





A single firm does not face Market Demand







Qe

P

e







Q1

P

e

Price is determined by  
buyers and sellers in the  
market

Each firm decide how many  
units to produce **given** the  
market price



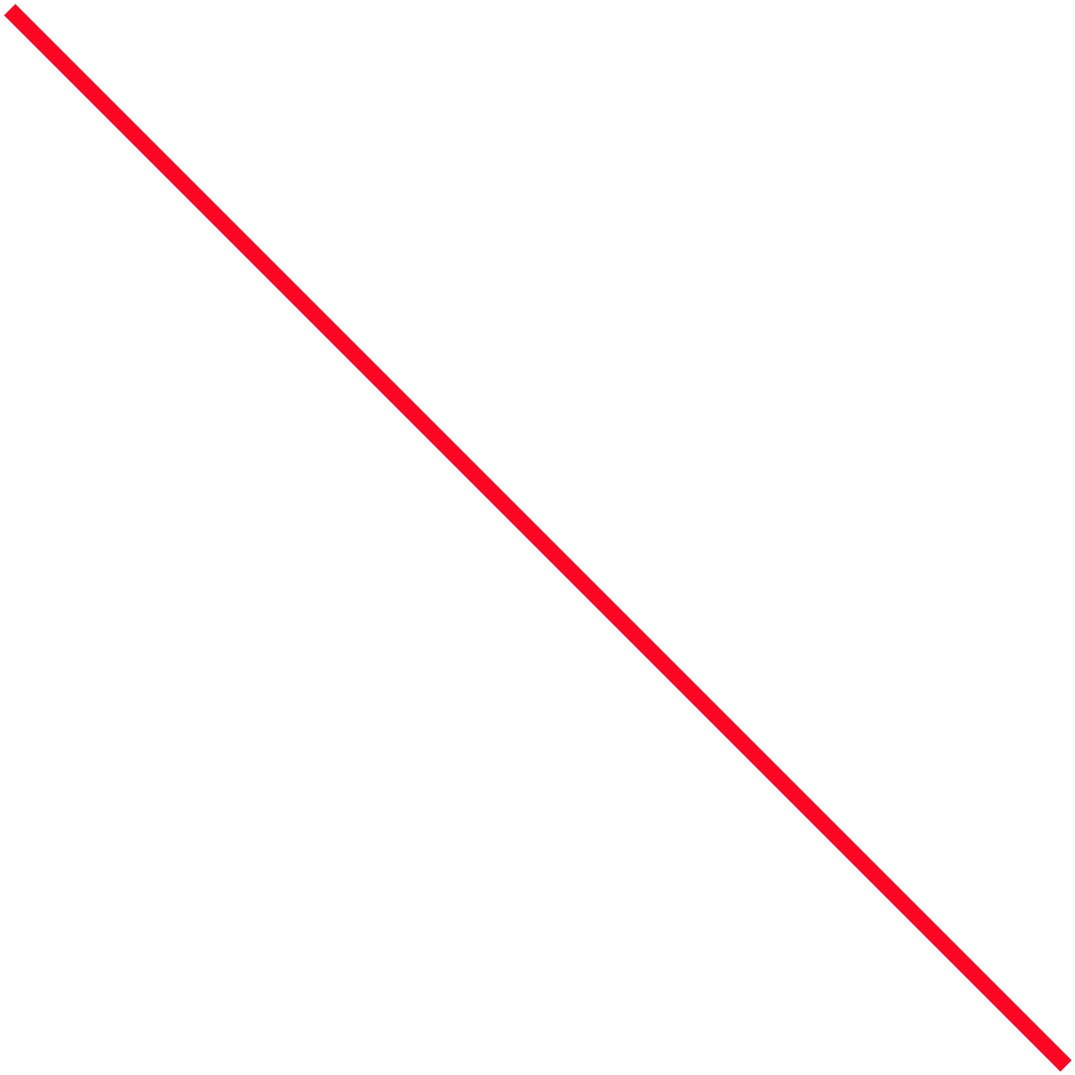
