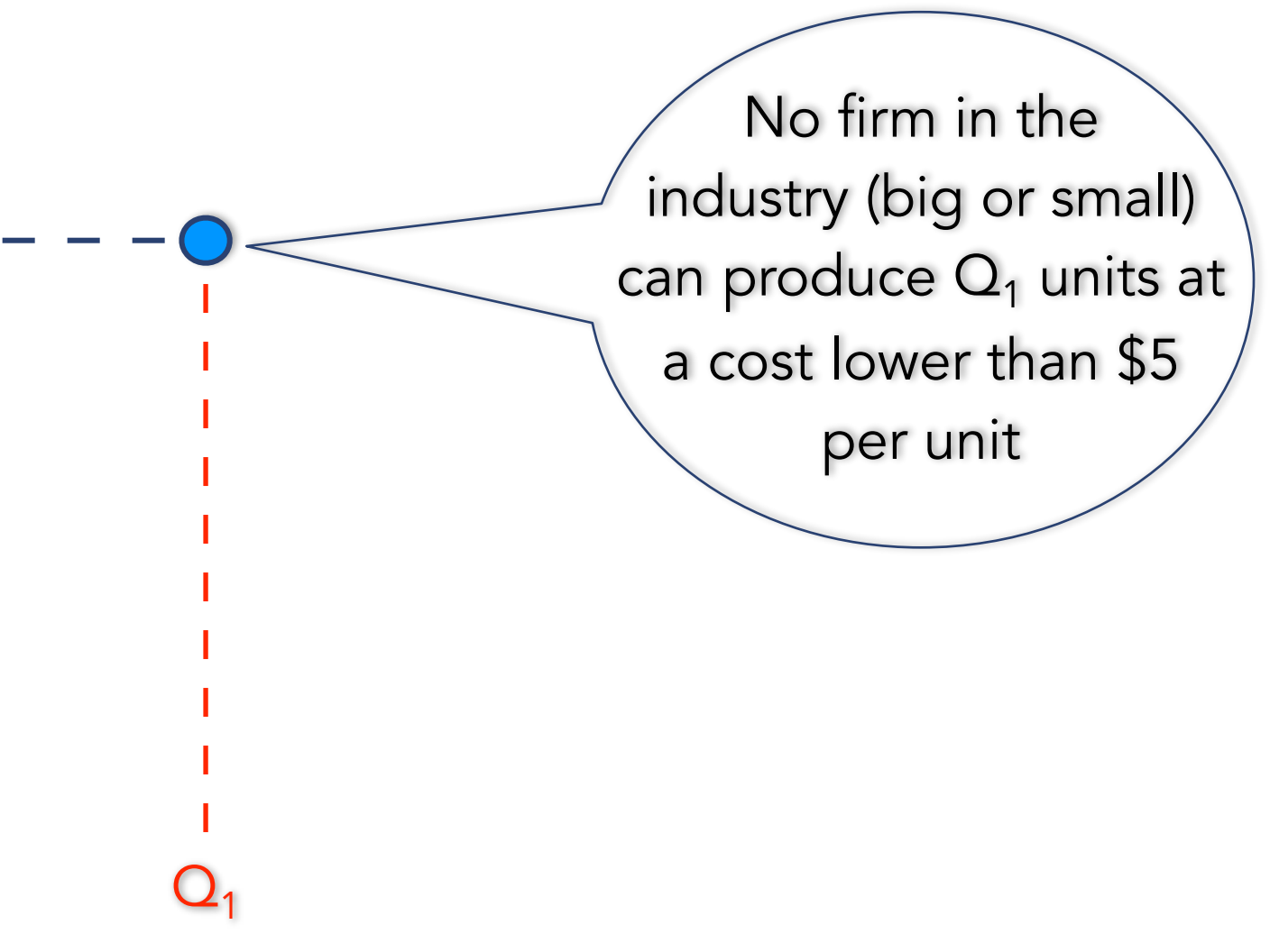


Each point on the LRATC gives you the lowest per unit cost for each output level across plant sizes

