



30K





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







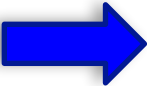




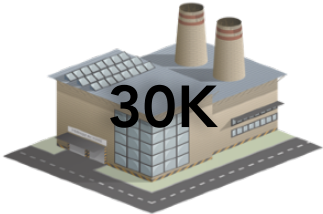


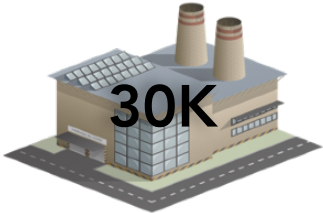






**Short Run vs. Long Run**









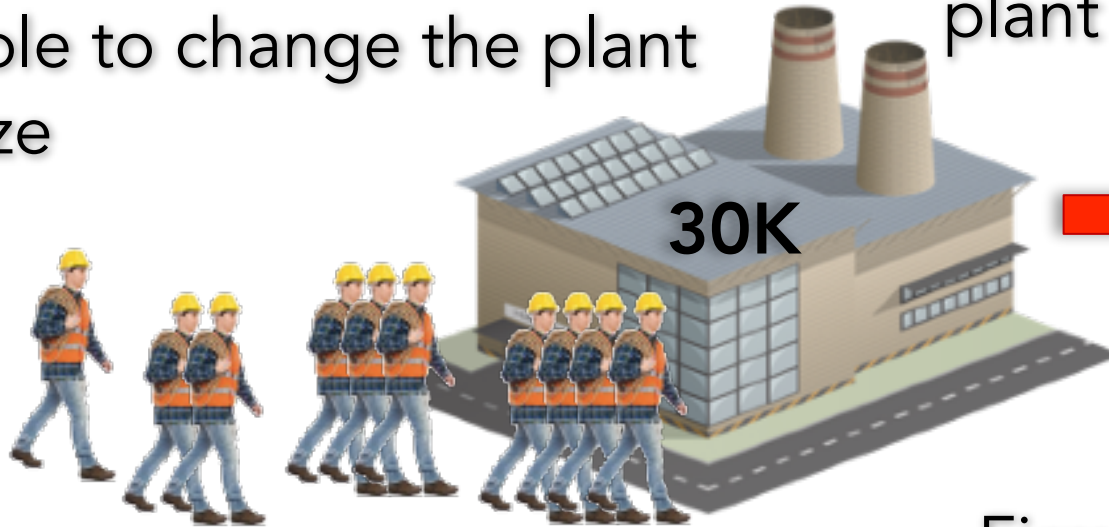




# Short Run vs. Long Run

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

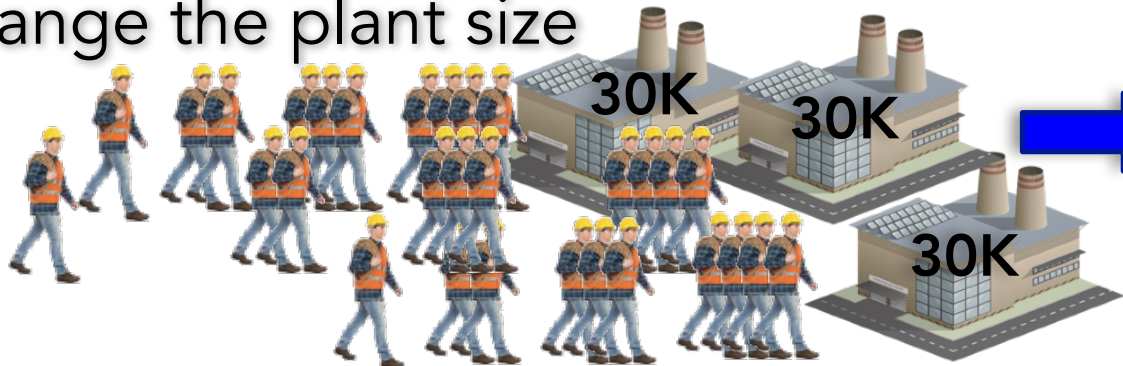
To produce more, firms can hire more workers **but can't** expand the plant



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