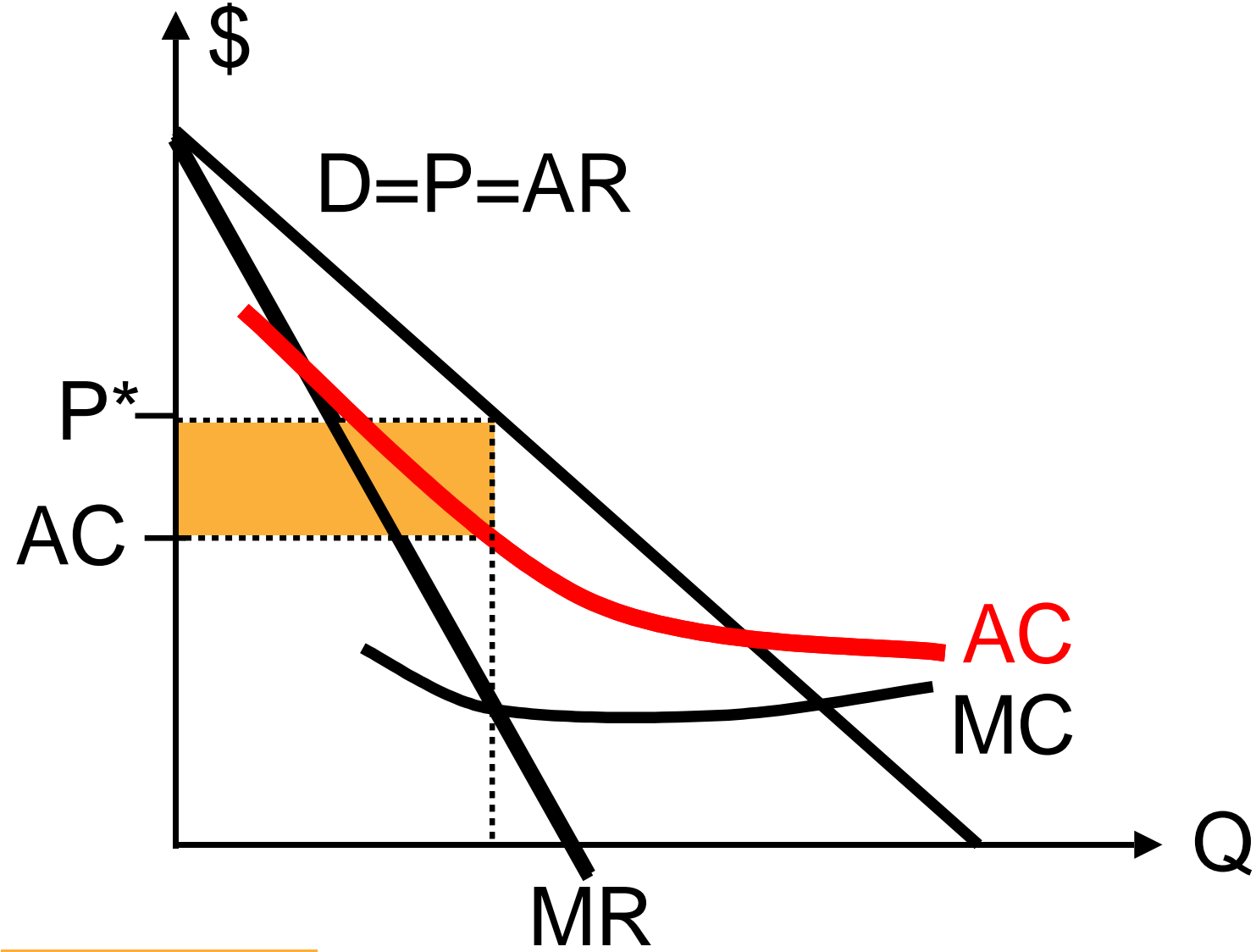


Natural monopoly

Due to cost advantages (falling AC/economies of scale) **natural monopolies** have a strong market position. Example: A firm investing in infrastructure (high fixed cost)



Supernormal profit