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1,000

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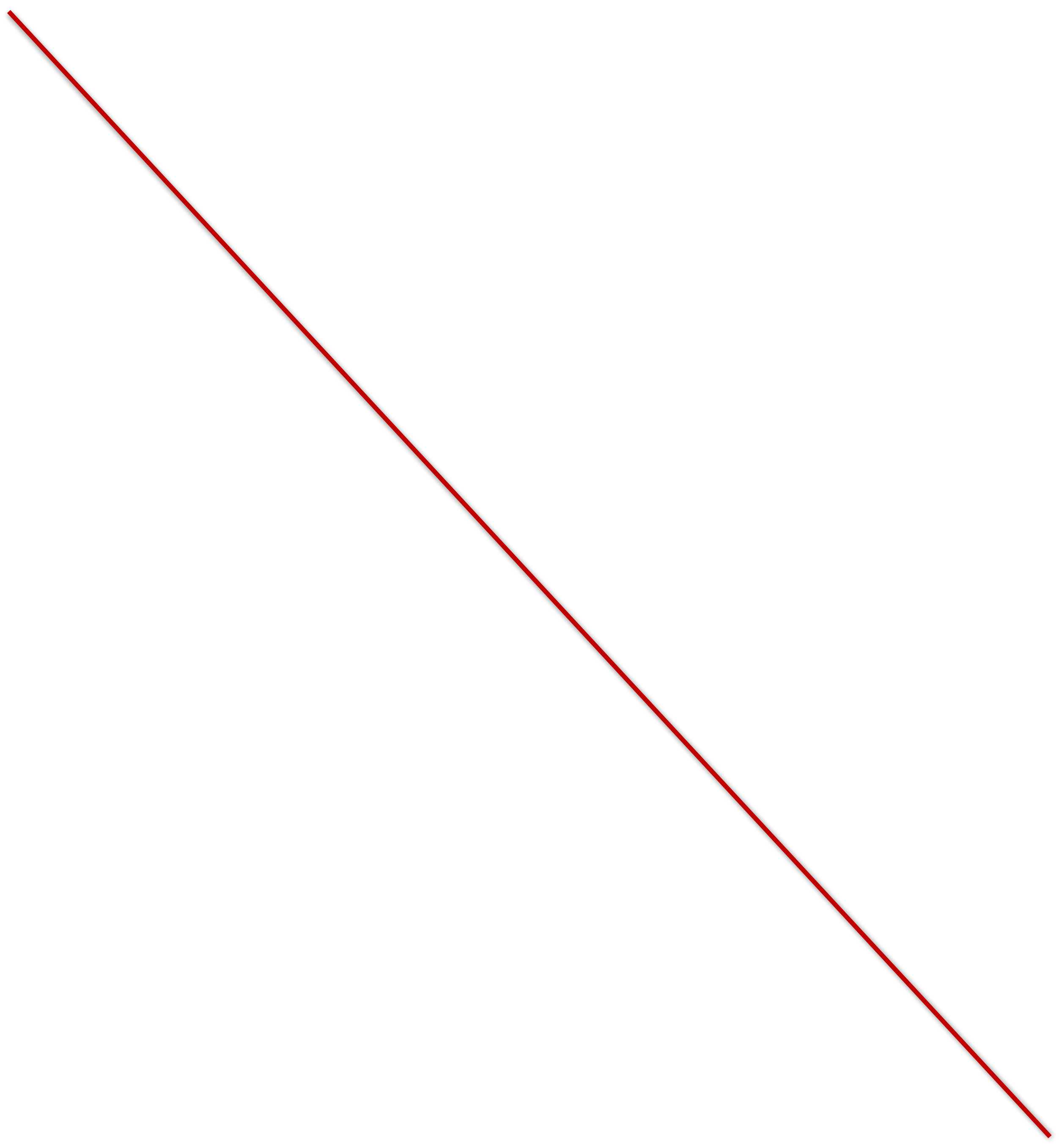
