



output

LRATC slopes upward



SRATC₁

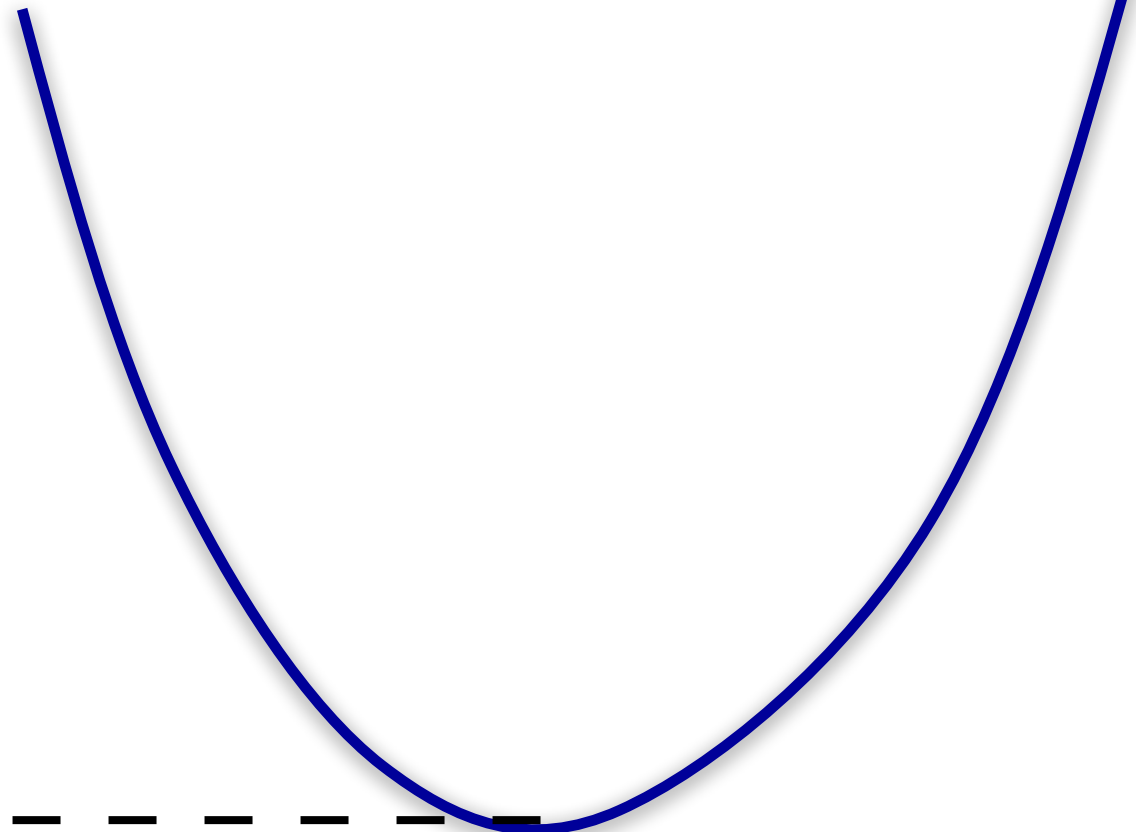
1



A graph showing a U-shaped curve, labeled $SRATC_1$, plotted on a coordinate system. The curve is red. A horizontal dashed line is drawn from the y-axis at the value 1 to the minimum point of the curve.

