





SRATC<sub>1</sub>

SRATC<sub>2</sub>

SRATC<sub>4</sub>

SRATC<sub>3</sub>

SRATC<sub>7</sub>

SRATC:8

SRATC.6



output

LRATC slopes upward



6

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1 - - - - -

2

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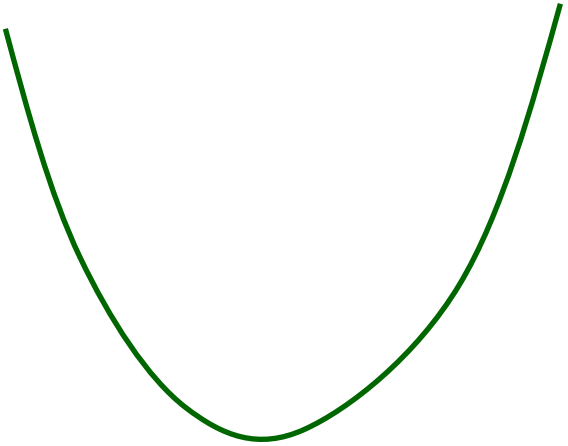
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4

-----4-----4-----

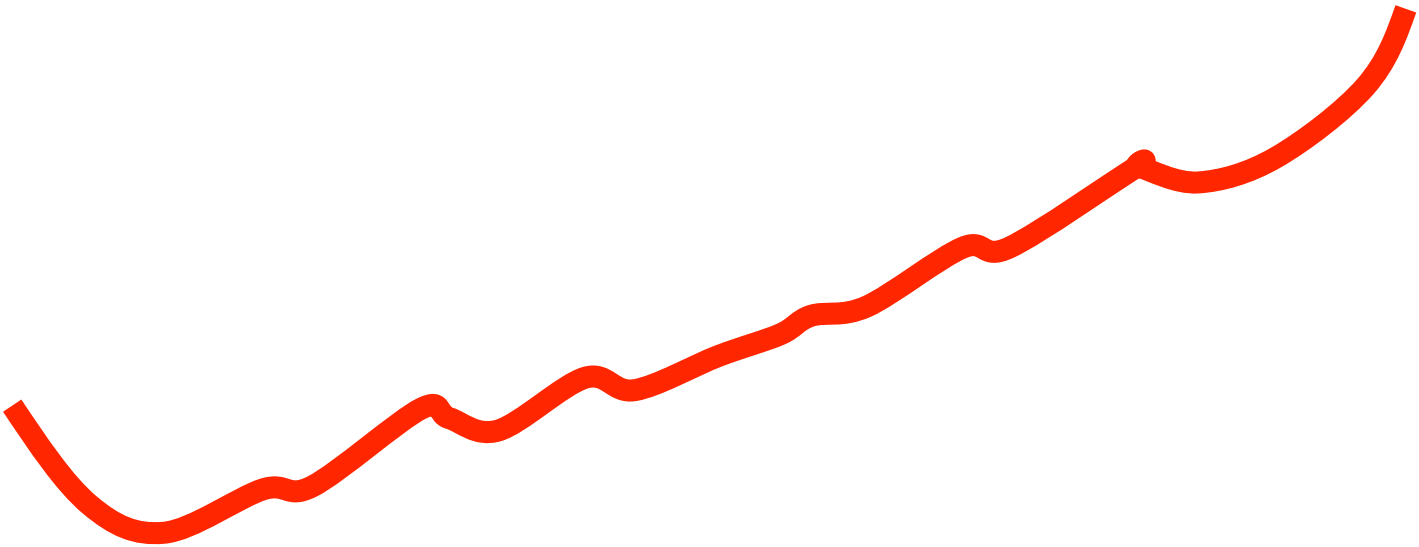




SRATC<sub>5</sub>

As the plant size increase, per unit cost increase

Decreasing Returns to Scale



5



3

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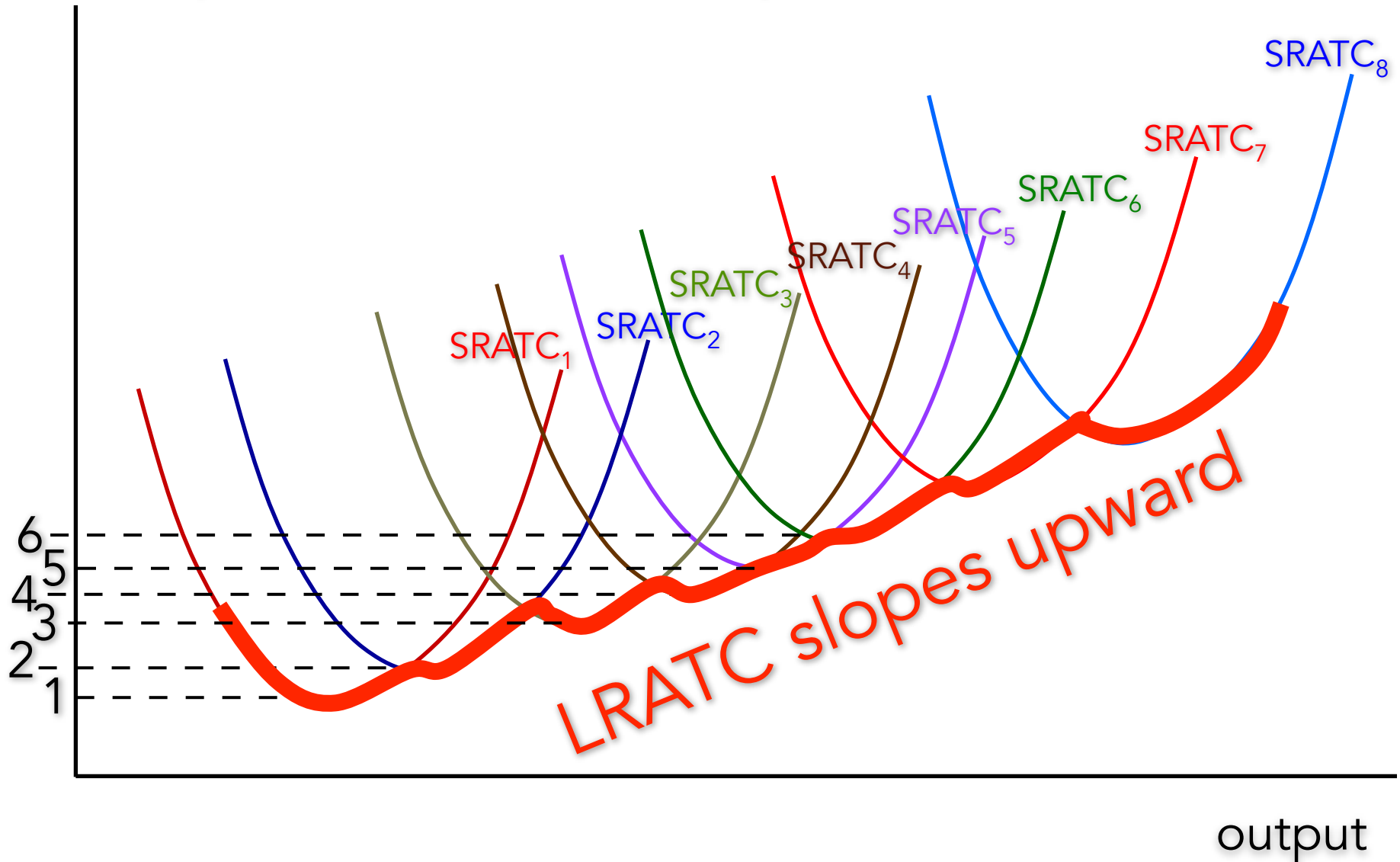
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# Decreasing Returns to Scale

As the plant size increase, per unit costs increase



ATC

Q