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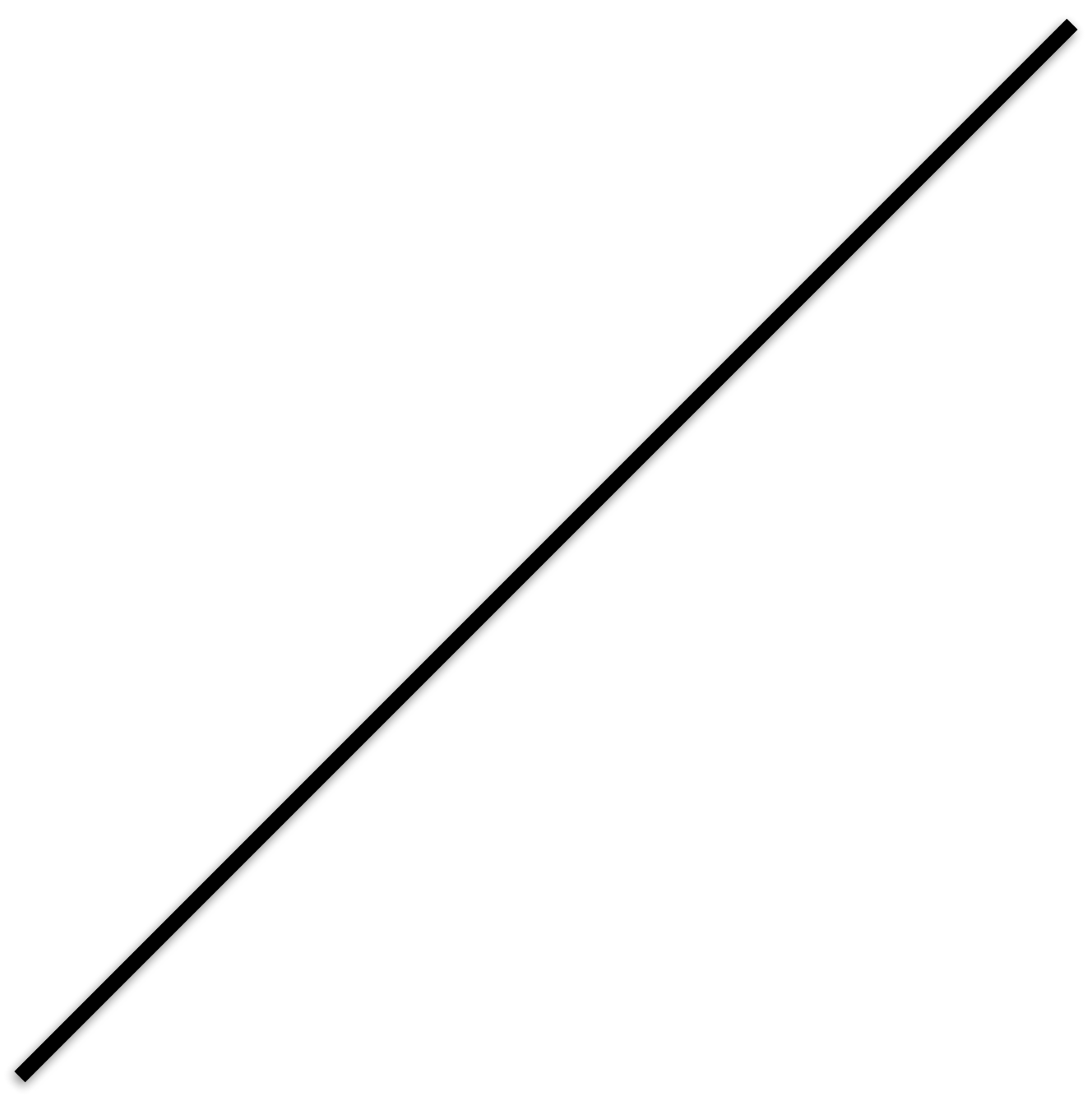
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400,000

