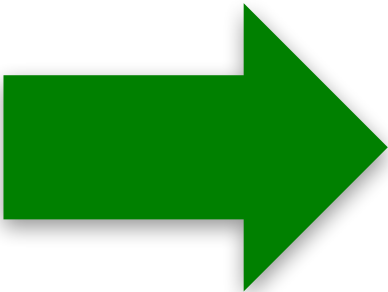




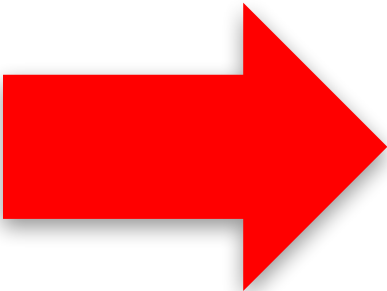
When firms break even

Number of firms do  
not change



Make a profit

New firms enter

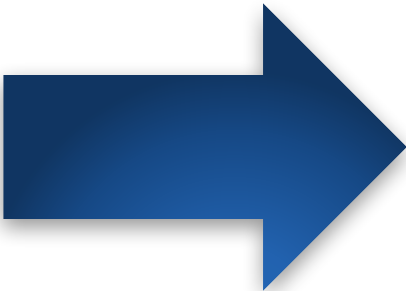


Industry expands



Incur a loss

Firms exit



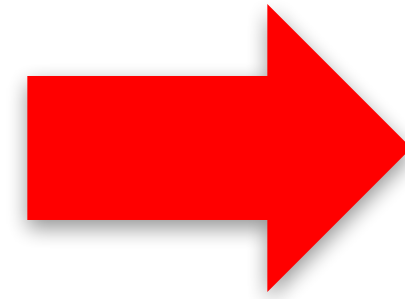
Industry contracts

If firms in the industry

Equilibrium

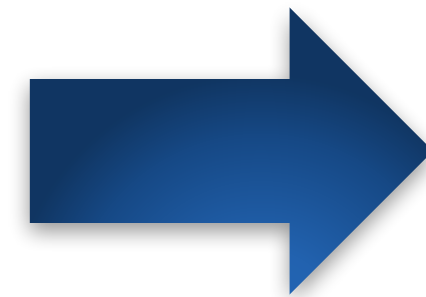
If firms in the industry

Make a profit



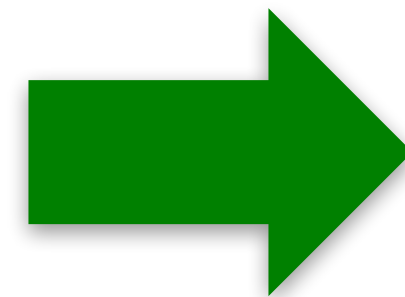
New firms enter  
Industry expands

Incur a loss



Firms exit  
Industry contracts

When firms break even



Number of firms do  
not change  
Equilibrium

