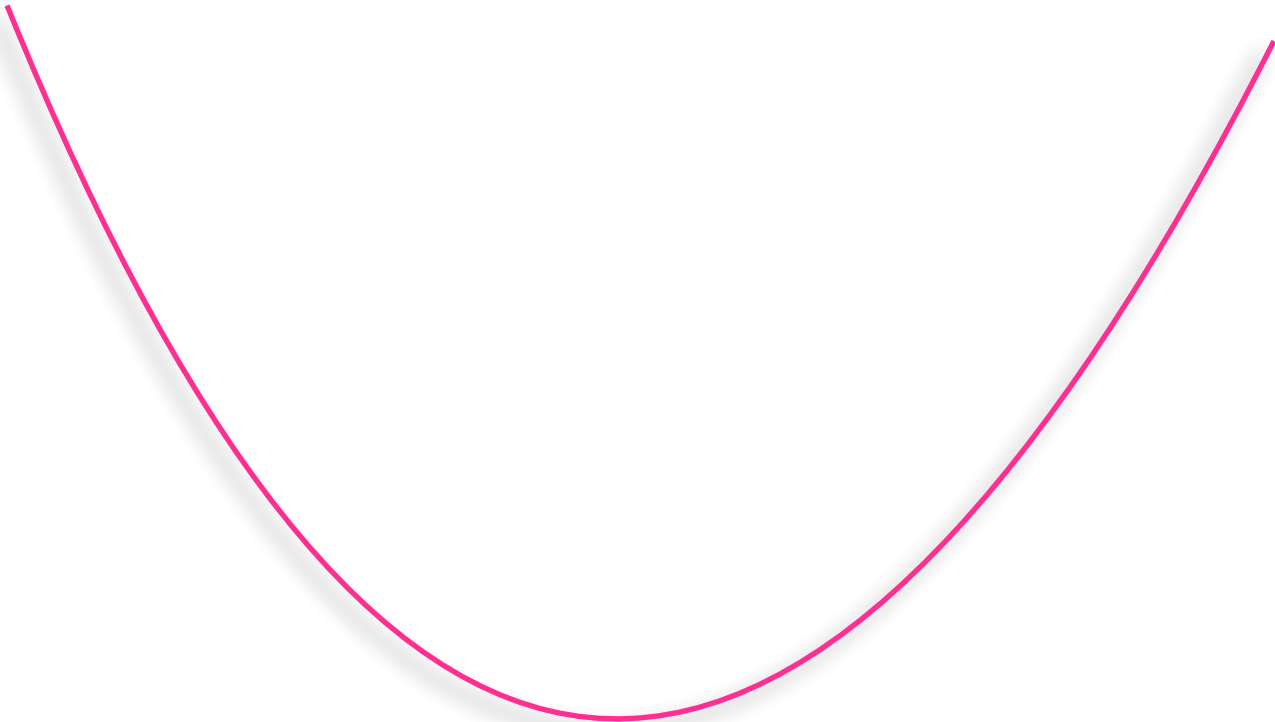
Firms **enter** attracted by **profits** and
supply shifts **right** until profits are **zero**