ATC₅



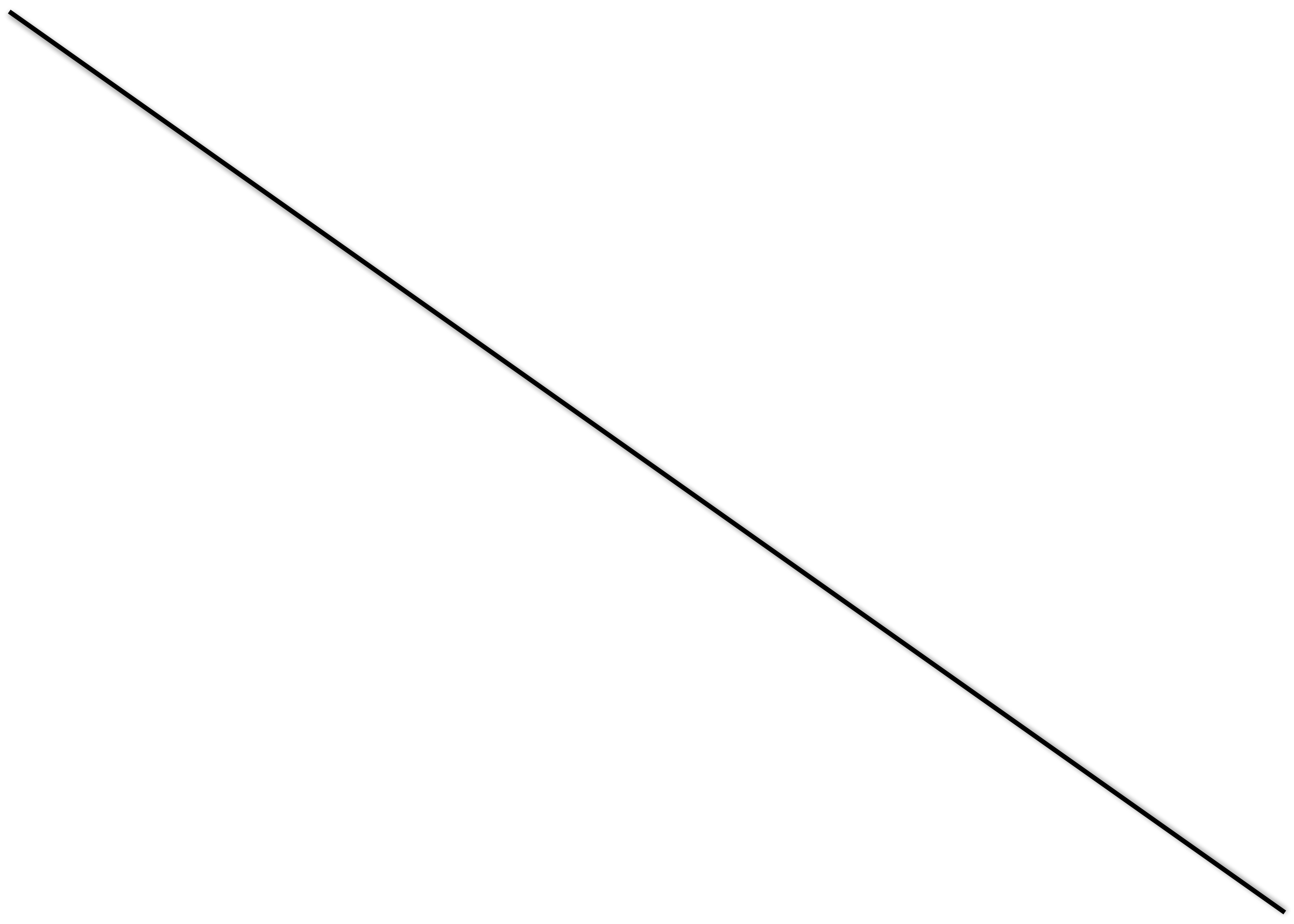


S

Demand

Or Demand can
be supplied by
ONE monopoly
with a large plant
of size ATC5

Demand can be
supplied by many
firms each with a
small plant of size
ATC1



LRATC

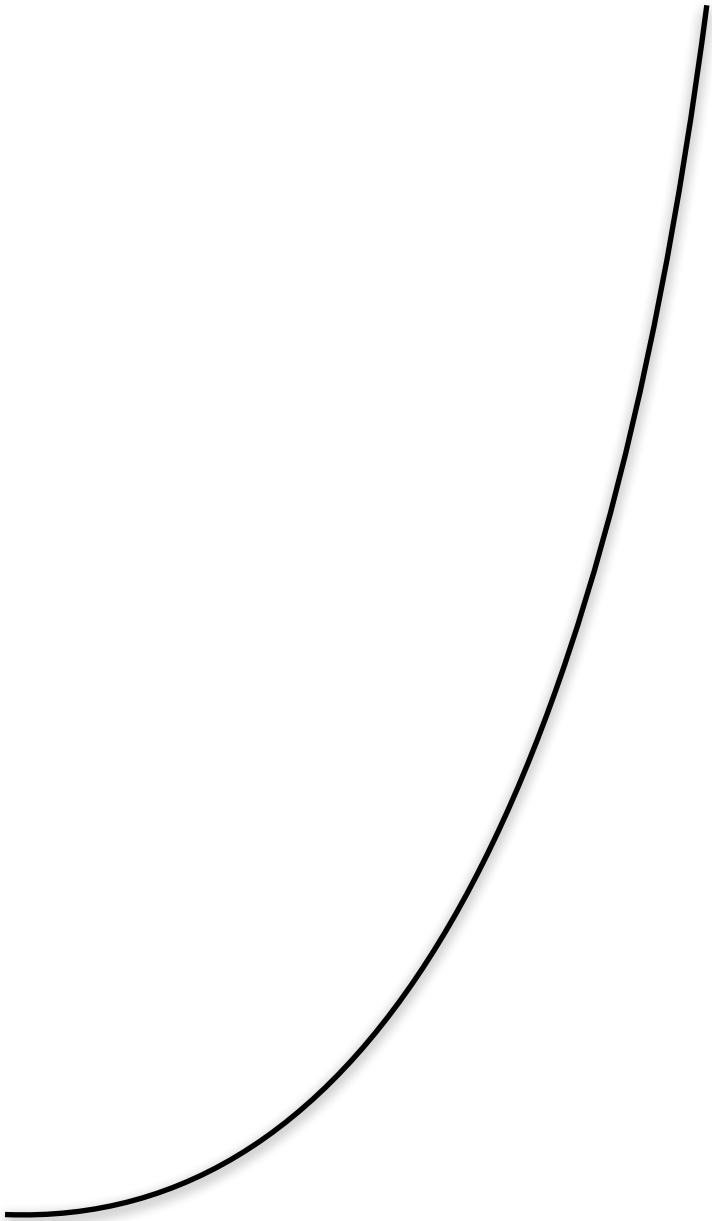
