Figure 11-1: The firm’s supply decision
Figure 11-2: Short-run market supply curve

$s' = mc = q$
Figure 11-3: Firm entry

Dell

\[ p_1 \]
\[ p_2 \]
\[ \pi_1 \]
\[ \pi_2 \]
\[ q_1 \]
\[ q_2 \]

Market

\[ D \]
\[ SR^1 \]
\[ SR^2 \]
\[ Q_1 \]
\[ Q_2 \]
Figure 11-4: Firm exit

IBM Market

MC
ATC

SR^2
SR^1
D

Losses at p_2

0  q_1  q_2

0  Q_2  Q_1

IBM

Market
Figure 11-5: Long-run market supply with identical firms

Long-run market supply

Market

\( O' \)

10

\( \text{p} \)

\( \text{0} \)

Image by MIT OpenCourseWare.
Figure 11-6: Long-run firm supply with identical firms
Figure 11-7: International LR market supply curve for cotton

Cotton, billion kg per year

Price, $ per kg

0.71
1.08
1.15
1.27
1.43
1.56
1.71

Pakistan
Australia
Argentina
Brazil
Nicaragua, Turkey

United States
Iran S

Image by MIT OpenCourseWare.
Figure 11-8: Shifts in labor market in the long-run
Figure 11-9: Long-run market supply in an increasing cost market

In the figure, the market supply curve is represented by the S curve on the right side, and the market demand curve is implied by the horizontal axis. The supply curve shifts from S1 to S2, indicating an increase in supply due to an increase in the number of firms (n1 to n2) and their output (q1 to q2). The market price decreases from p1 to p2, as does the price per unit for the firms from p1 to p2.

In the firm section, the average cost (AC) and marginal cost (MC) curves shift from AC1 to AC2 and MC1 to MC2, respectively, indicating increasing costs. The equilibrium point moves from e1 to e2, showing the adjustment in market supply and price.