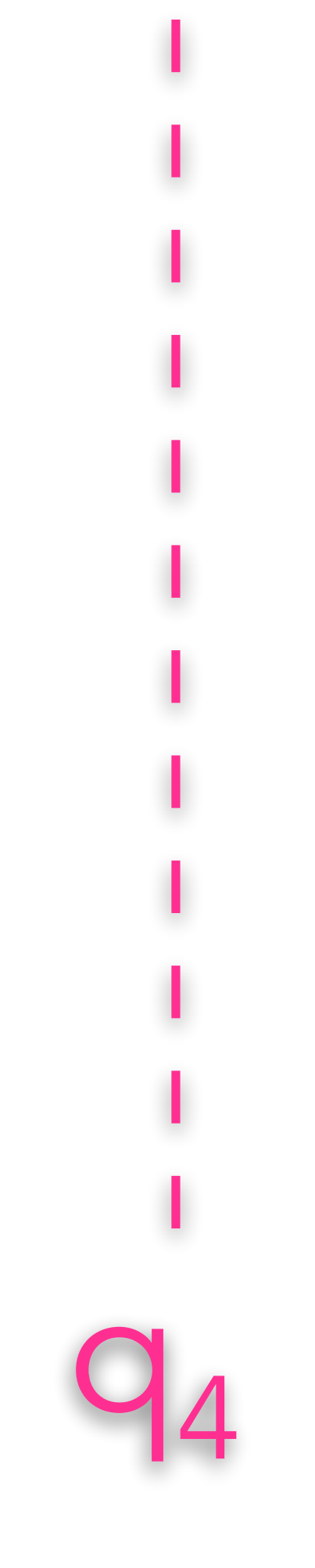
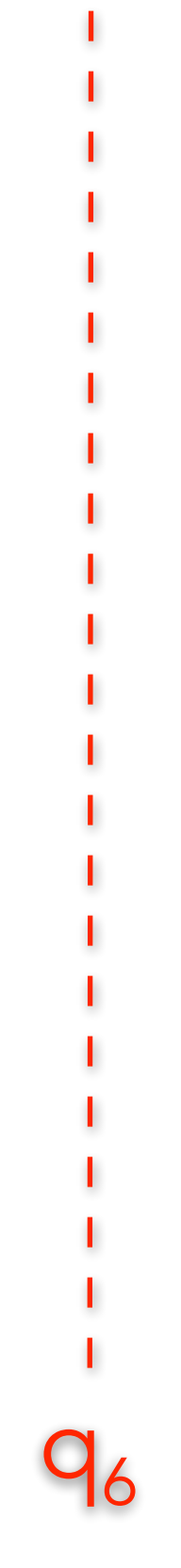
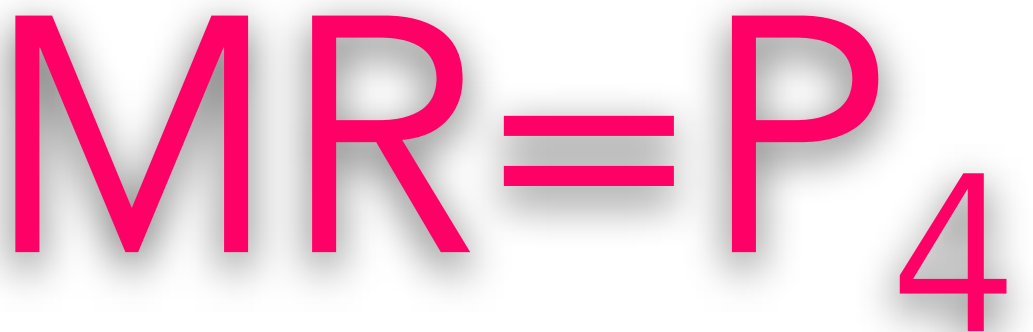

