

Output	LRATC
100	90
200	84
300	78
400	72

500	60
600	54
700	48
800	42
900	36

1000	27
1100	21
1200	15
1300	9
1400	3
1500	6

LRATC

In the long run firms choose a plant
size...

There is no single "best" plant size...

Which plant is “best” depends on the
the number of units the firm wants to
produce

Plant 1 has lowest cost for volumes
up to 400 units

Plant 2 has lowest cost between 400
and 900 units

Plant 3 has lowest cost above 900
units

900

400

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