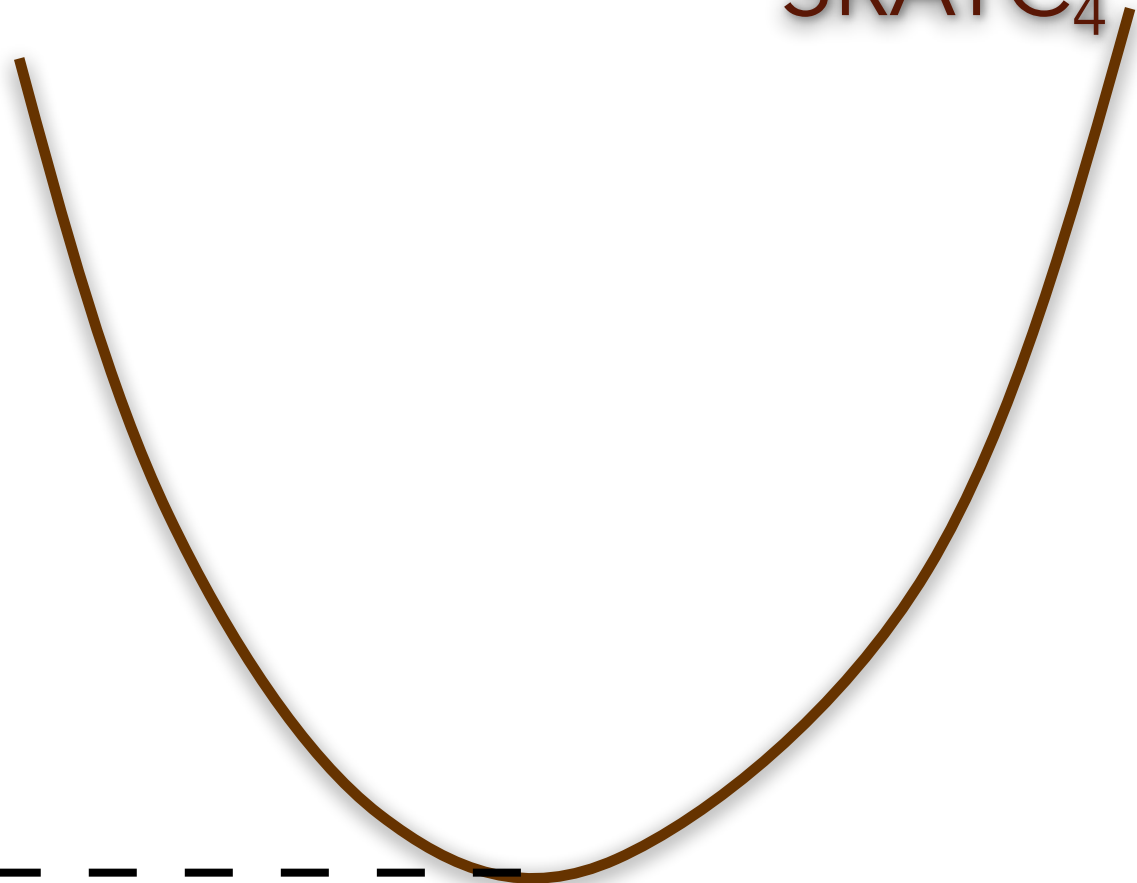
SRATC₂

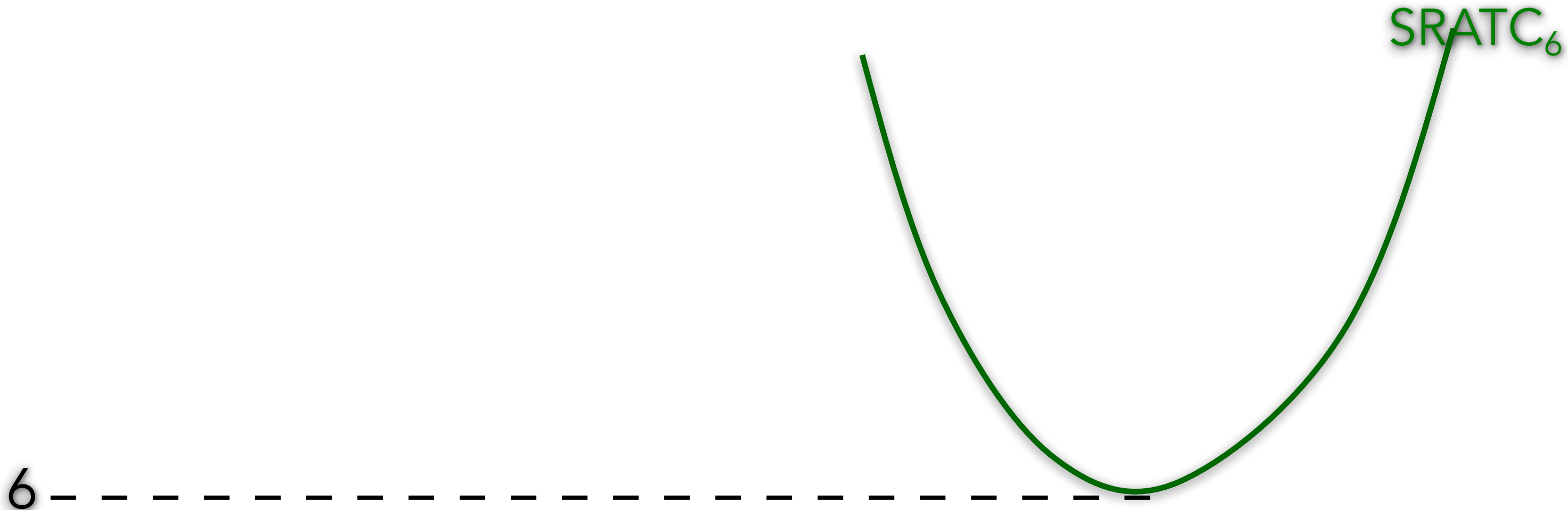
2 _ _ _ _ _ _ _ _ _ _



4

SRATC₄



