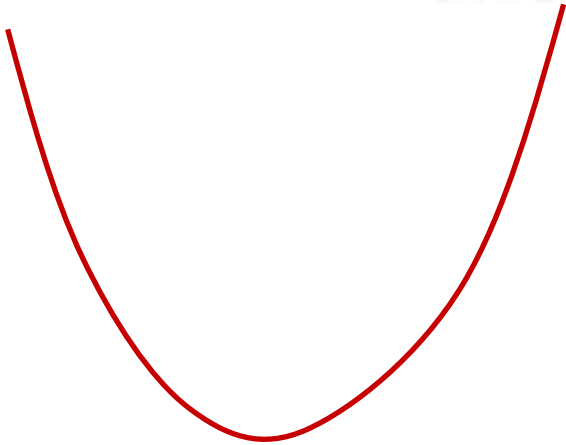


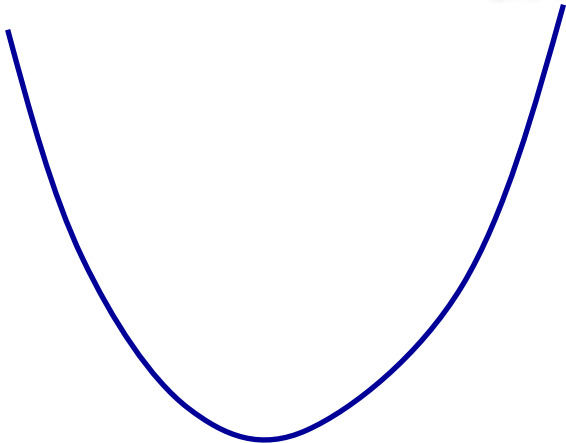




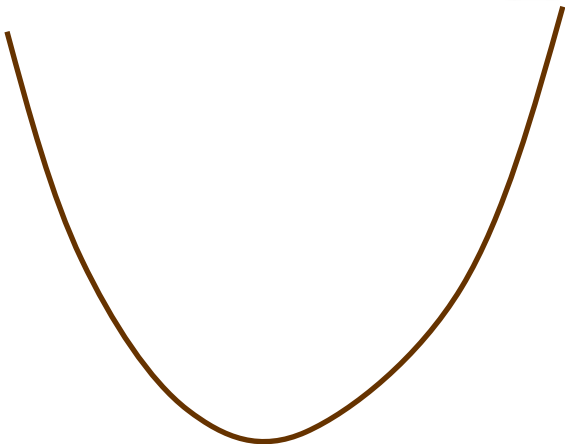
SRATC1



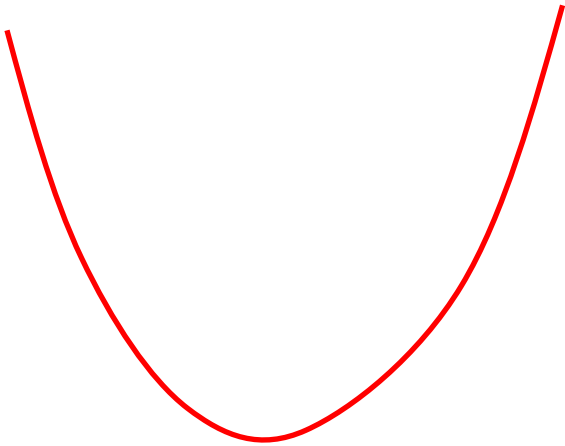
SRATC2

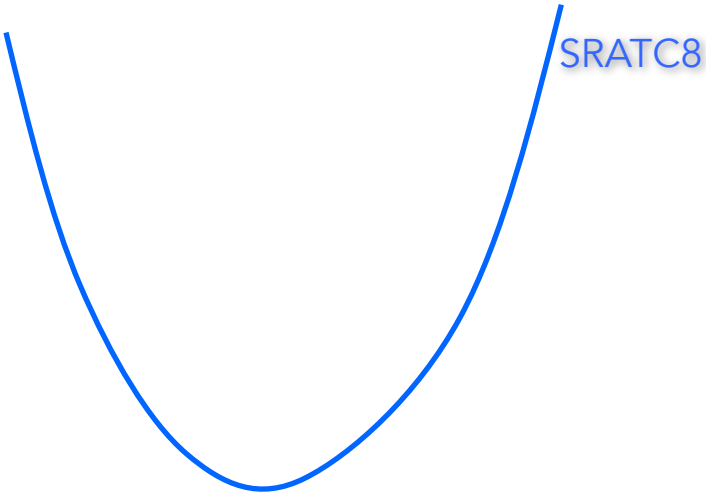


SRATC4

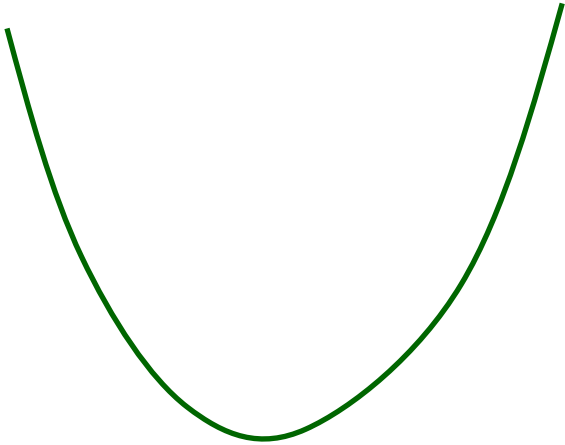


SRATC7





SRATC3



