



Many buyers

Many sellers

Firms sell identical products

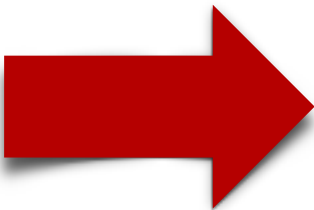
Established firms have no advantages over new firms

Buyers know all available prices

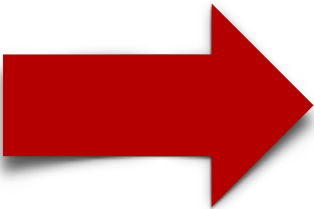
Free Entry

One or few sellers **can not**  
control the price

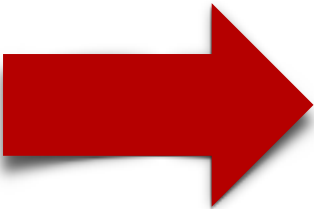




What makes a Market Perfectly Competitive?

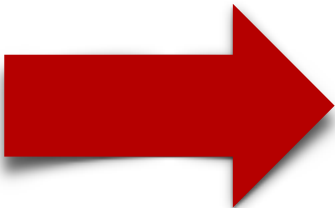


One or few buyers can not control the price

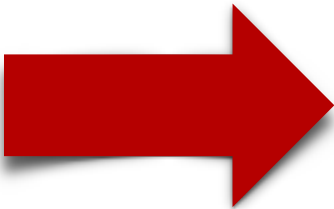


One or few sellers **can not** control the price

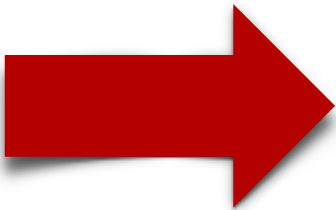
All firms must sell at the same price



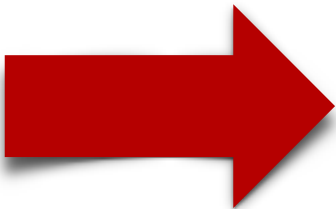




All firms sell at  
the same price



All firms sell at the same price



Many sellers



Buyers

Sellers

Rules to ensure a "tug of war"  
between equals



# Rules to ensure a “tug of war” between equals



Buyers

Sellers



# Perfectly Competitive Market

