Monopolists set the price

S

D

– – – –

Q_3

P_3

d

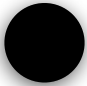
q_1

- - - - - - - - - - - - - - - - -

- - - - - - - - - - -

$$q_2$$

q_3



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Q_2

P_2

– – – – – – – – – – –

Q_1

P_1

— — — — — — — — — —

$$Q_0$$

P_0

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Perfectly Competitive Firms do not set the price

Monopolists do not react to prices so there is NO supply curve

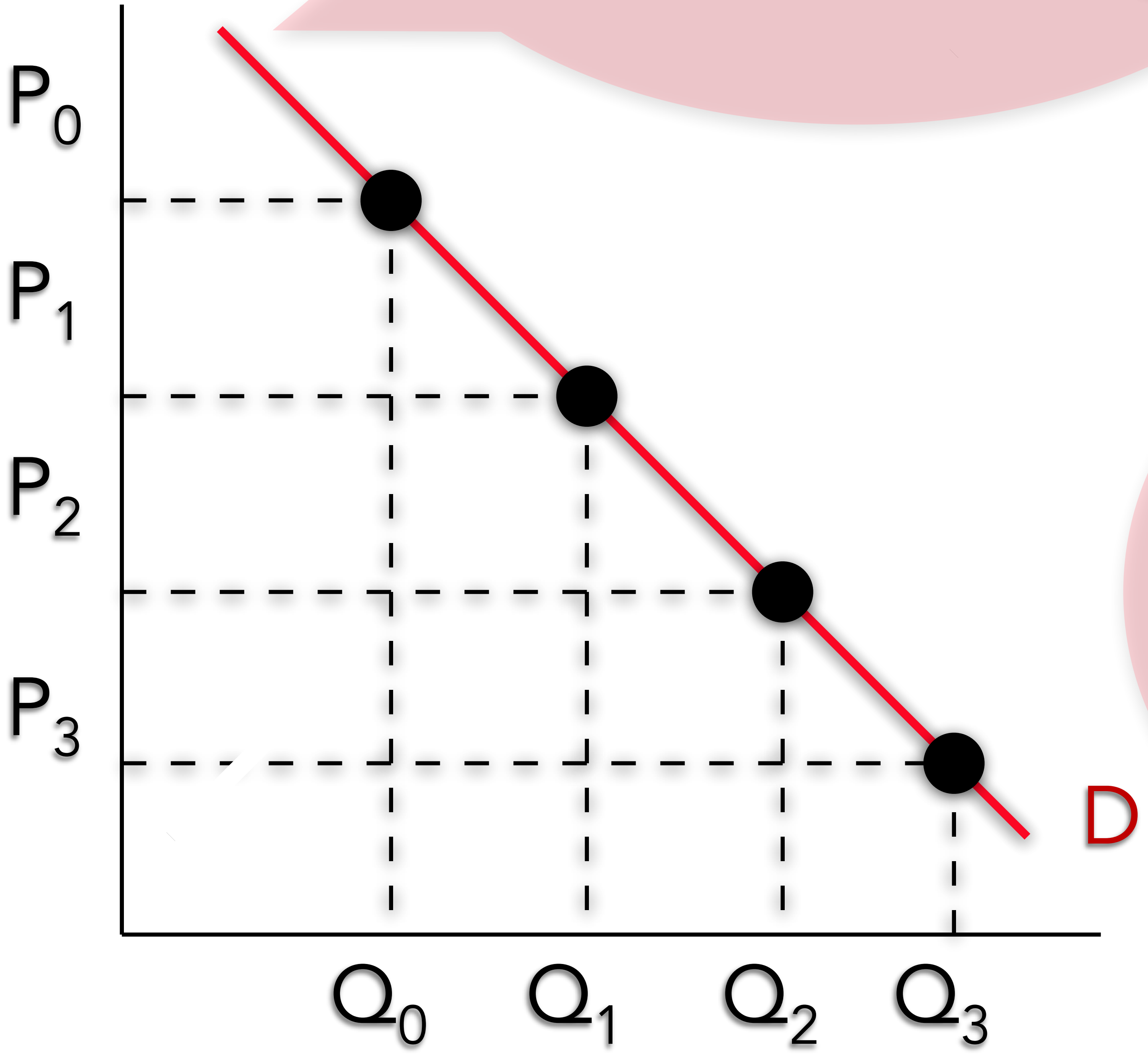
Monopolists face the Market Demand directly

Monopolist choose both: the Price and the Quantity that Maximize their Profit

PC firms take price as given

Monopolists do not take price as given: there is no perfectly elastic demand at the market price

Monopolist choose both: the Price and the Quantity that Maximize their Profit



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Perfect Competition