We call this a
“Natural” Monopoly:
The Natural
progression of a
situation like this is
that the industry will
end with one large
monopoly supplying
the entire market

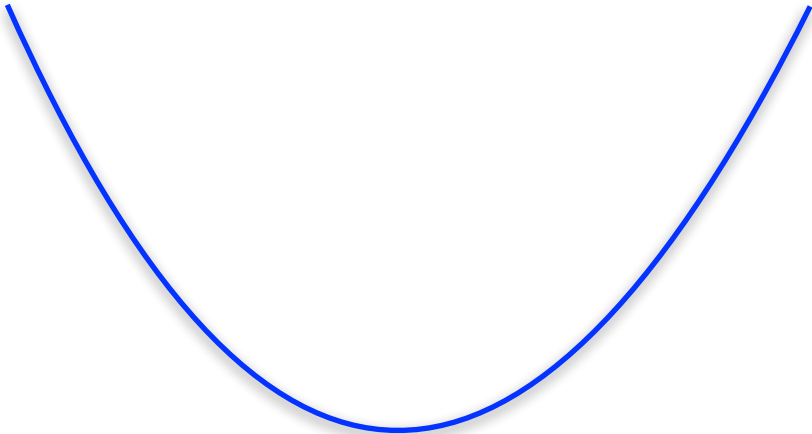
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ATC₁

