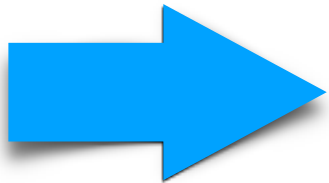
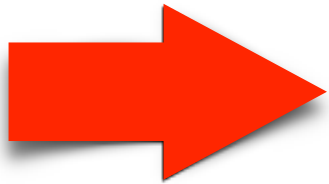




Free Entry and Free Exit



Entry and Exit are free



Entry and Exit are not free











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**V**

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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

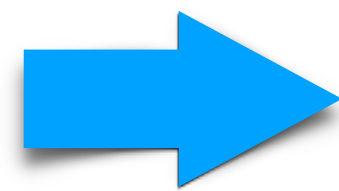
- If to enter an industry a firm **must incur non-recoverable** costs, these costs **will** represent a barrier to **enter** and **will** also represent a barrier to **exit**

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

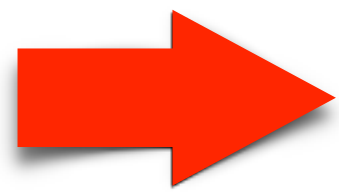
The **type** of costs a firm incurs when **entering** an industry may also add to the list of barriers to entry/exit

- 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