92

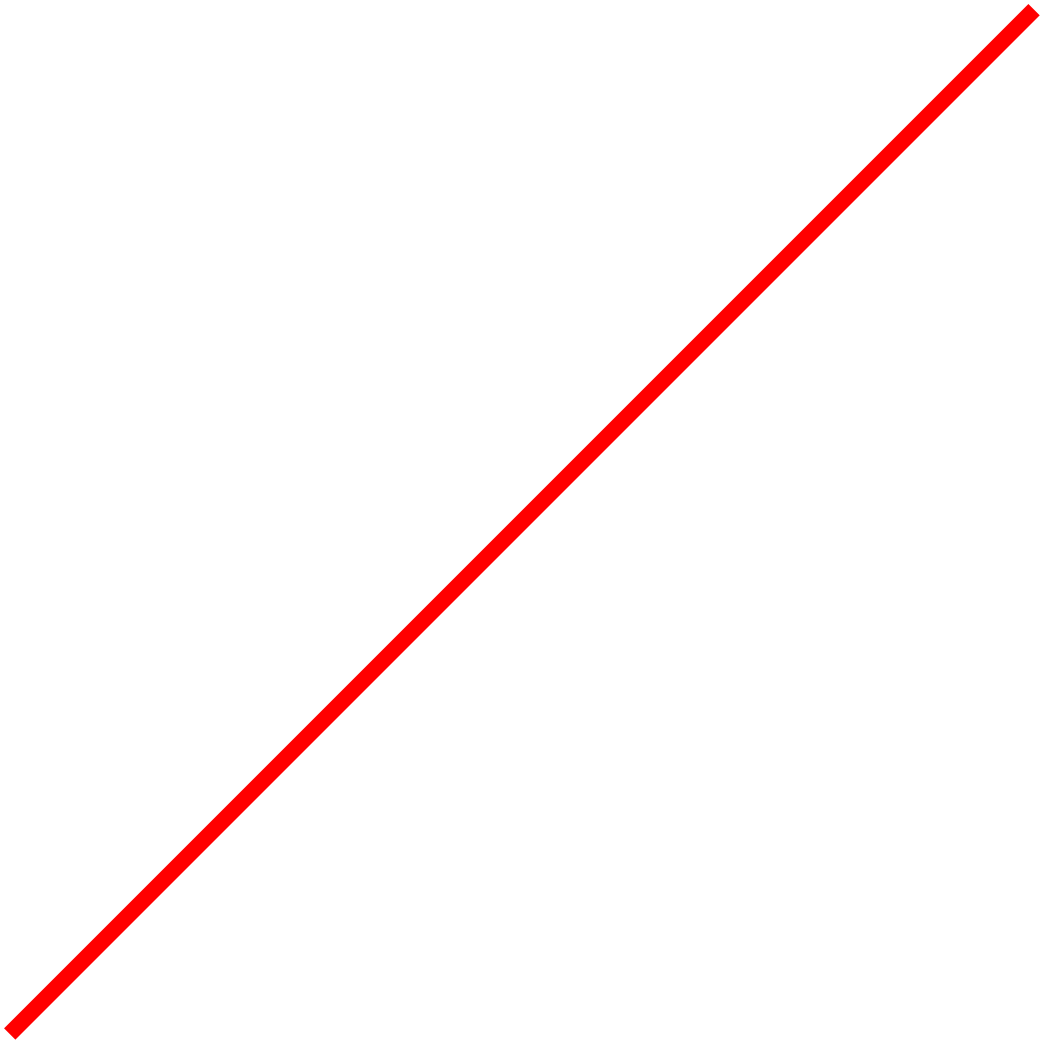


q3

PC Firms do not choose price

Market  
Demand





S



All Firms as a group face Market Demand



All Firms as  
Group

Each firm produces only a  
tiny fraction ( $q$ ) of the  
total( $Q_e$ )





