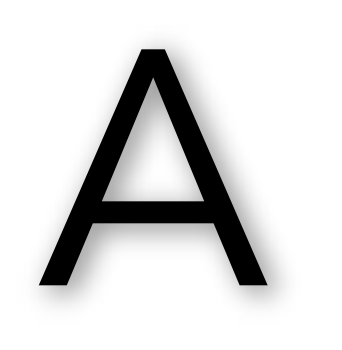

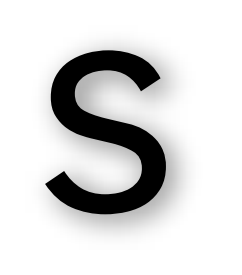

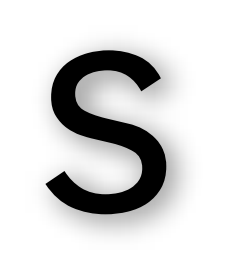

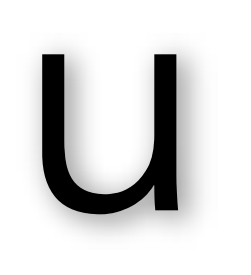

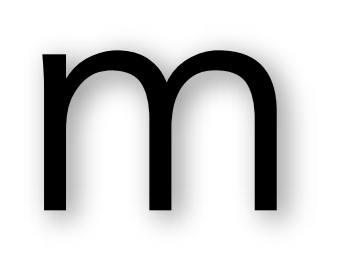

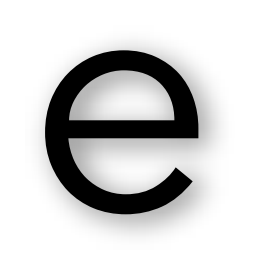

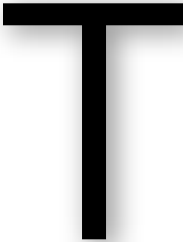

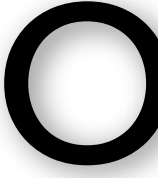

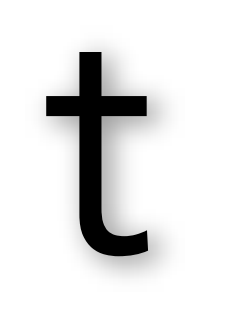

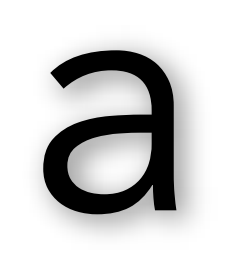
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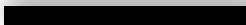

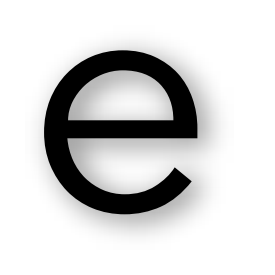

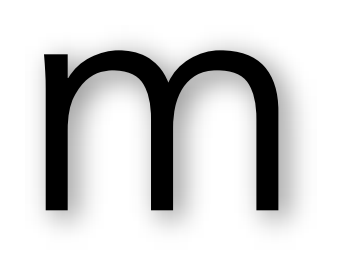

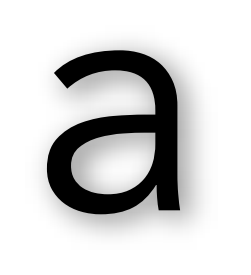
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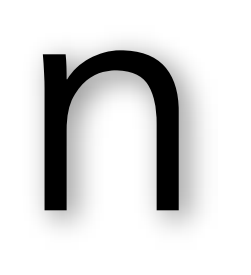

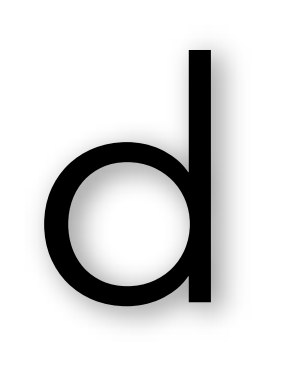


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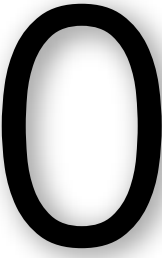
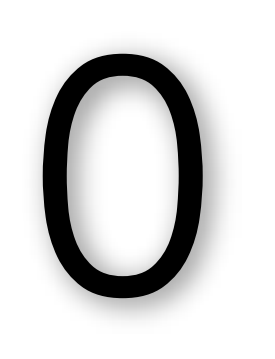
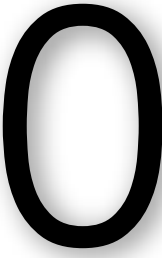
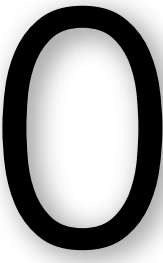
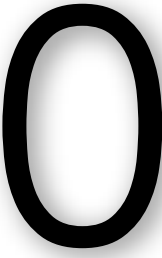
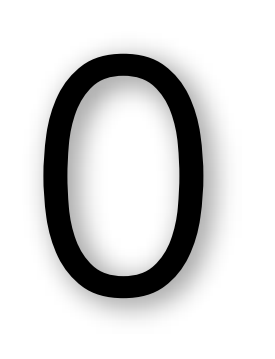