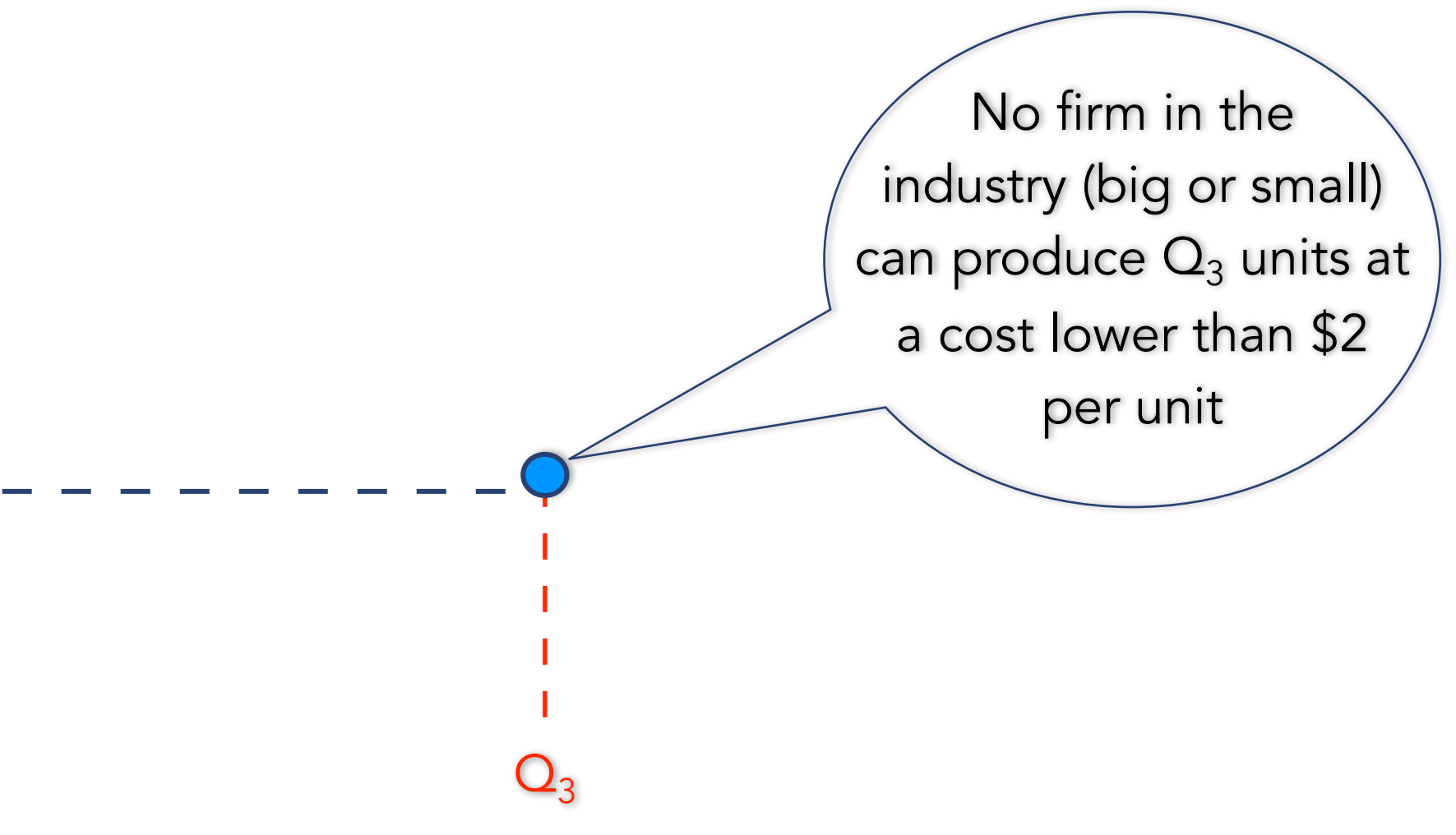




A horizontal dashed line extends from the left edge of the frame to a blue circular point. From this point, a vertical dashed red line extends downwards. A callout bubble with a blue outline points from the blue point to the right. Inside the bubble is text. At the bottom of the vertical red line is the label  $Q_1$ .