q4


q_5


q_6

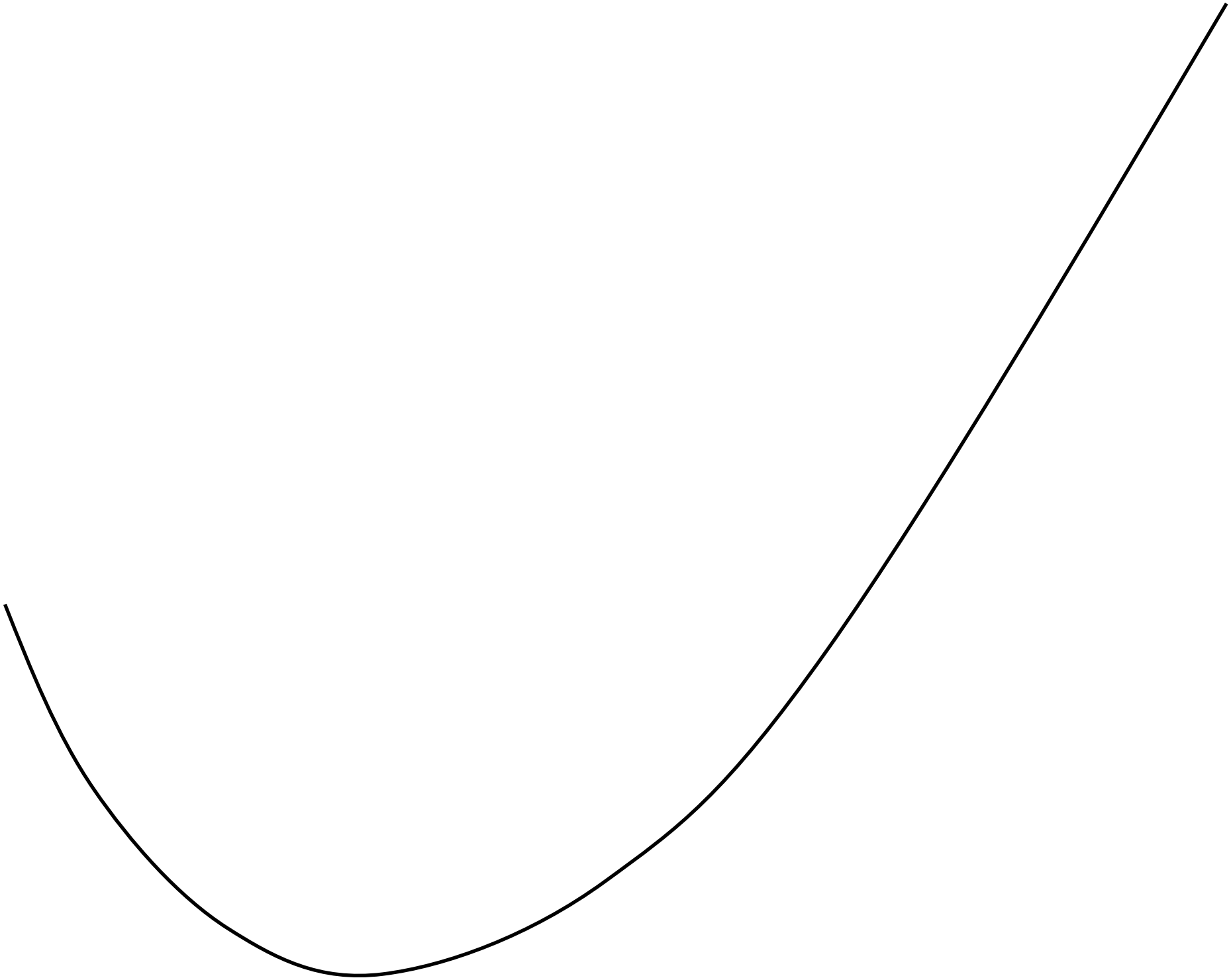
$MR = P_6$

$$MR = P_5$$

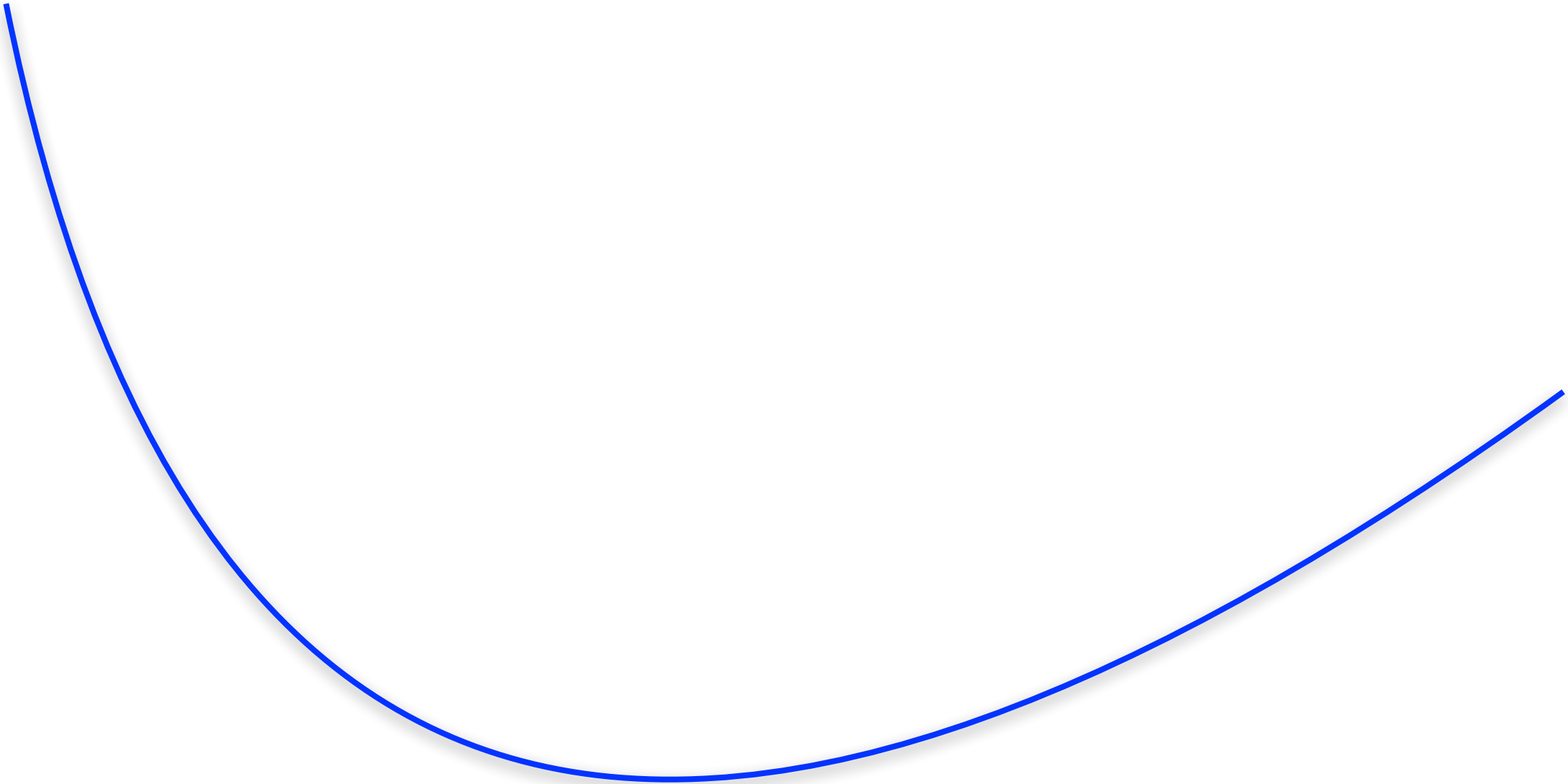

MR=P4

MC


P_1
$MR=P_1$




P_0
$MR=P_0$




ATC


P_4

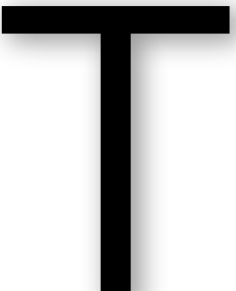
$$q = 0$$

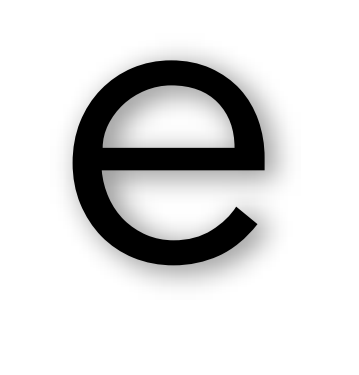
$$q = 0$$