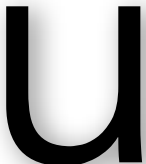


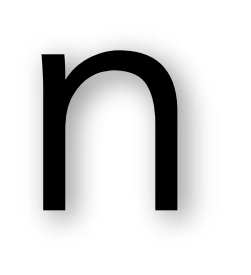


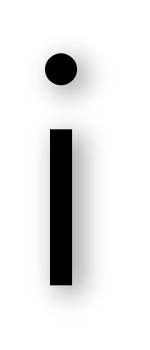


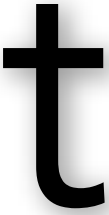


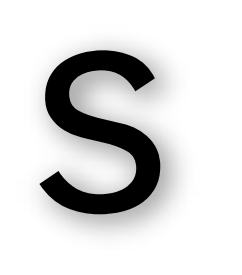











S

MES = 150,000

500,000

150,000

MES =10,000

The smaller the size of the MES, the larger the number of firms in the industry

= 6 firms

=20 firms

=300 firms


10,000

If the MES is a large plant which reaches min cost at a large output level such as Q= 500,000 units

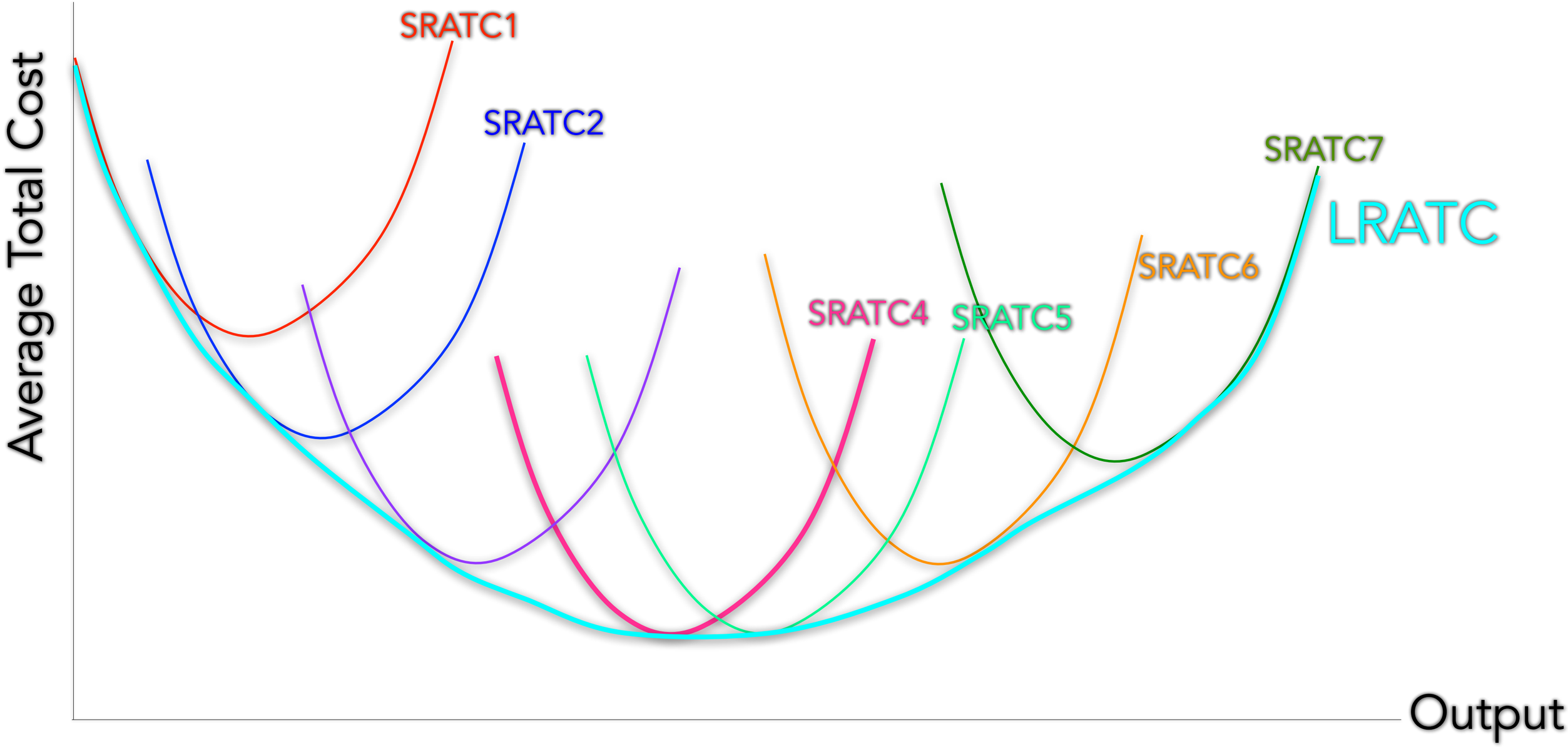
Total Demand = 3,000,000

