

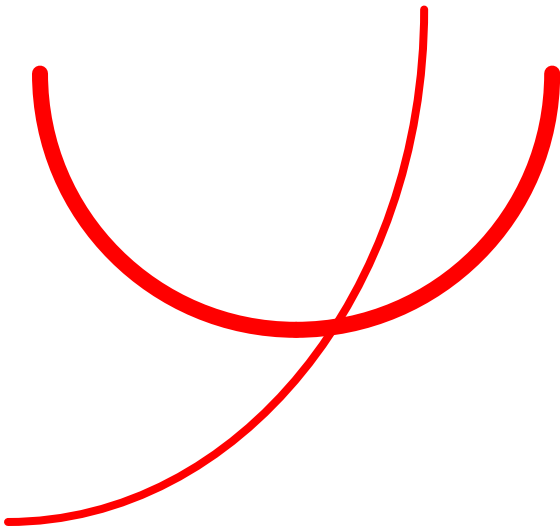
MC

SRAATC1



SRAATC<sub>2</sub>

SRATC<sub>3</sub>



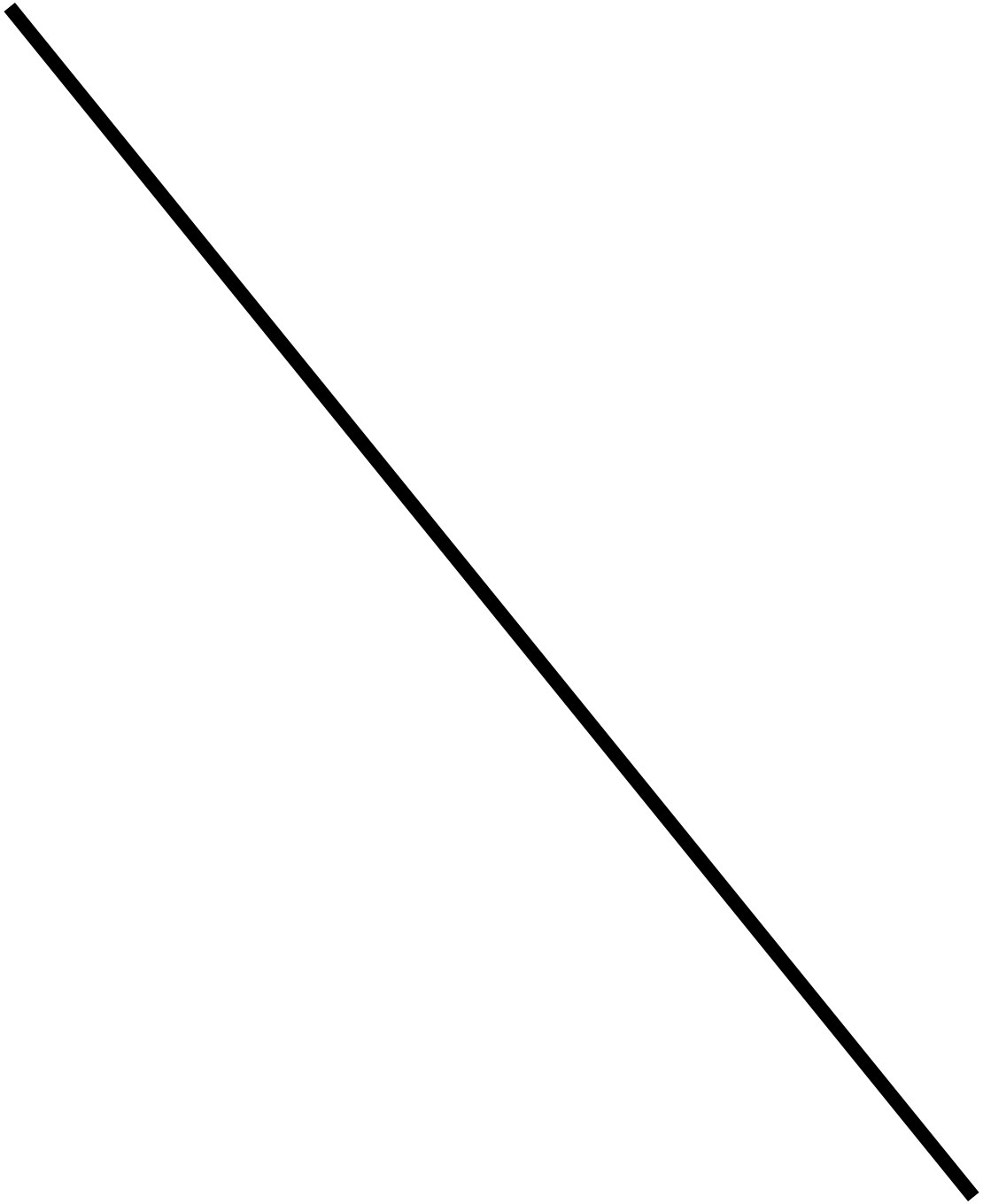
