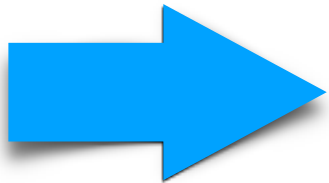
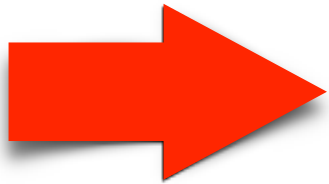


Free Entry and Free Exit



Entry and Exit are free



Entry and Exit are not free























S



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2







mm







U



S

W





















9

2









u







V



2

V

2



S



2



















S







b

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V











- If to enter an industry a firm **only** incurs **recoverable** costs, these costs do **not** represent a barrier to **enter** and will **not** represent a barrier to **exit** either

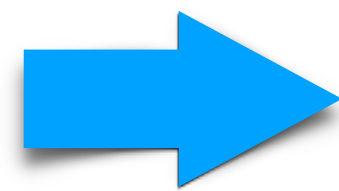
- If to enter an industry a firm **must incur non-recoverable** costs, these costs **will** represent a barrier to **enter** and **will** also represent a barrier to **exit**

The **type** of costs a firm incurs when **entering** an industry may also add to the list of barriers to entry/exit

Free Entry and Free Exit

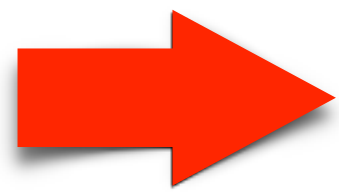
The **type** of costs a firm incurs when **entering** an industry may also add to the list of barriers to entry/exit

- If to enter an industry a firm **only** incurs **recoverable** costs, these costs do **not** represent a barrier to **enter** and will **not** represent a barrier to **exit** either



Entry and Exit are **free**

- If to enter an industry a firm **must incur non-recoverable** costs, these costs **will** represent a barrier to **enter** and **will** also represent a barrier to **exit**



Entry and Exit are **not free**

The Contestable Market Model