If the MES is smaller: a plant that reaches min cost at Q=150,000 units

If the MES is a small plant that reaches min cost at Q=10,000 units

The smaller the size of the MES, the more competitive the industry

The larger the size of the MES, the more concentrated the industry


SRATC1
SRATC2
SRATC7
LRATC
SRATC6
SRATC4
SRATC5
Average Total Cost
Output

MES = 500,000

There is room for only 6 firms to supply the entire industry

There is room for 20 firms to supply the entire industry

There is room for 300 firms to supply the entire industry

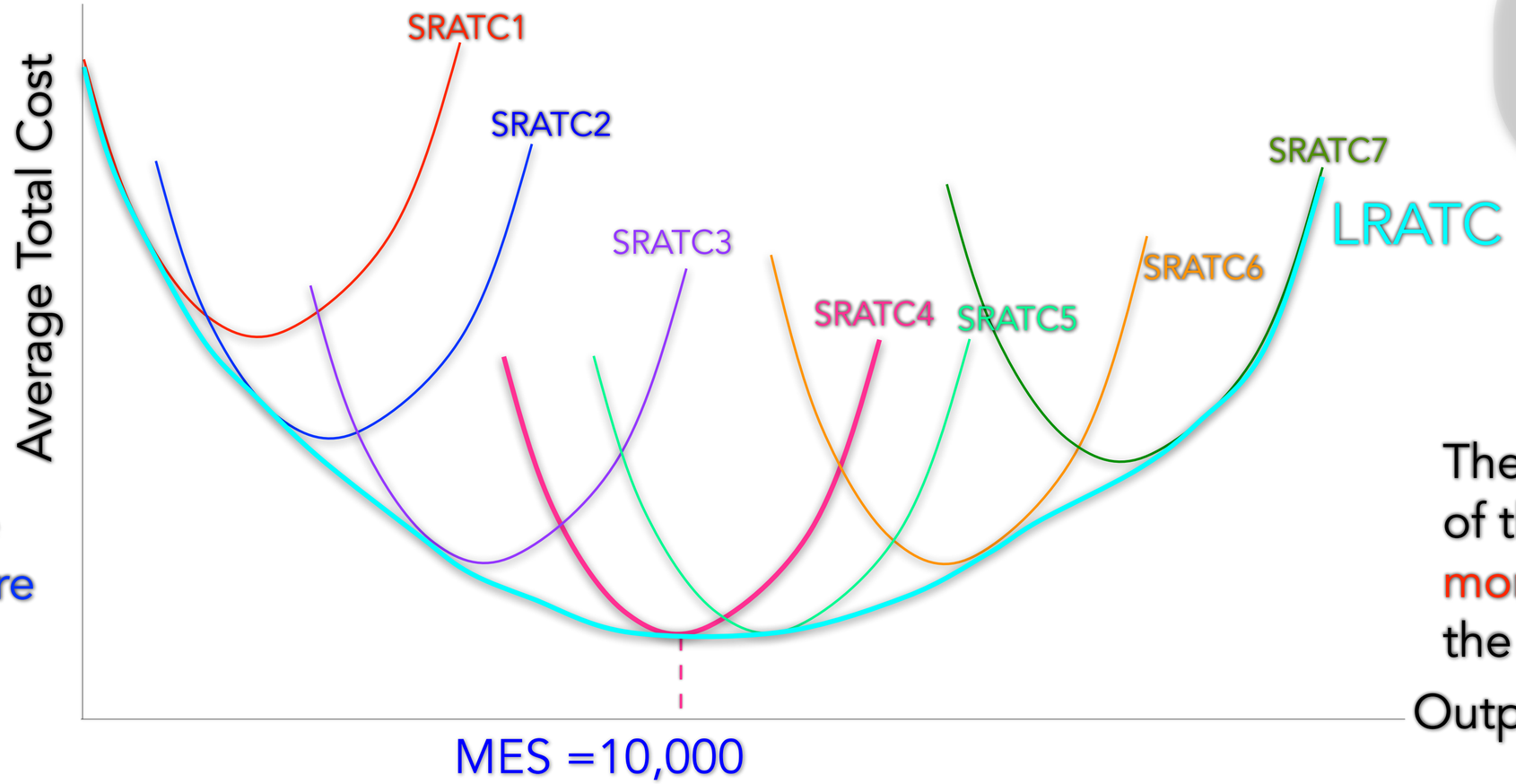
SRATC3

AssumeTotal Demand = 3,000,000 units

AssumeTotal Demand = 3,000,000 units

Total Demand = $\frac{3{,}000{,}000}{10{,}000}$ =300 firms

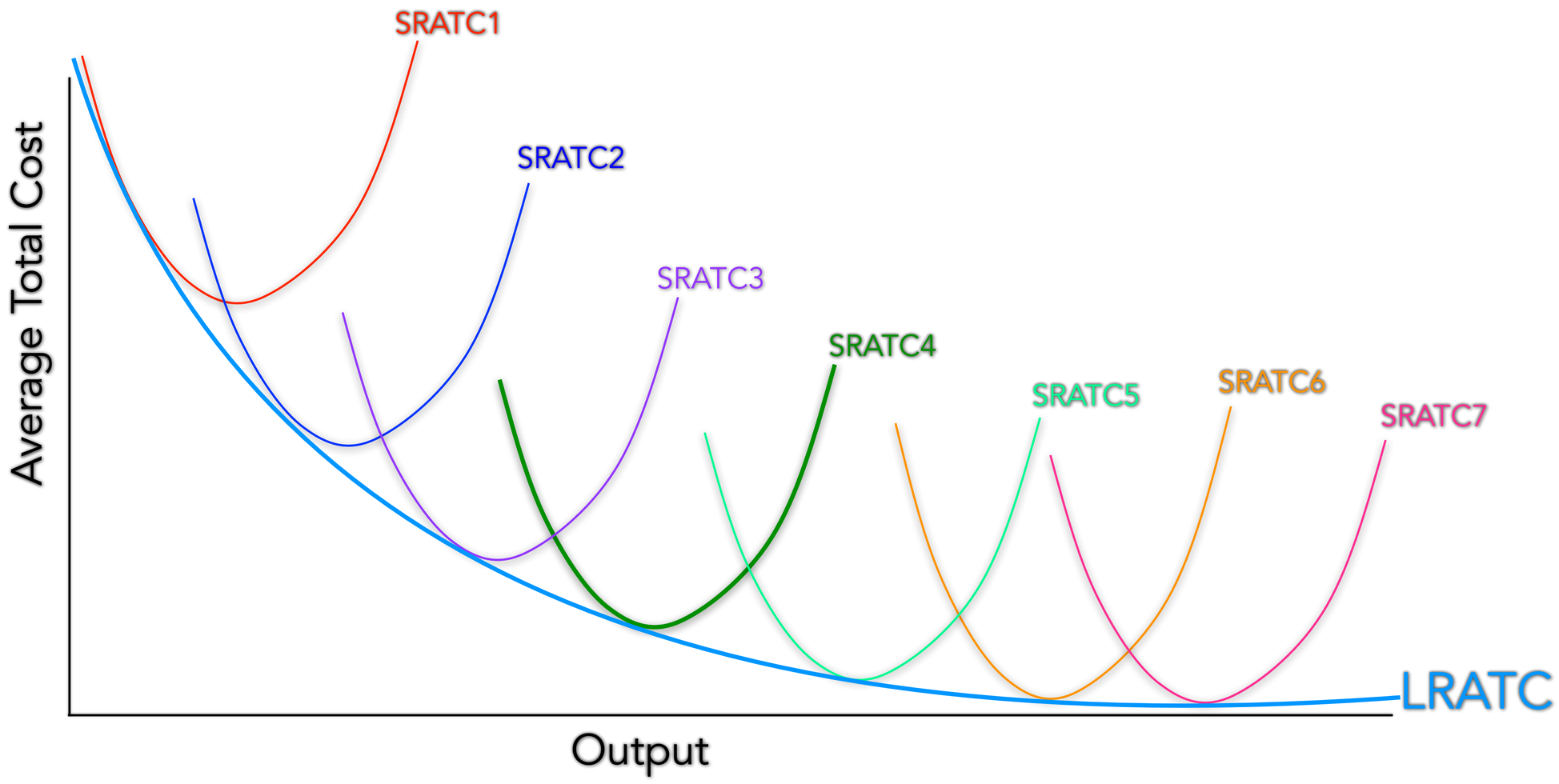
There is room for 300 firms to supply the entire industry



The smaller the size of the MES, the more competitive the industry

The larger the size of the MES, the more concentrated the industry

The smaller the size of the MES, the larger the number of firms in the industry


SRATC1
SRATC2
SRATC3
SRATC4
SRATC5
SRATC6
SRATC7
LRATC
Average Total Cost
Output