**LRAAC**





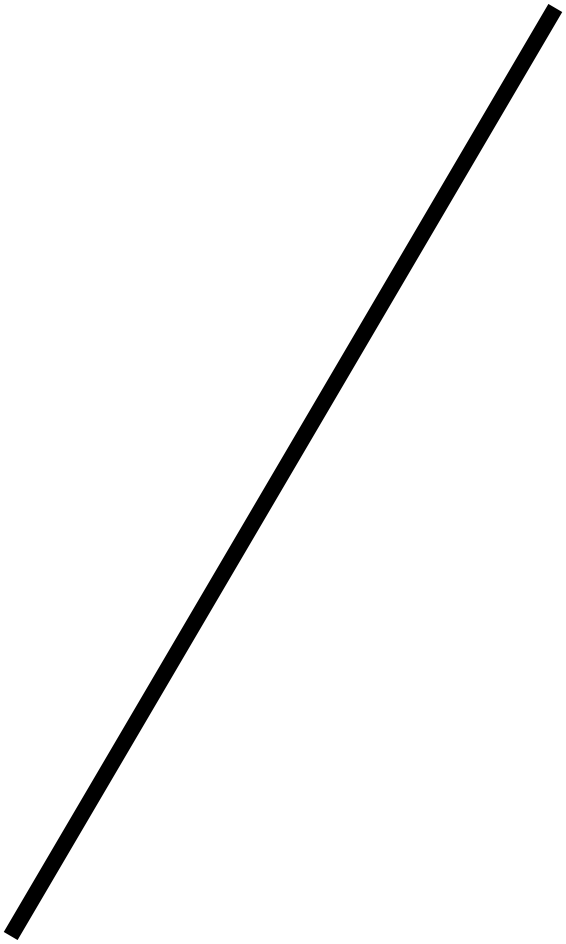
P

O

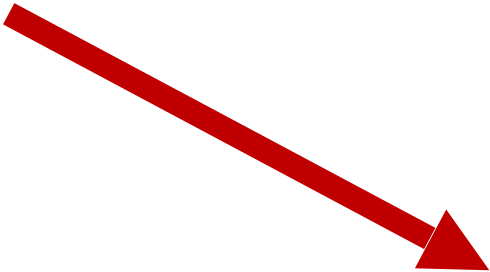


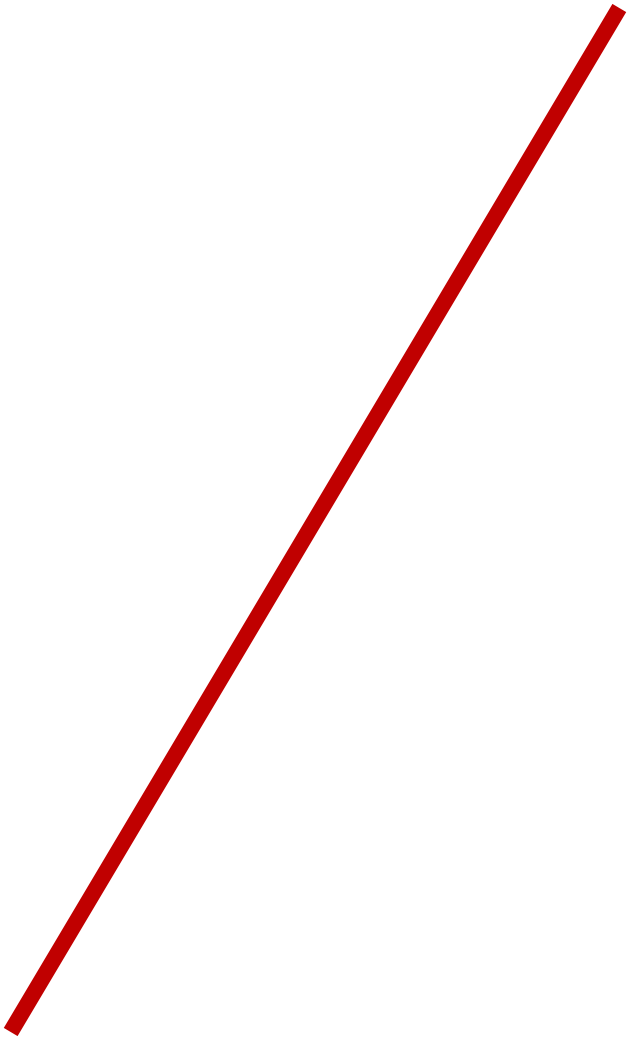






So