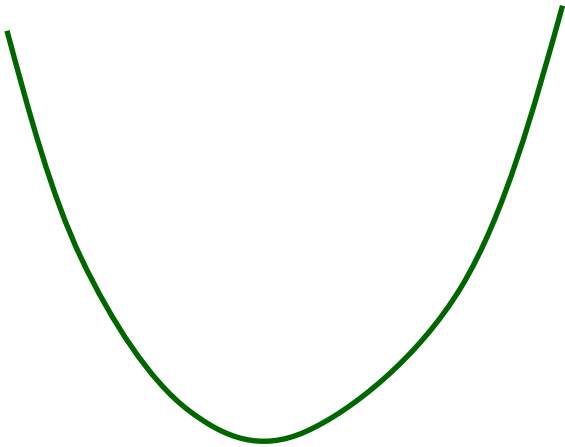


output

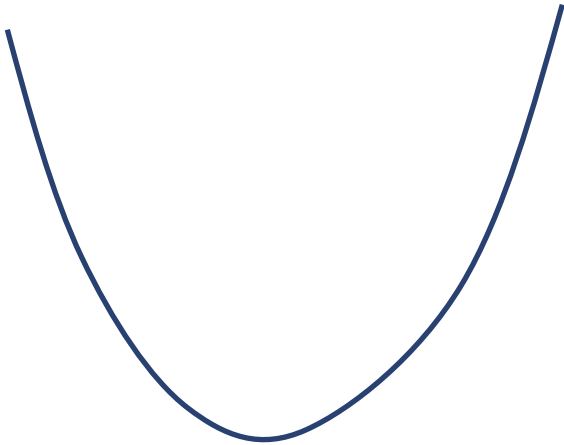
LRAATC downward sloping



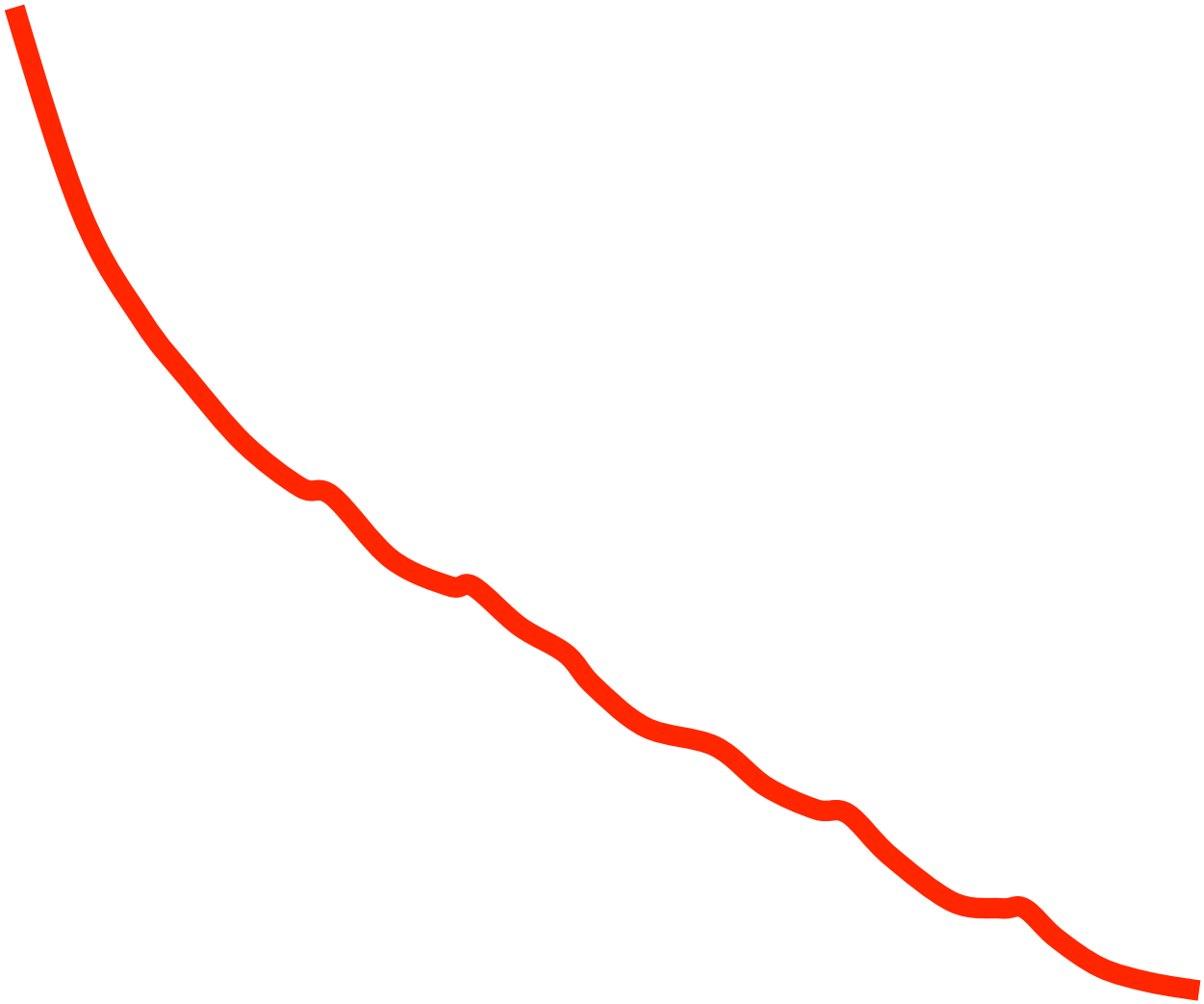
SRATC5



SRATC6



Increasing Returns to Scale



\$8

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\$7

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\$6

