

# Perfect Competition

## Notes

### “PERFECT COMPETITION” LEARNING TARGETS

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### WHAT IS PERFECT COMPETITION?

1)

2)

3)

4)

### THE TWO MAIN CHARACTERISTICS

There are two conditions necessary for a perfectly competitive market to exist.

1)

A)

B)

C)

2)

A)

B)

OTHER CHARACTERISTICS

Although not necessary, these other characteristics are often present in perfectly competitive markets.

1)

2)

3)

SHORT RUN INDUSTRY SUPPLY CURVE

In the short run, the number of firms in the market is fixed.

Name	\$1	\$2	\$3	\$4	\$5
Tim	5	6	7	8	9
Ben	5	6	7	8	9
Kate	5	6	7	8	9
TOTAL					

1)

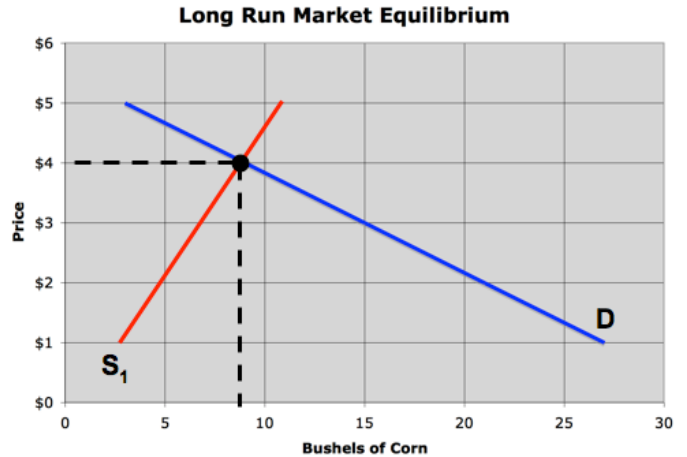
2)

3)

4)

LONG RUN INDUSTRY SUPPLY CURVE

Let's say, however, that the firms in a perfectly competitive market are making a profit in the short run. It will attract new firms to enter the market.



1)

2)

3)

4)

5)