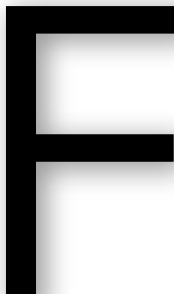
$$q = 0$$

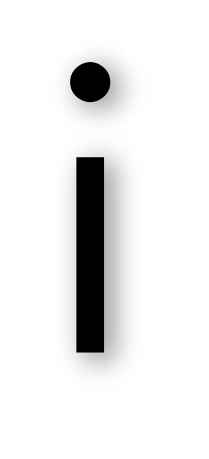
$$q = 0$$

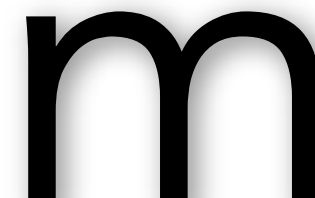
$$q = 0$$

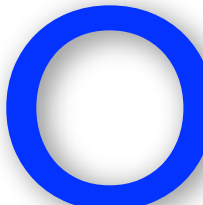


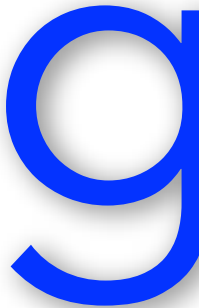


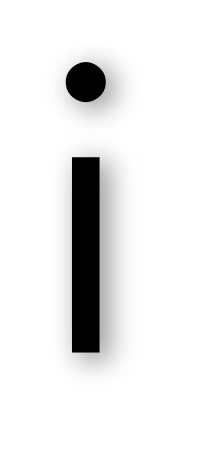