oi

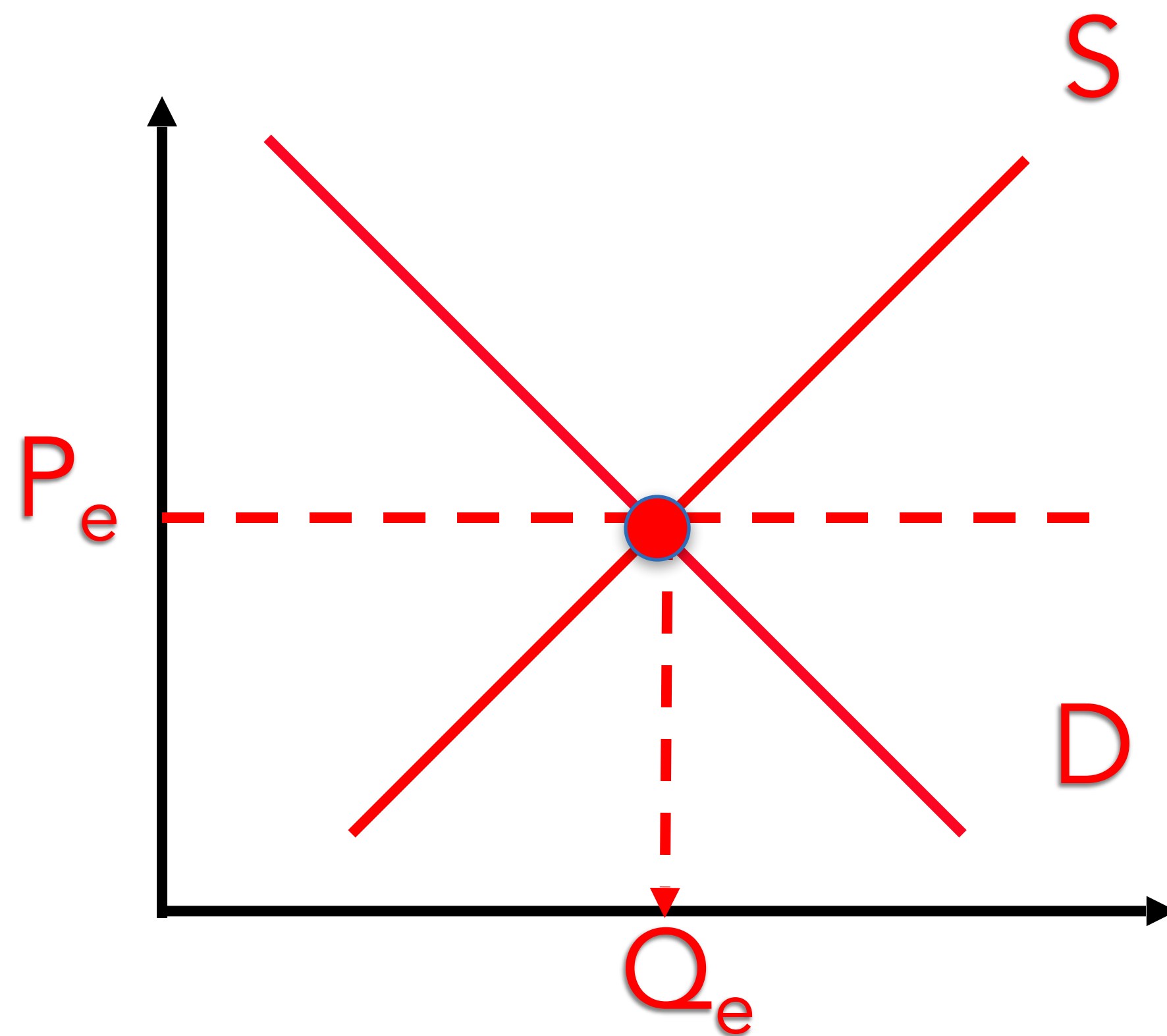




PPC Firms are price takers

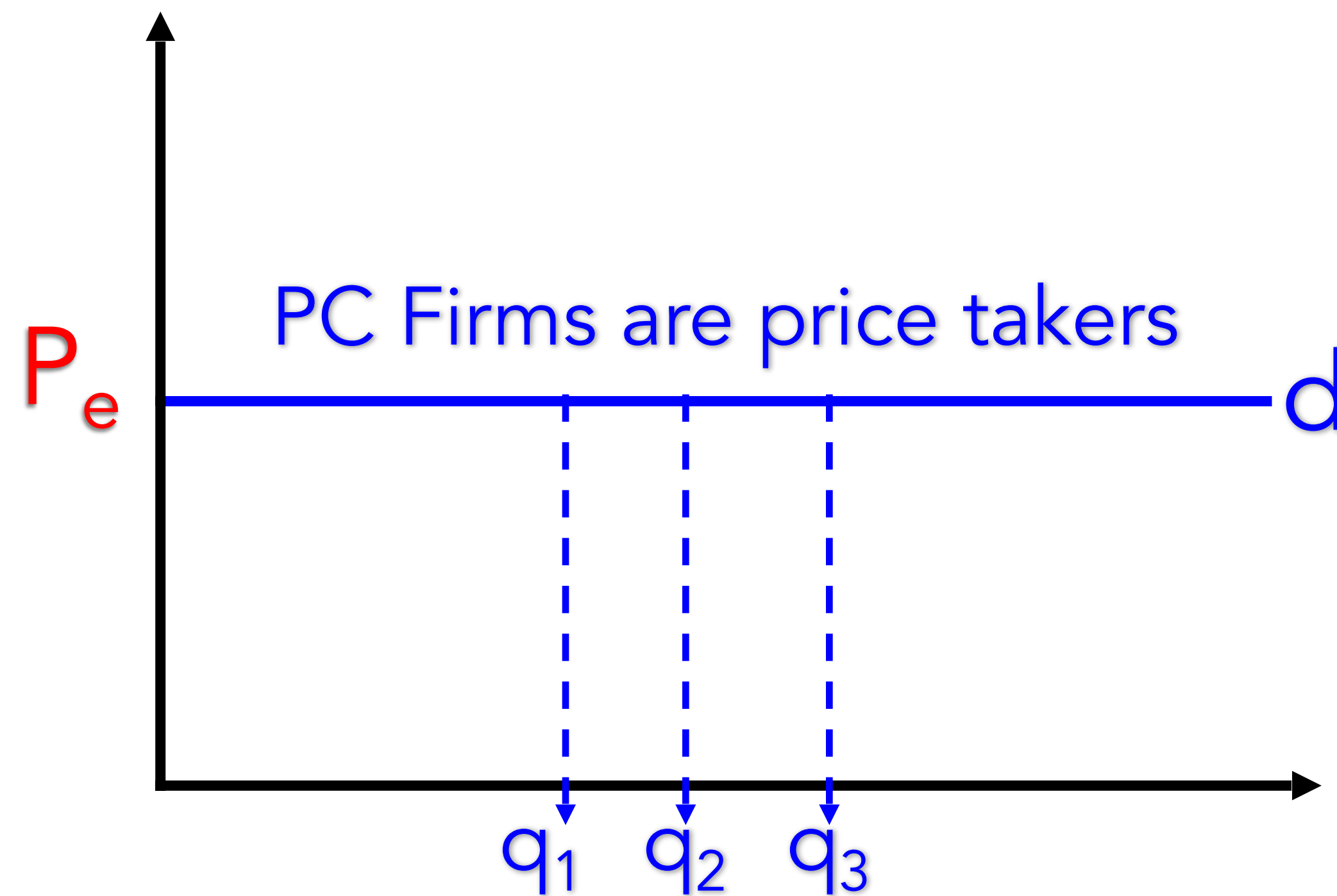


# All Firms as a group face Market Demand



Price is determined by  
buyers and sellers in the  
market

*A single firm does not face Market Demand*



Each firm produces only a  
tiny fraction ( $q$ ) of the  
total( $Q_e$ )