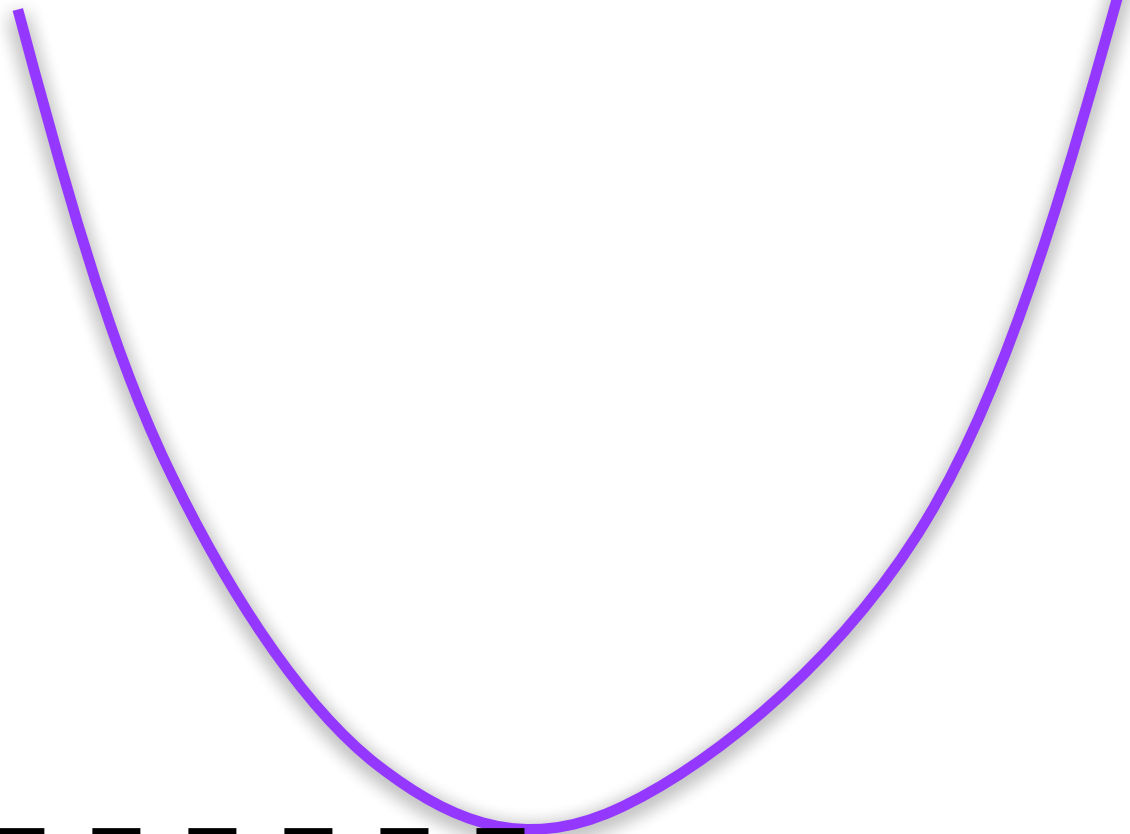


As the plant size increase, per unit costs **increase**

Decreasing Returns to Scale