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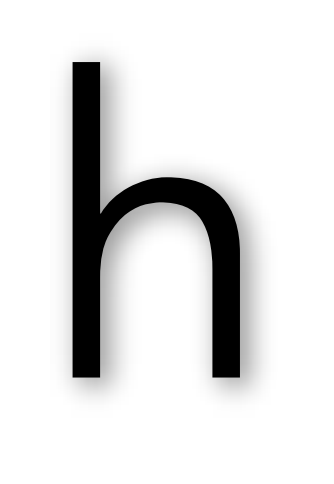

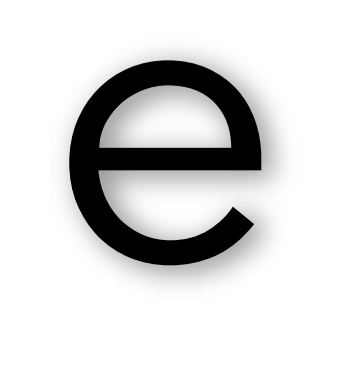

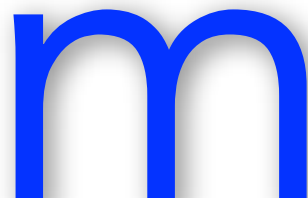

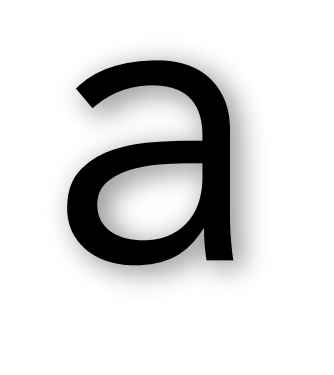
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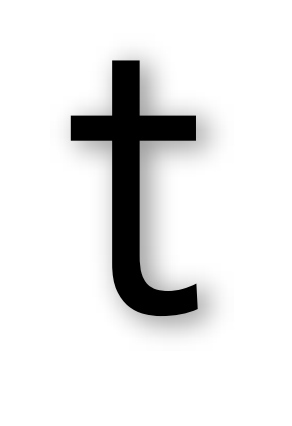