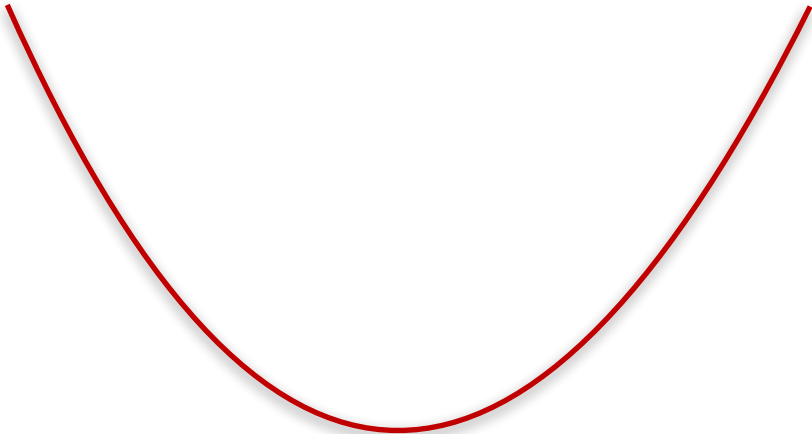


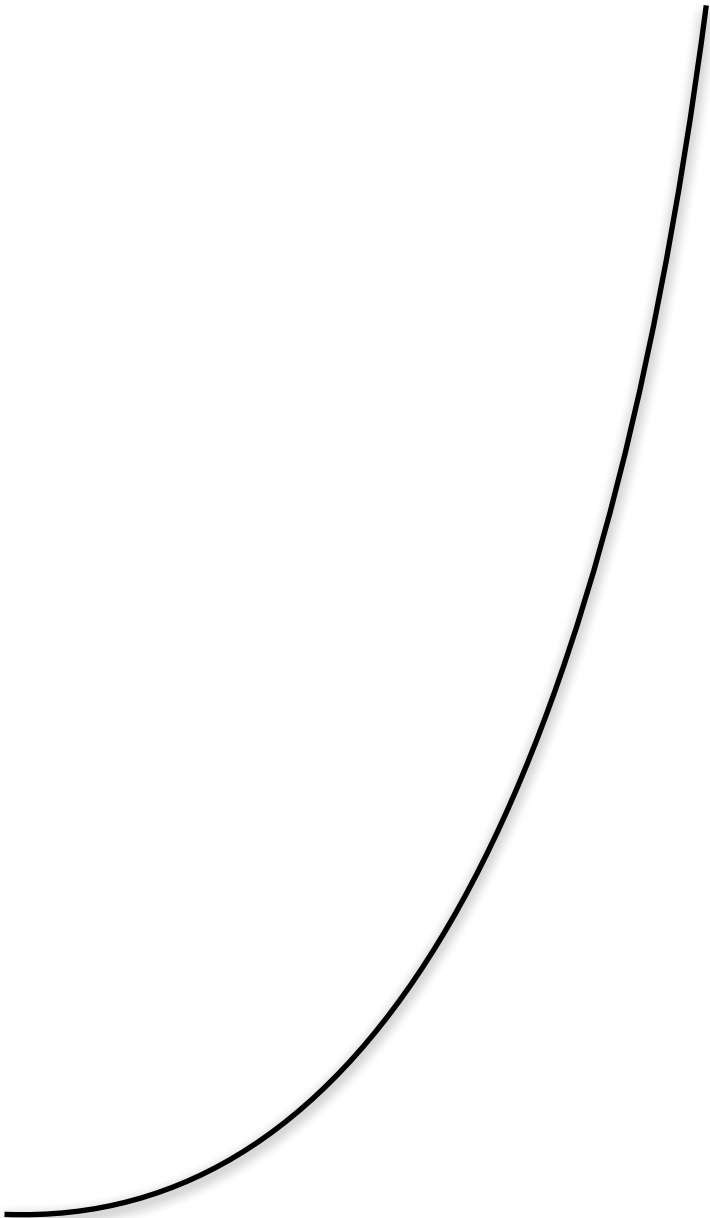






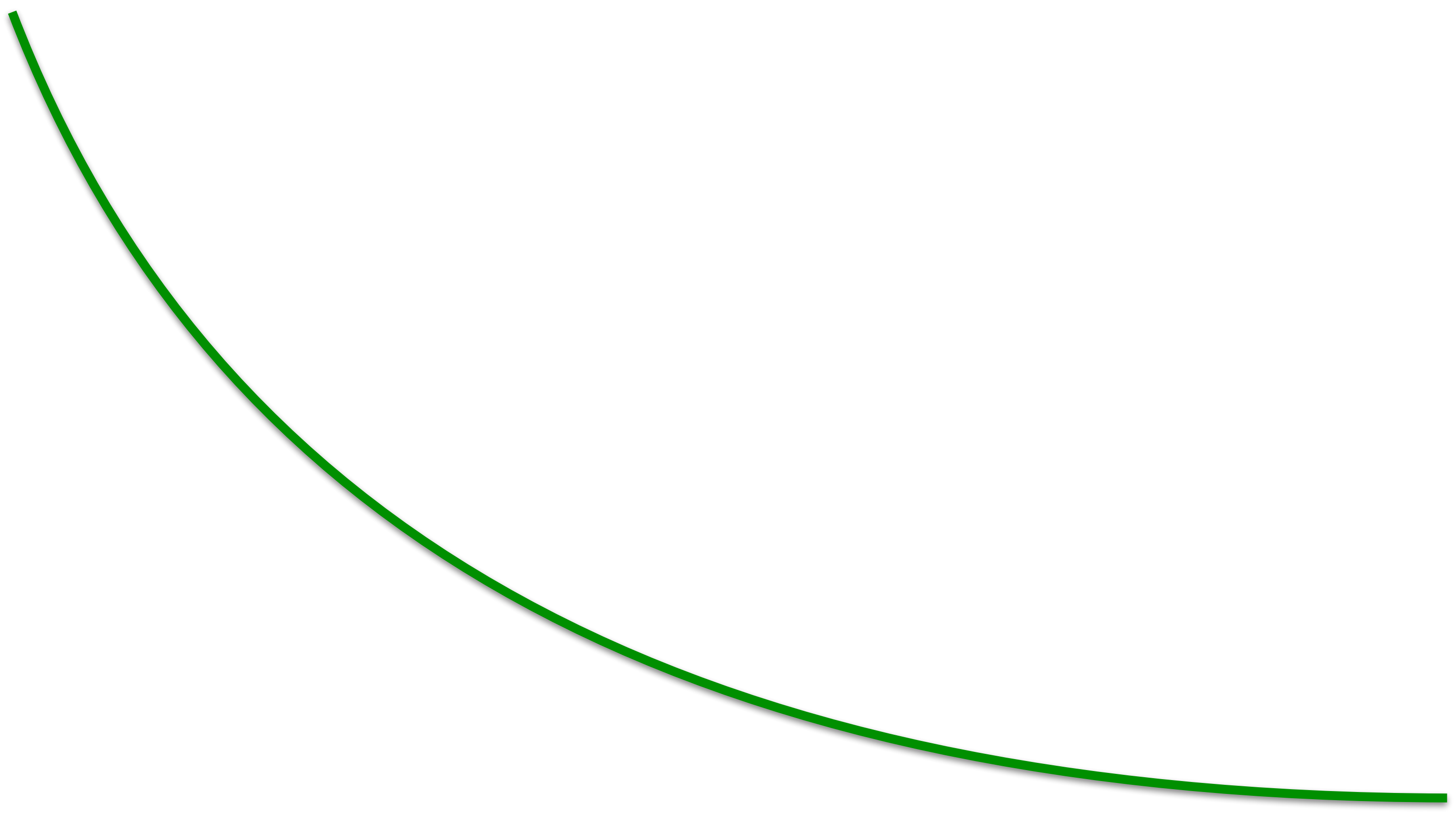
400 Firms each
one selling 1,000
units at \$5/unit













MC₁

MC₁

A large red speech bubble with a white outline and a tail pointing towards the bottom left. Inside the bubble, the text "ONE firm selling 500,000 units at \$3/unit" is written in white, bold, sans-serif font.