S1

Pr

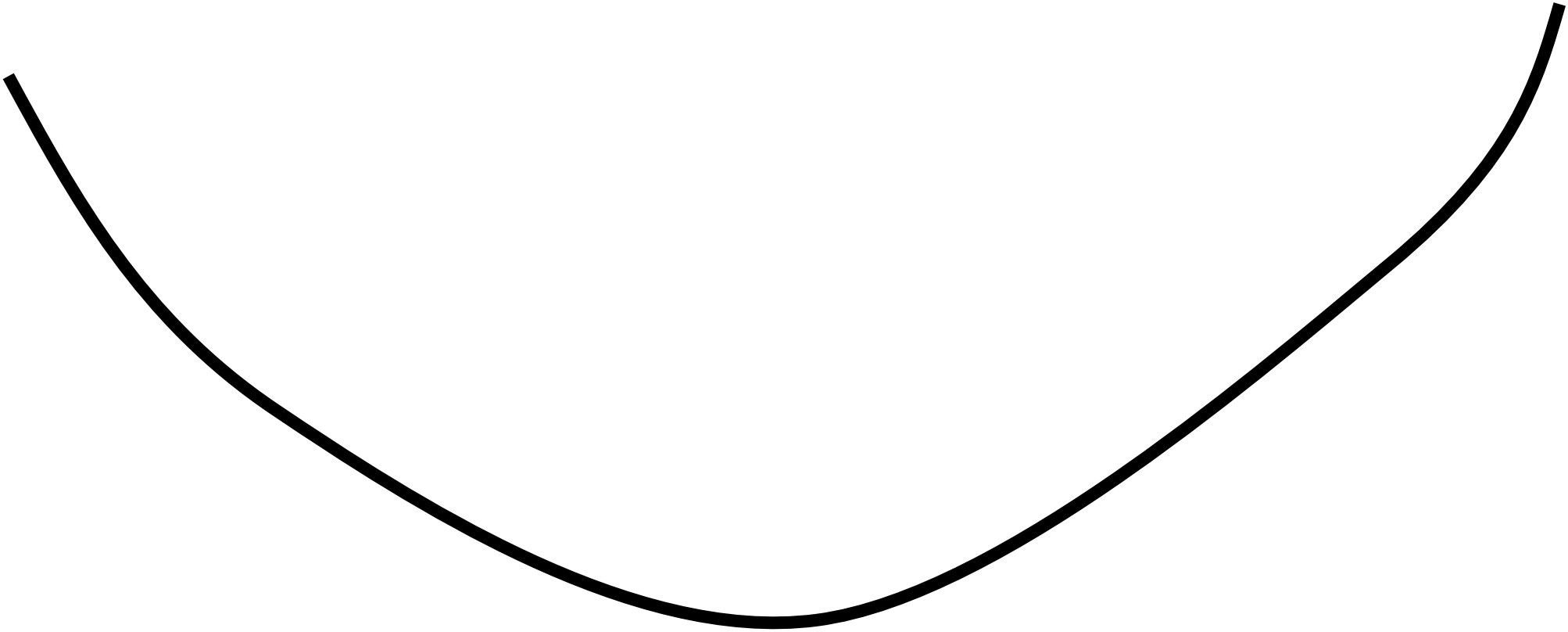
A large red arrow pointing downwards, with the words "Price drops" written in white text inside it.