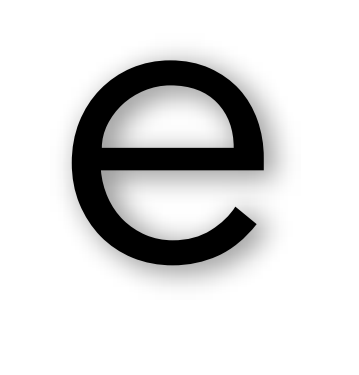

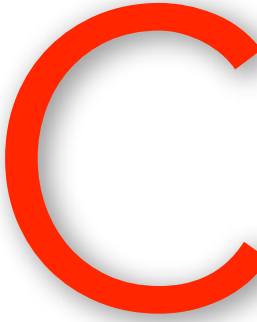


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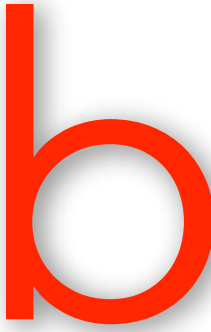

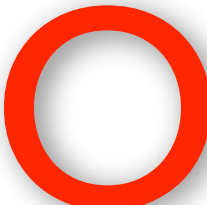

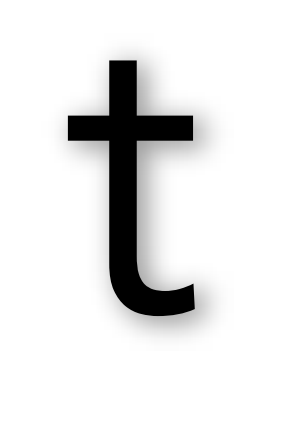

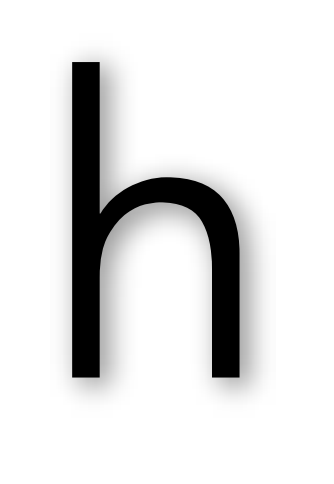

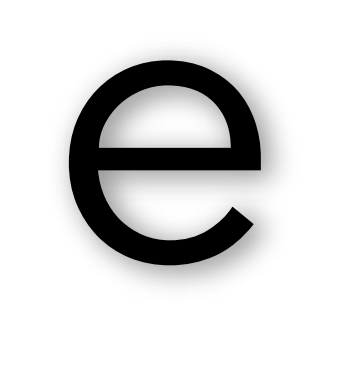

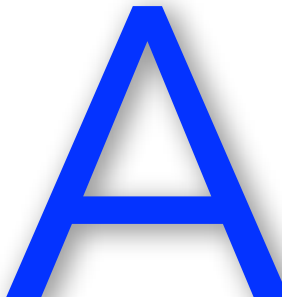
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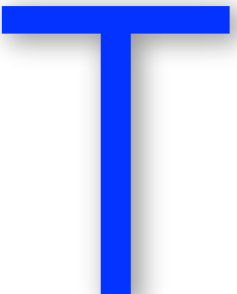
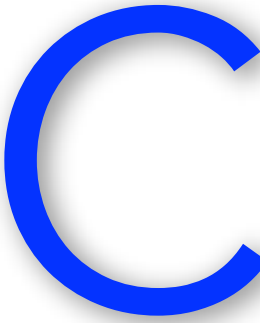