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\$3

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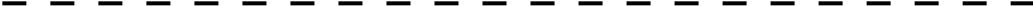
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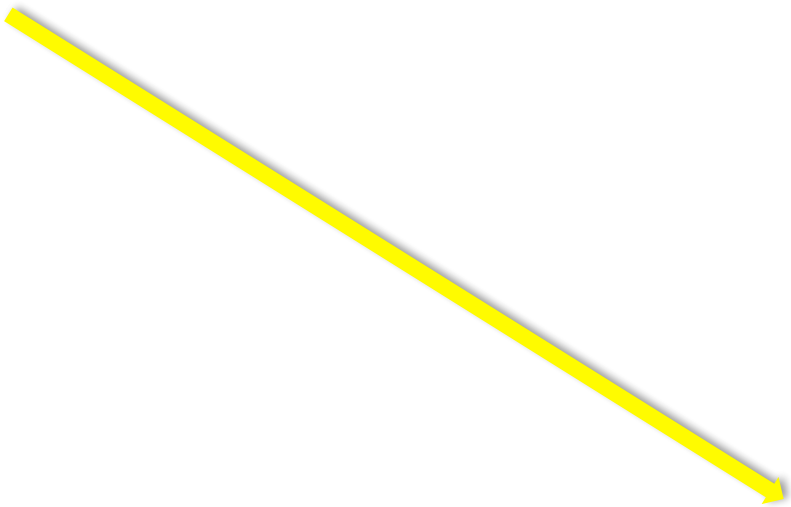
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\$2



