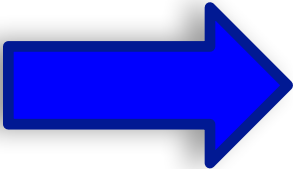


30K





Plant size and
labor are both
variable



To produce more, firms can hire more
workers but can't expand the plant

Firms can expand the plant
and hire more workers















Plant size is fixed,
labor is variable

Long run: A period of time “long enough” to change the plant size



Short run: a period of time "too short"
to be able to change the plant size





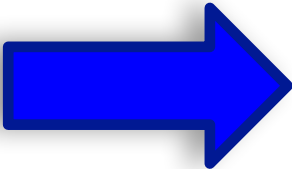












Short Run vs. Long Run



30K







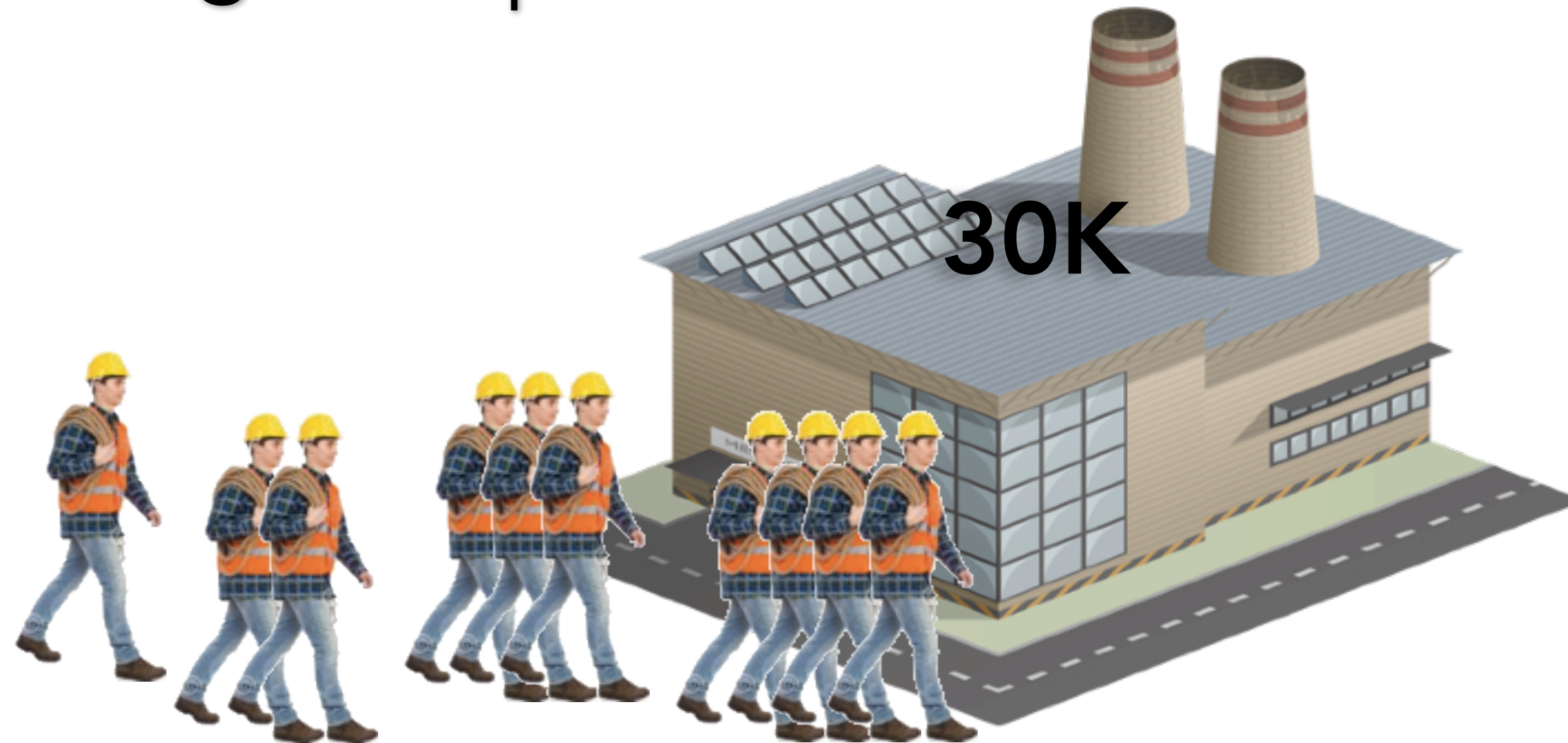


Short Run vs. Long Run

Short run: a period of time "too short" to be able to change the plant size

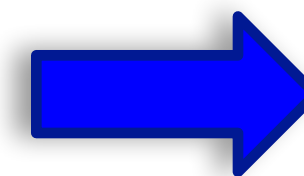


To produce more, firms can hire more workers **but can't** expand the plant

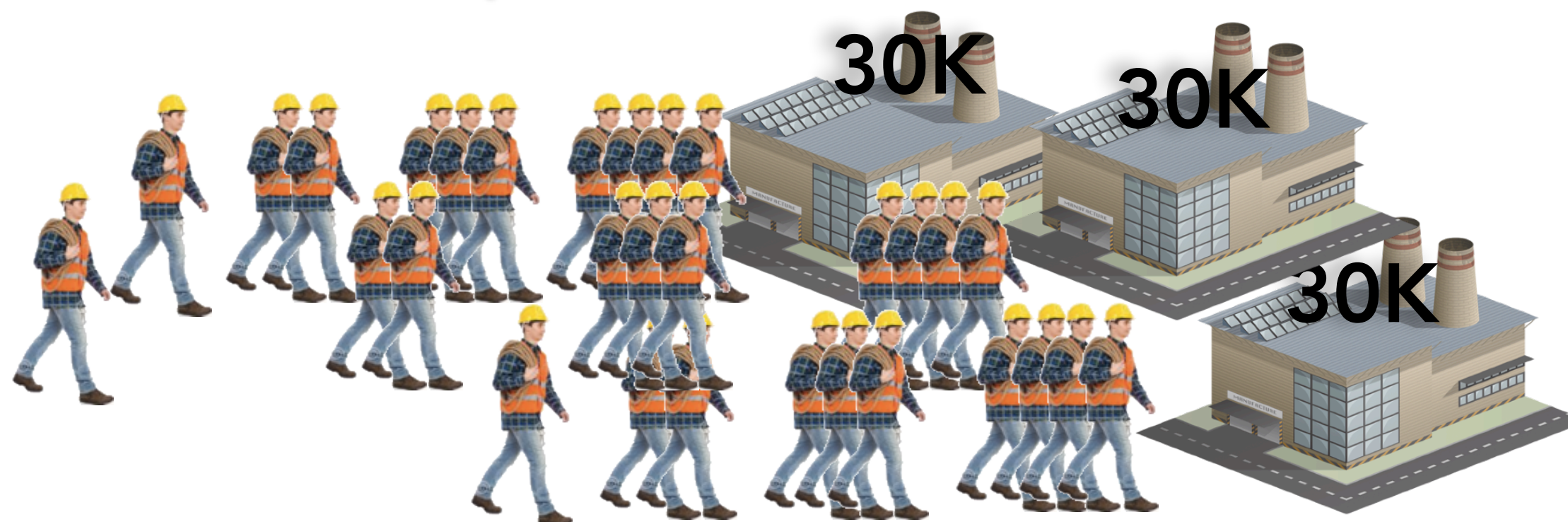


Plant size is **fixed**,
labor is **variable**

Long run: A period of time "long enough" to change the plant size



Firms can expand the plant **and** hire more workers



Plant size **and**
labor are **both**
variable

Short Run vs. Long Run