Long Run Supply = MC above ATC

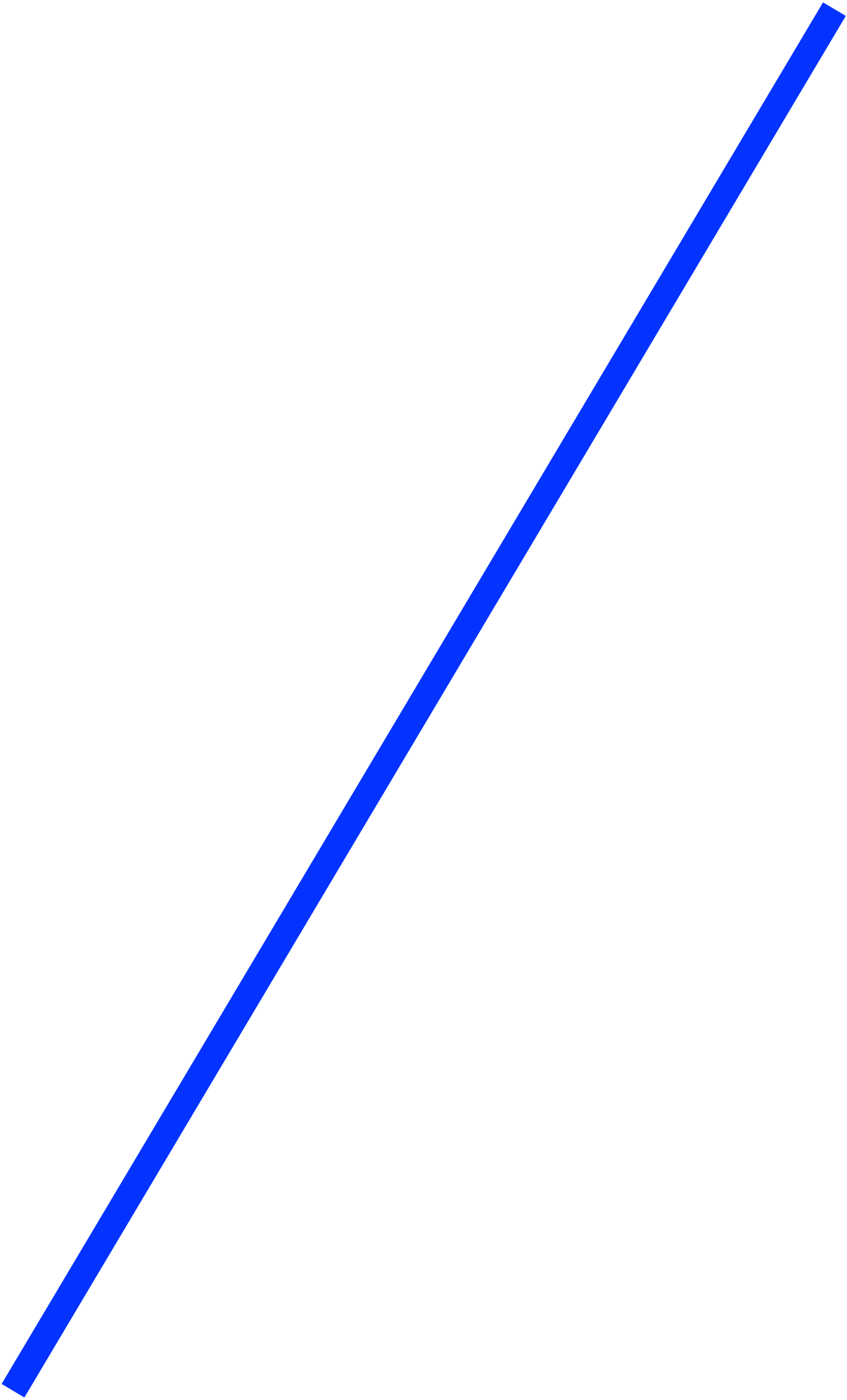
Supply below ATC is a vertical line at zero output