5

SRATC₅



SRATC₃

3



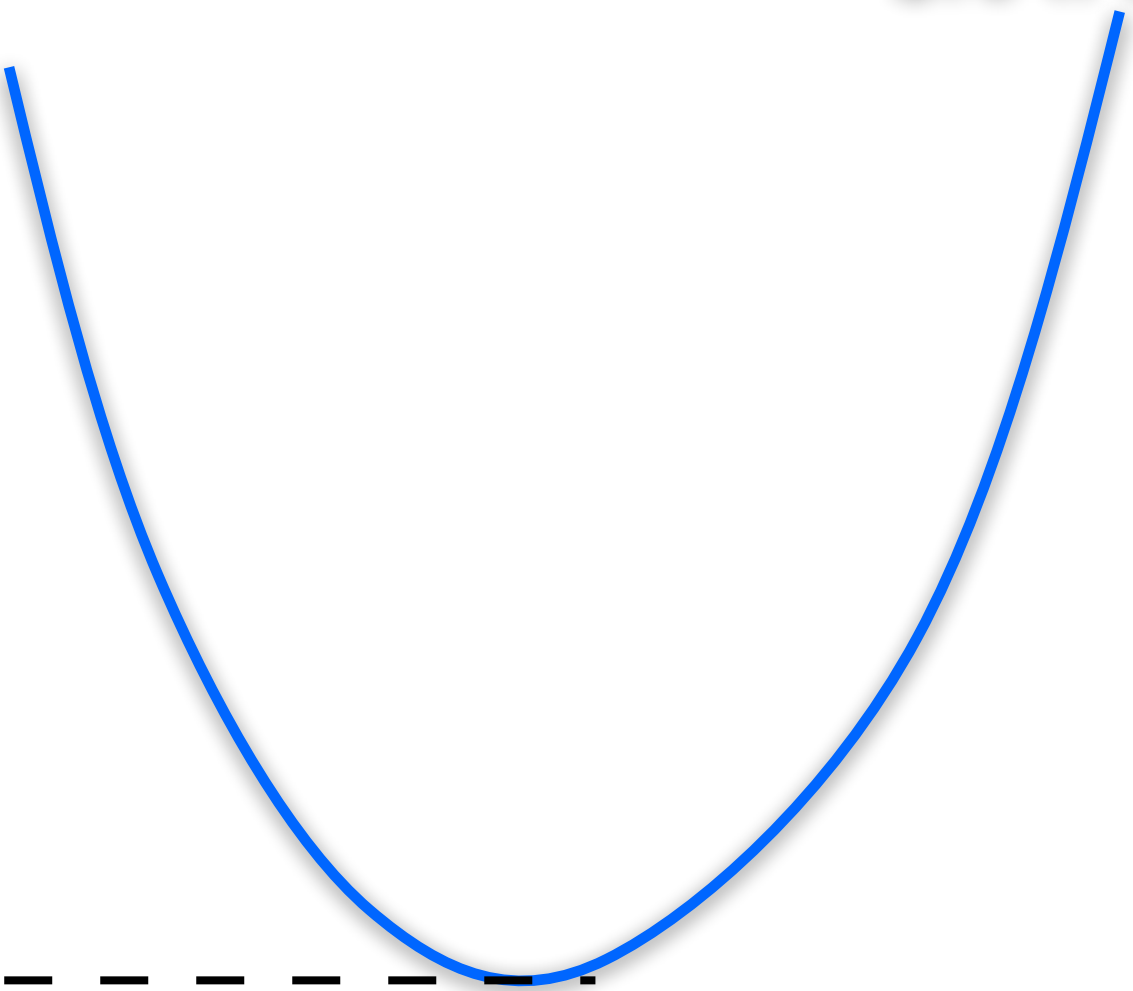
SRATC₇

7



8

SRATC₈

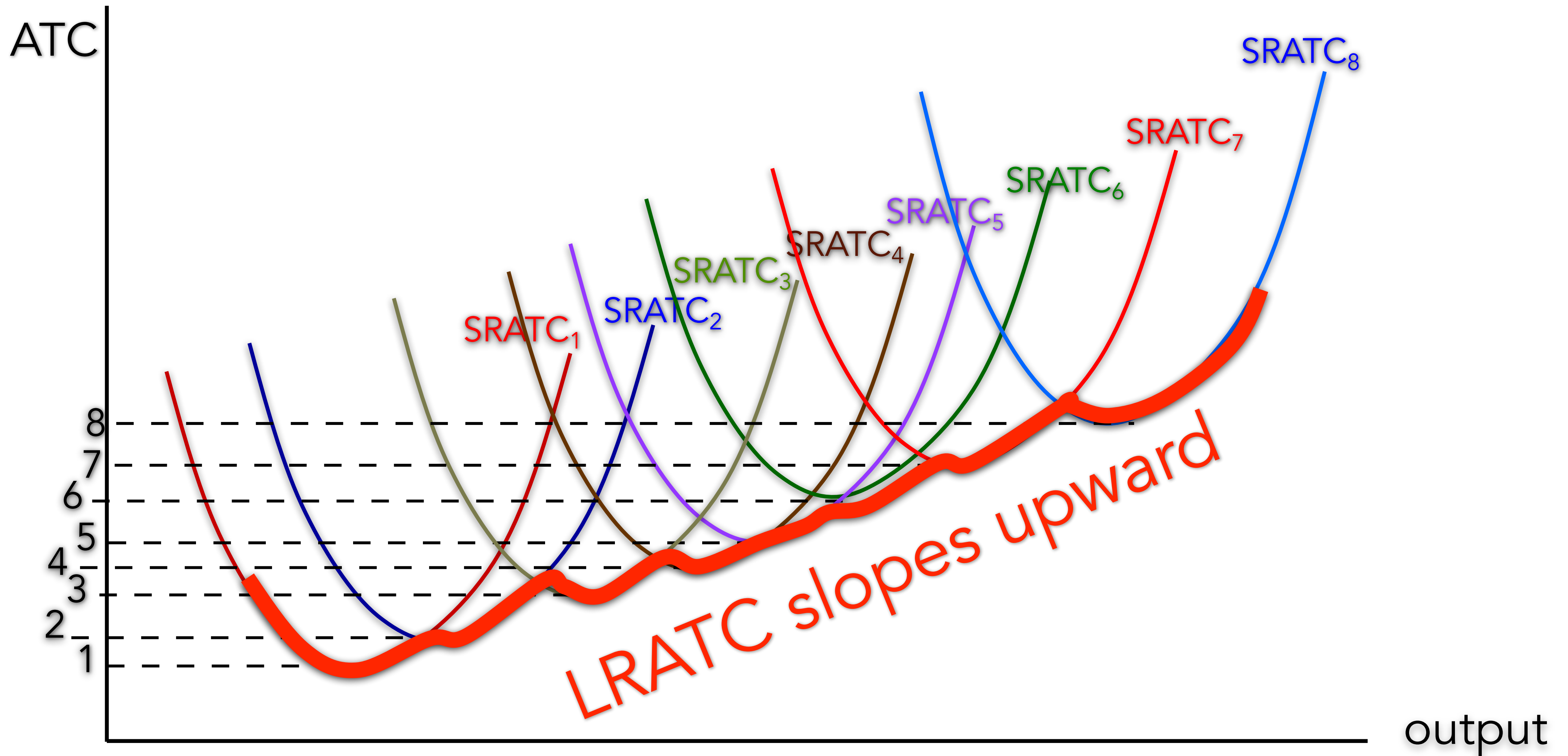


ATC



Decreasing Returns to Scale

As the plant size increase, per unit costs **increase**



ATC



Q