Price  
drops









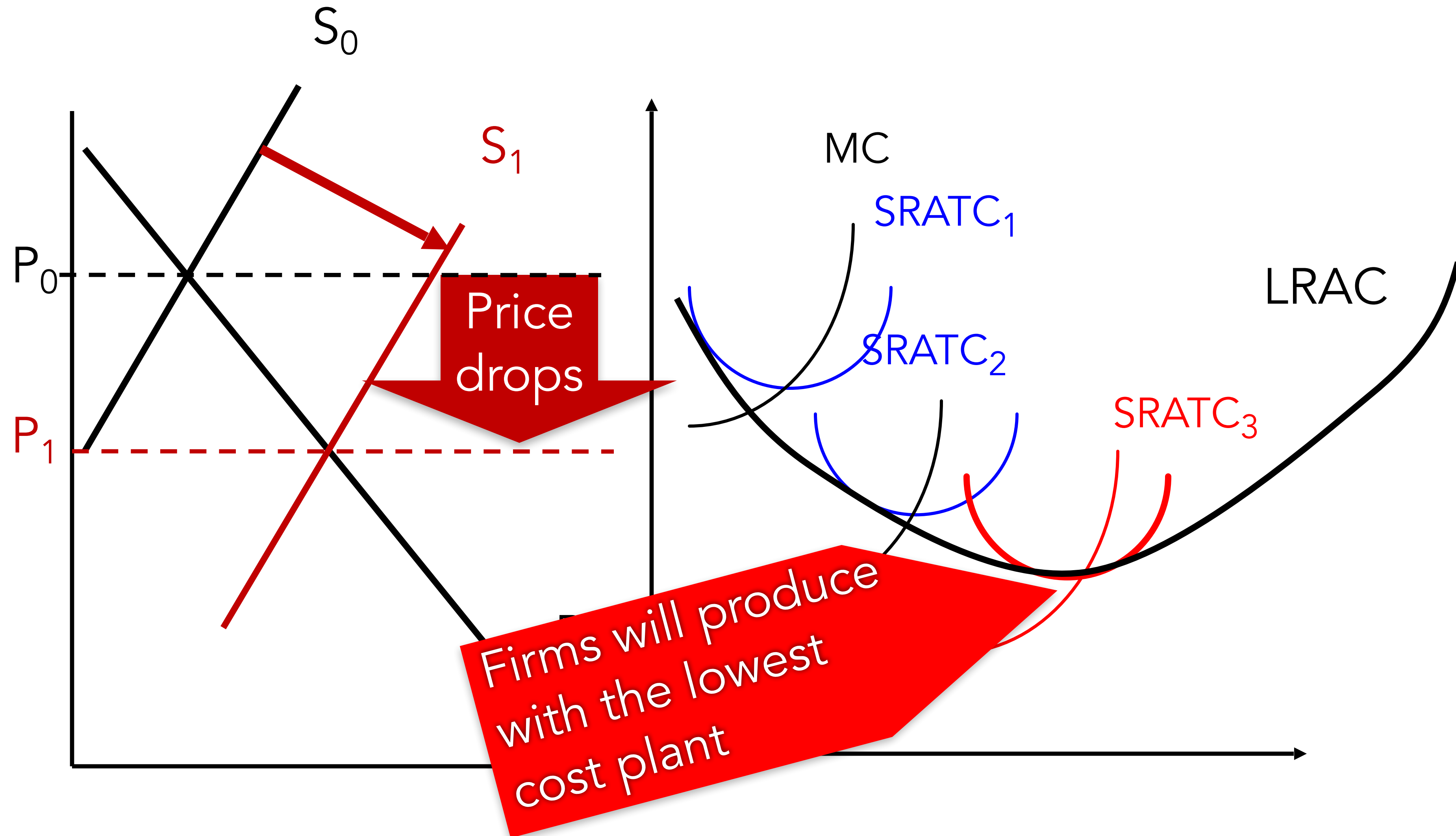
Competition forces firms to expand until  
they minimize the LRATC

Firms will produce  
with the lowest  
cost plant

If firms' costs are  
too high

Competition forces firms to expand

Competition forces firms to expand until they minimize the LRATC



# Long Run Equilibrium Condition