ONE firm
selling 500,000
units at \$3/unit

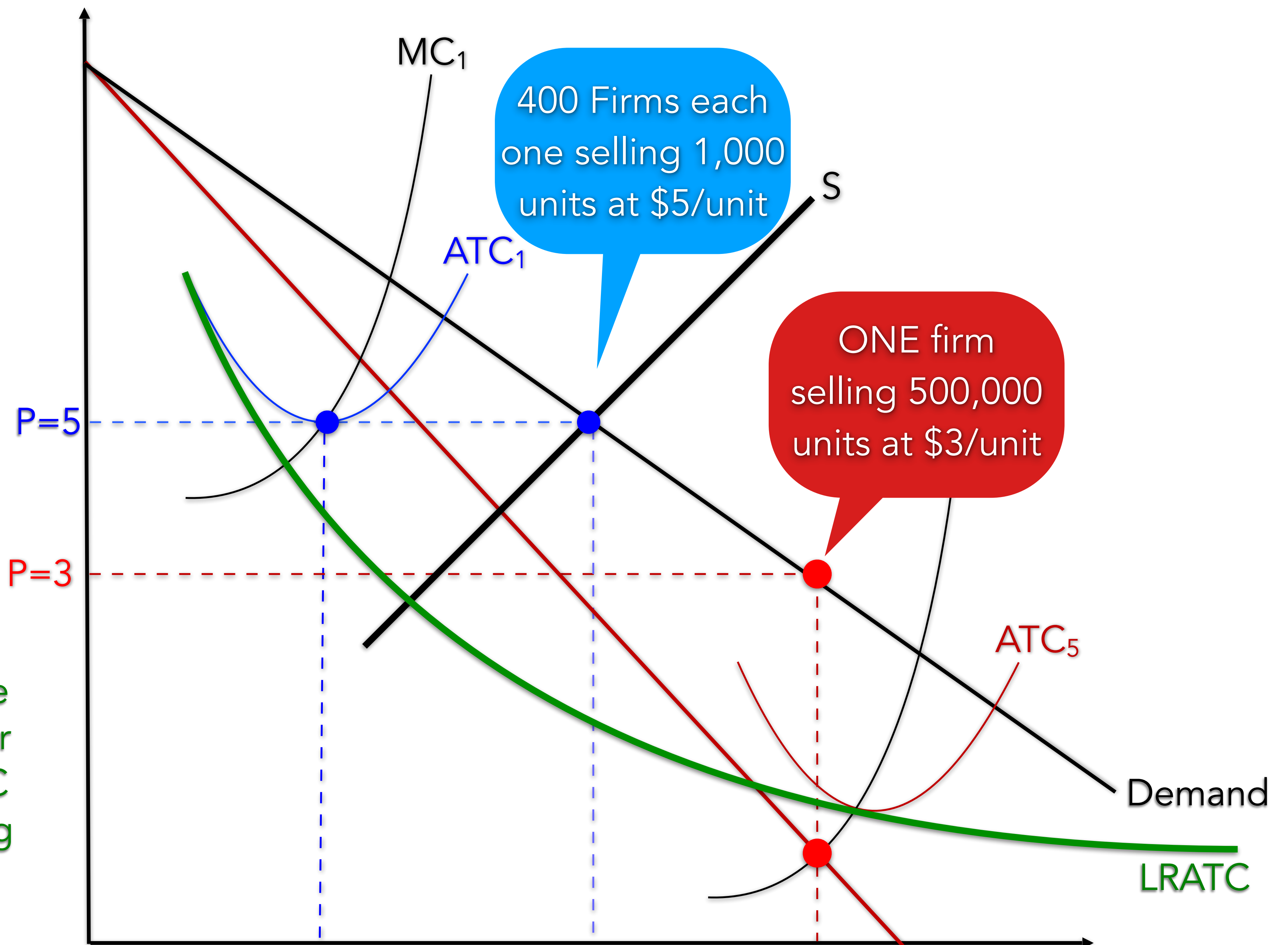
An industry where the technological advantages of large-scale production allow a single firm to produce at a lower cost than many smaller companies

When the larger the
Plant Size, the lower
the ATC, the LRATC
is downward sloping

Most public services are either state owned or regulated private **monopolies**

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Perfect Competition