\$1

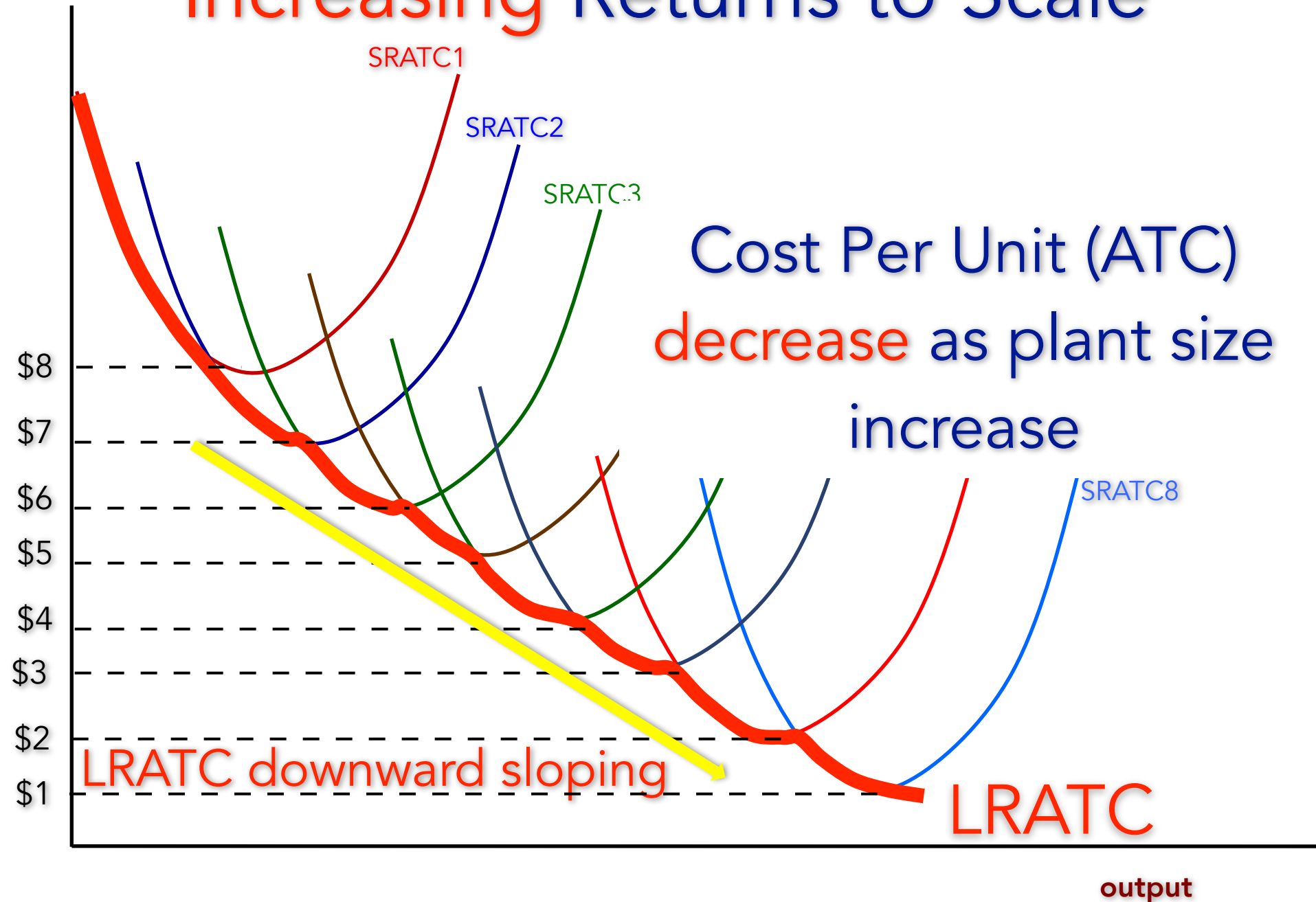


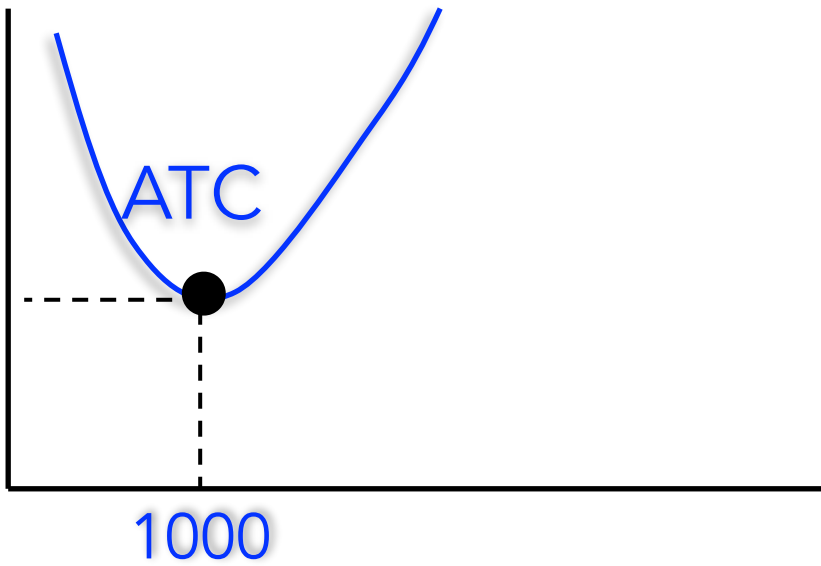


L R A T C

Cost Per Unit (ATC)  
decrease as plant size  
increase

# Increasing Returns to Scale





$$ATC = \frac{TC}{Q}$$