P_2
MR=P_2

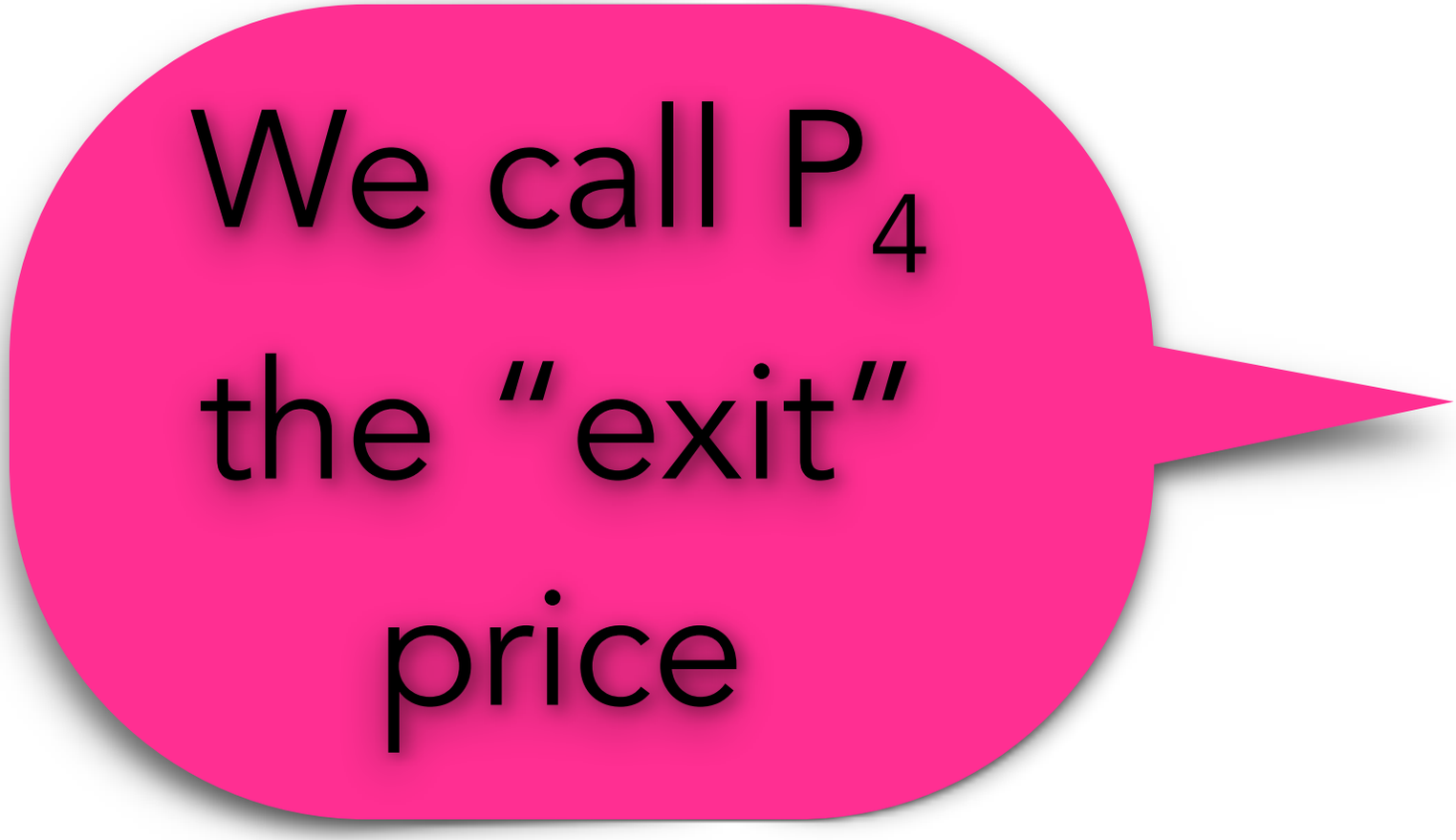

P_3
MR=P_3


P_6


P_5




Below the
ATC the firm
exits

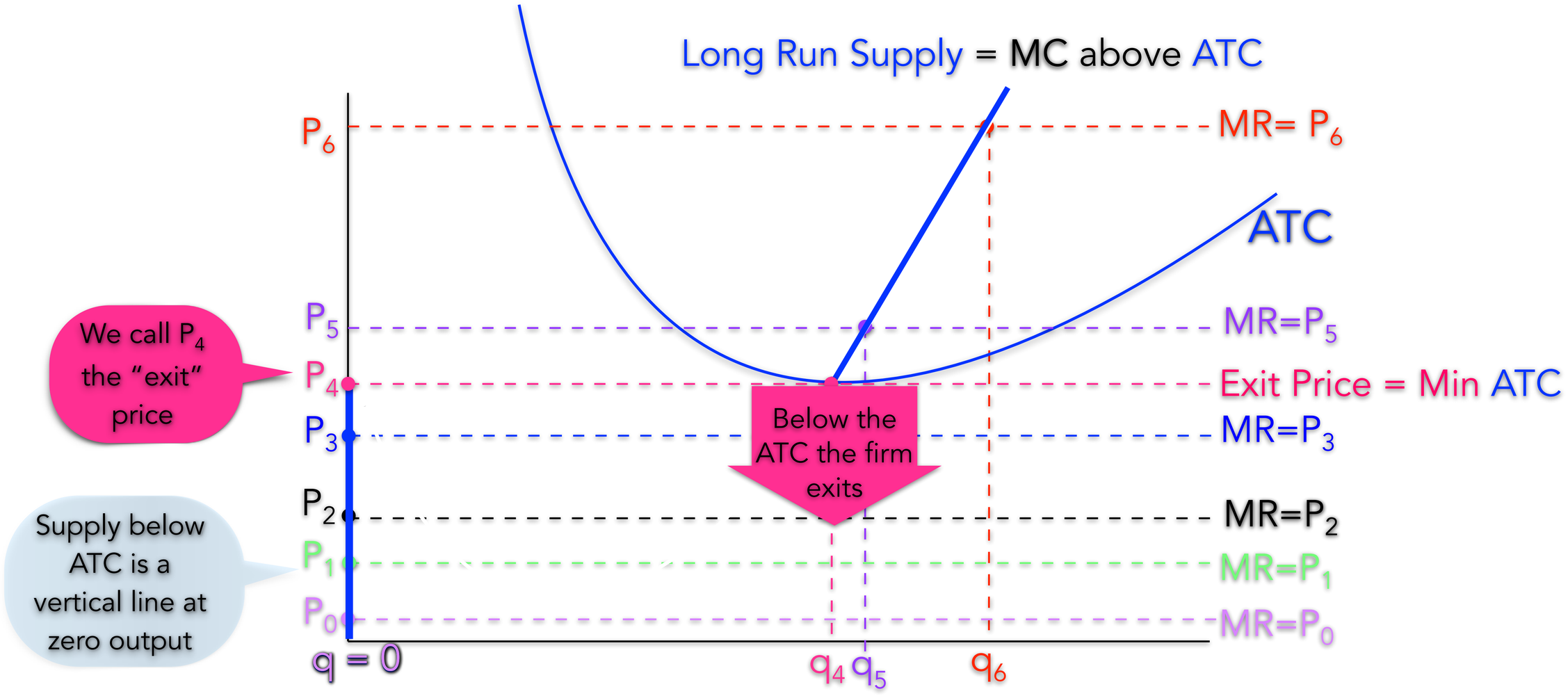

We call P_4
the "exit"
price

In the Long Run, the firm exits if if incurs a loss

Exit Price = Min ATC

The Firm's Long Run Supply is the Same as the MC above the ATC

The Firm's Long Run Supply is the Same as the MC above the ATC



In the Long Run, the firm exits if if incurs a loss

The Firm's Short Run Decision: An example with numbers