No firm in the  
industry (big or small)  
can produce  $Q_1$  units at  
a cost lower than \$5  
per unit

$Q_1$

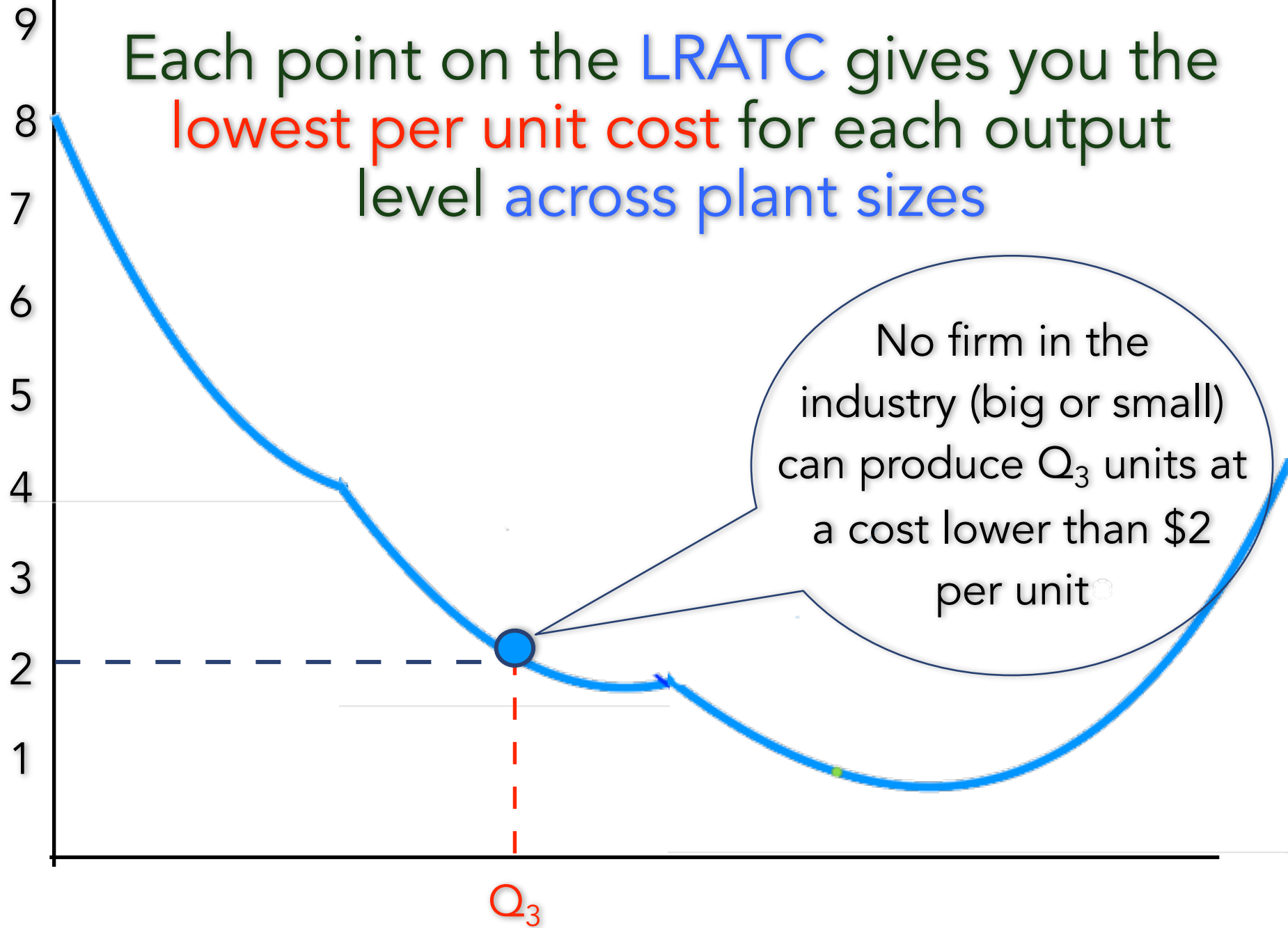


A diagram showing a horizontal dashed blue line. A blue circle is positioned on this line. A vertical dashed red line extends downwards from the blue circle to the label  $Q_3$ . A callout bubble points to the blue circle.

No firm in the industry (big or small) can produce  $Q_3$  units at a cost lower than \$2 per unit

$Q_3$

Each point on the LRATC gives you the **lowest per unit cost** for each output level **across plant sizes**



The larger the number of plant size  
options...

