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Quantity Supplied  
(Thousands)

**Price**



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6

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5





Supply is Horizontal

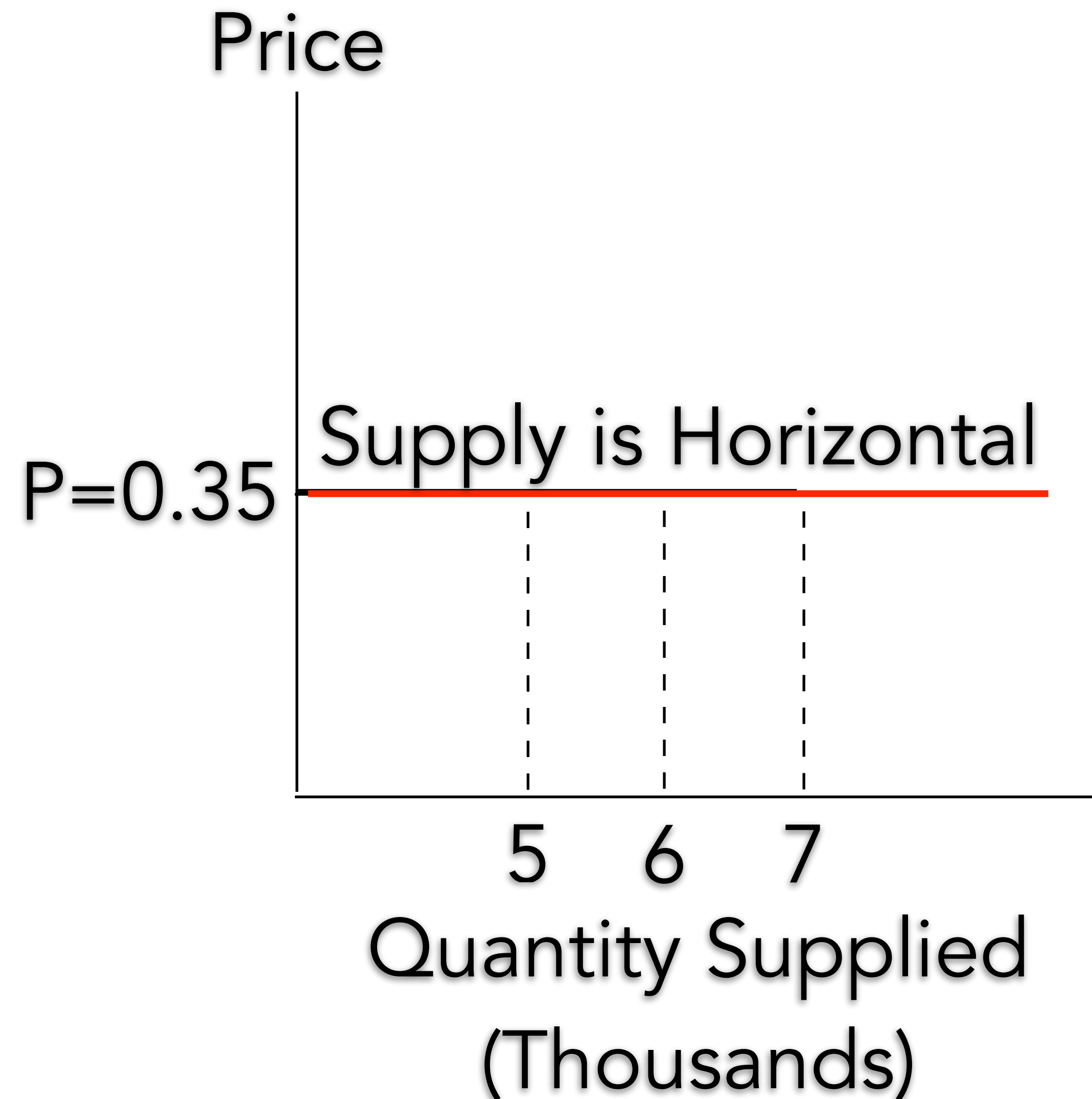
Cost per unit stays the same

In the very unlikely case  
that the cost per unit does  
not rise as production  
increase, the farmer can  
produce any amount as  
long as the price covers the  
\$0.35 cost

Cost/Unit  $\equiv$  0.35

**PEO.335**

# Cost per unit stays the same



$$\text{Cost/Unit} = 0.35$$

In the very unlikely case that the cost per unit does not rise as production increase, the farmer can produce any amount as long as the price covers the \$0.35 cost