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

Profit







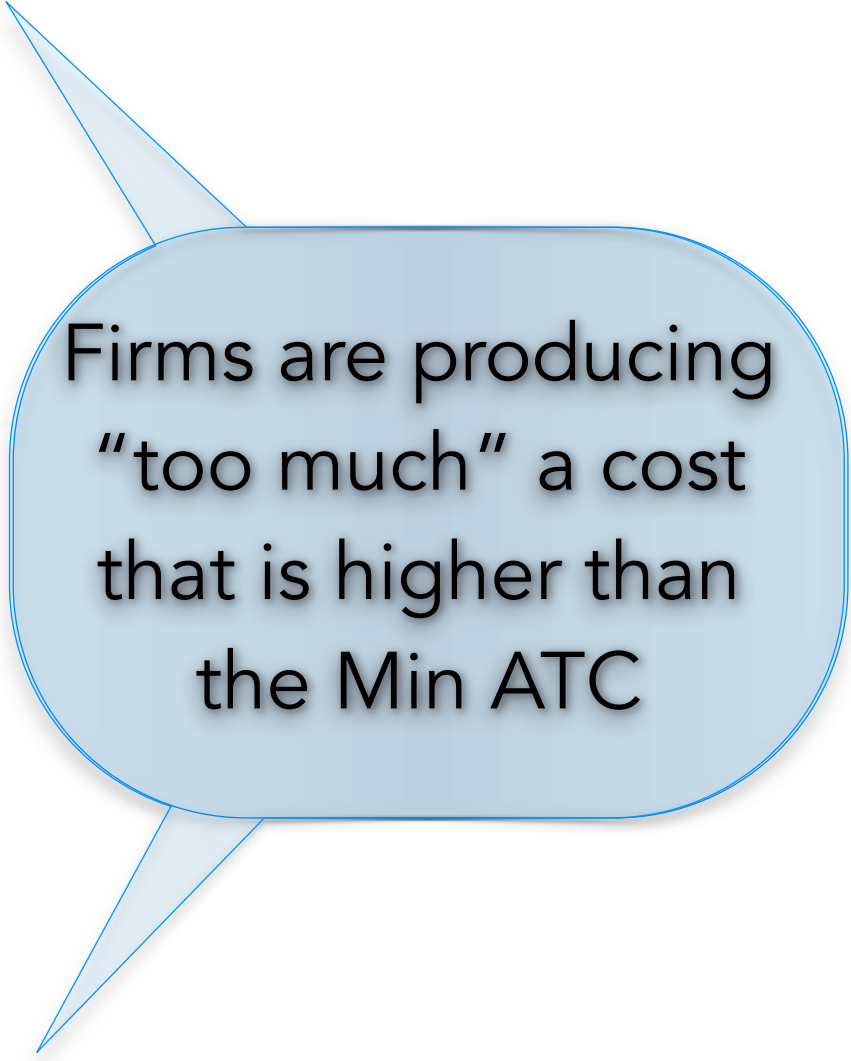


Price
drops
until equal
to Min
ATC





Firms are producing "beyond full Capacity"



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

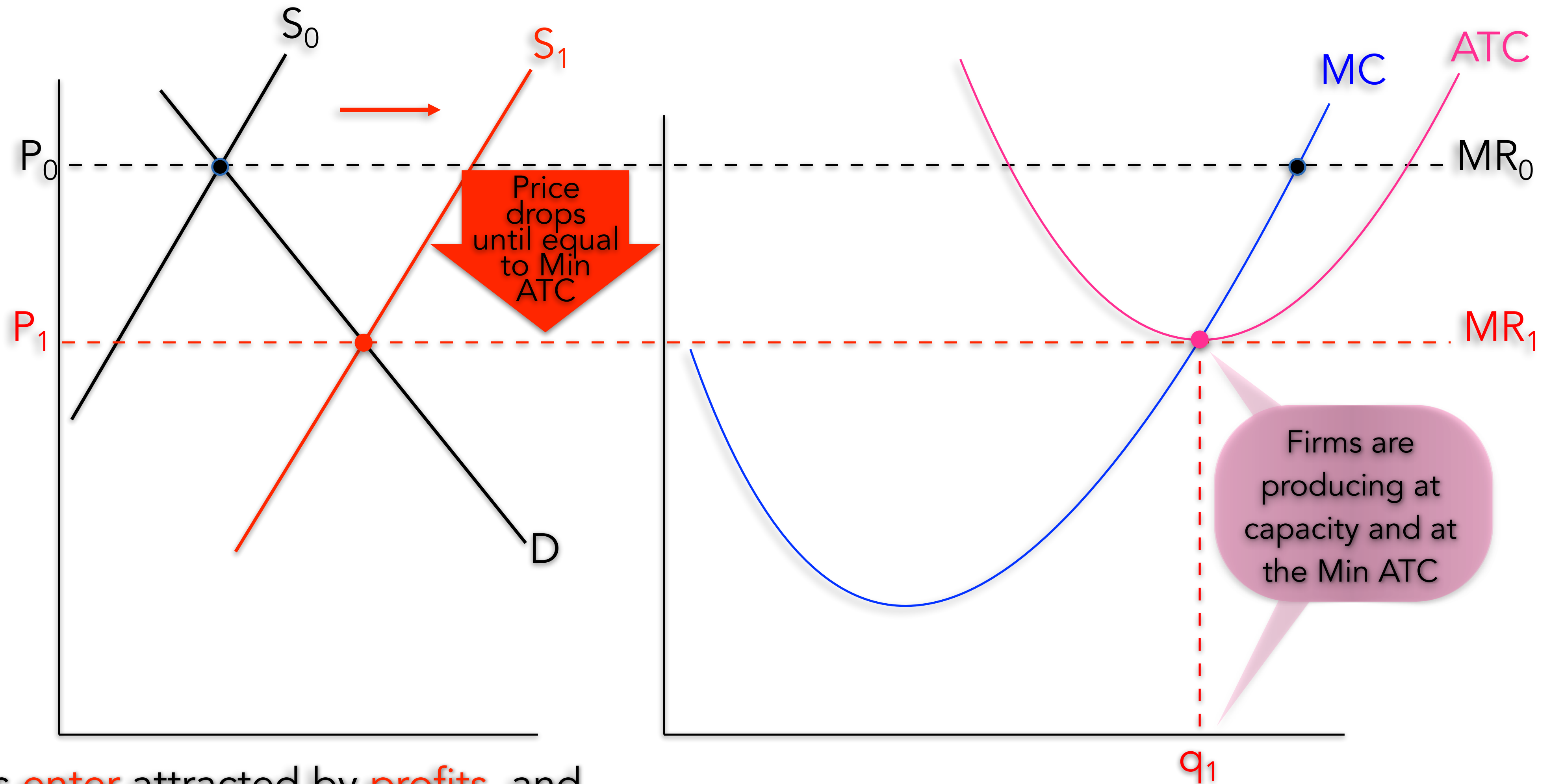


A pink speech bubble with a pointed tail pointing towards the bottom-left corner. The bubble has a soft shadow and contains the text "Firms are producing at capacity and at the Min ATC".

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**

