

600	610	898	1118	1302	1468	1610
500	550	814	1014	1182	1328	1468
400	482	718	898	1046	1182	1302
300	408	610	764	898	1014	1118
200	318	482	610	718	814	898
100	200	318	408	482	550	610
	100	200	300	400	500	600





Double Inputs





Triple Inputs





Increasing Returns to Scale

4





4





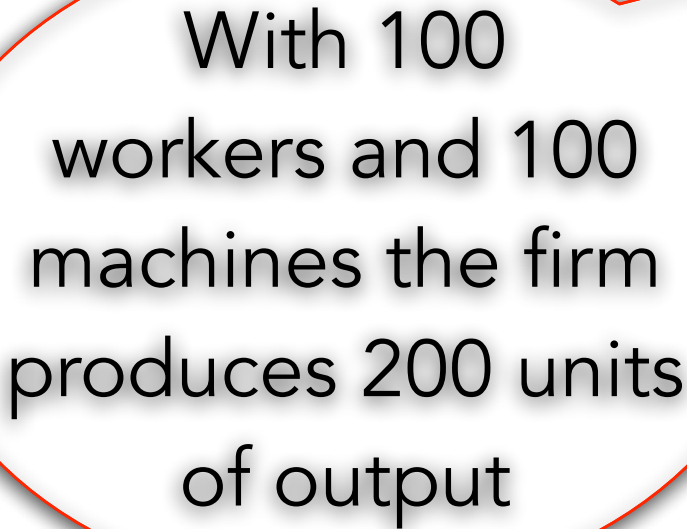
500

500

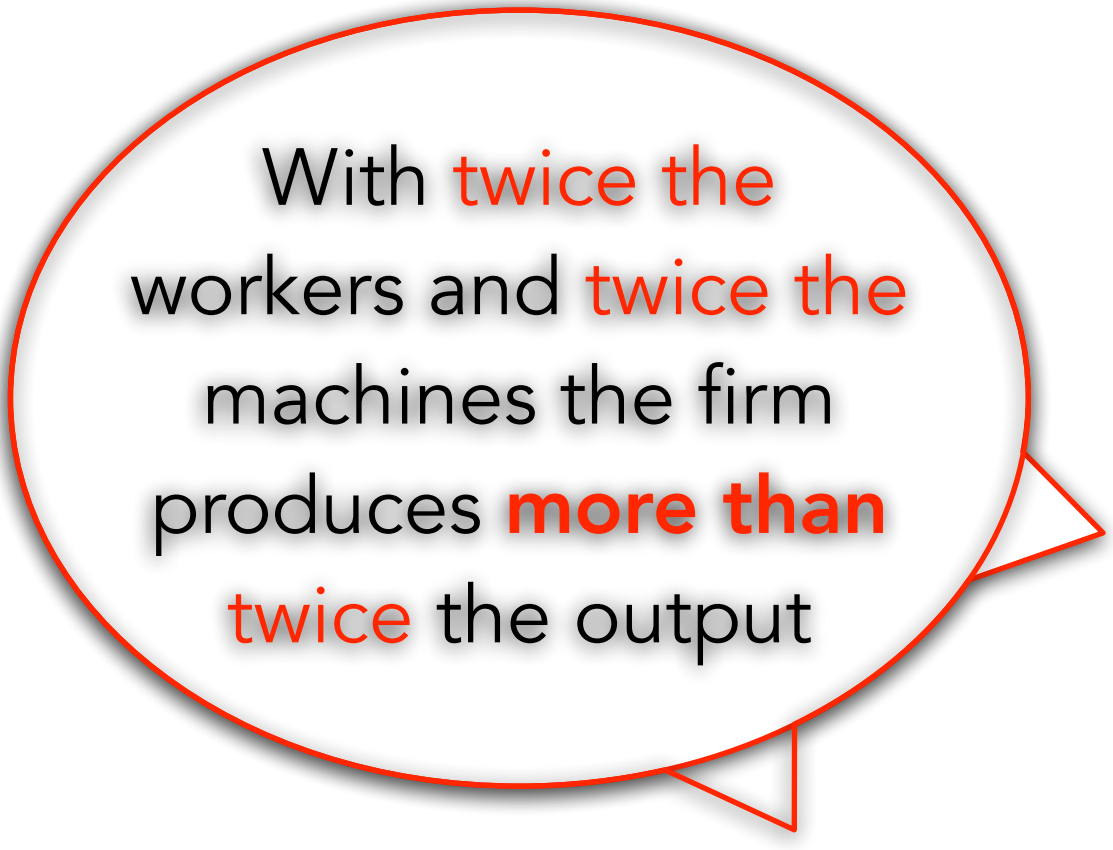
600

600

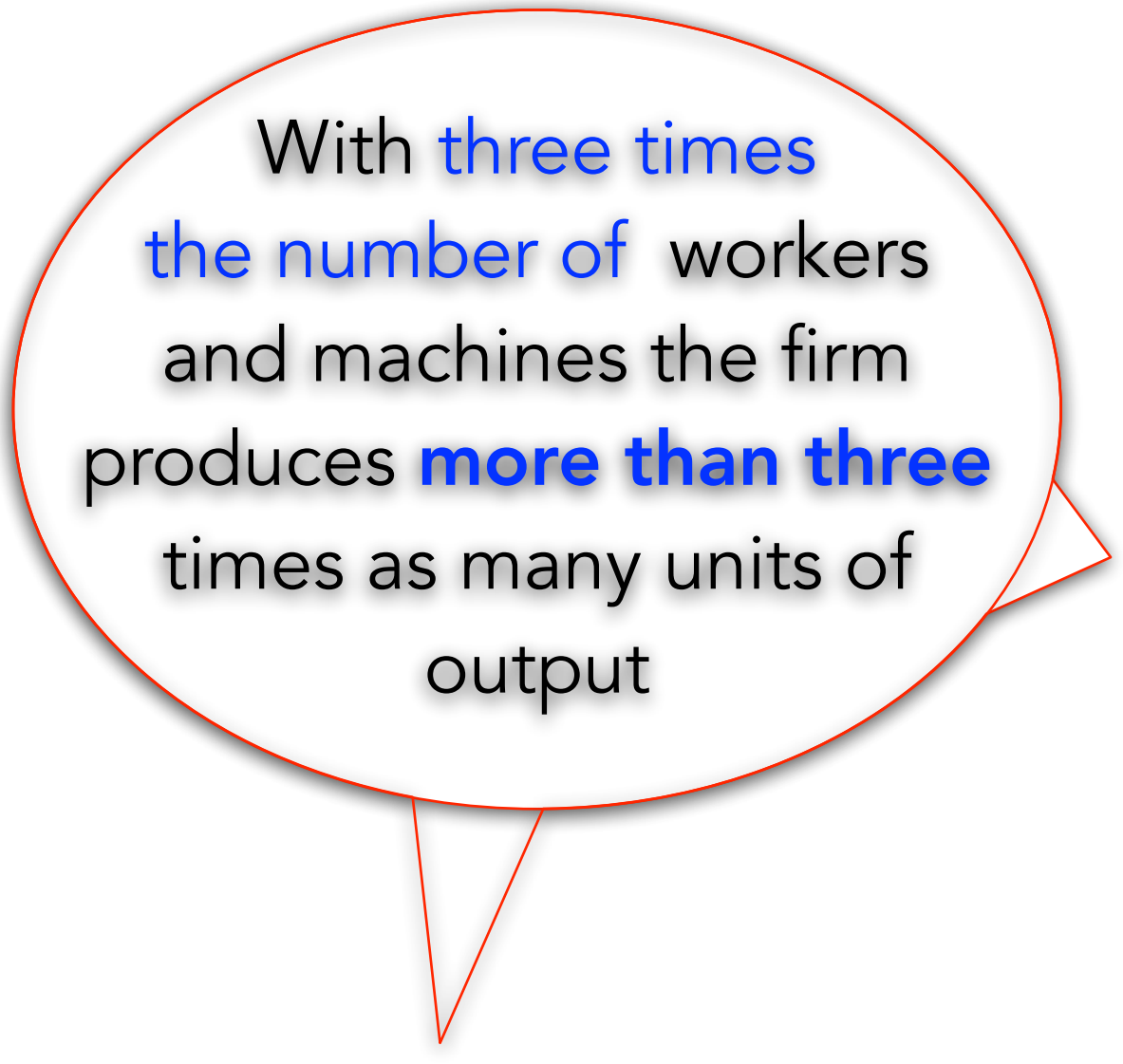
Moving to a larger plant allows the firm to use more
productive technology

A red speech bubble with a white background and a drop shadow. The text inside is black and reads: "With 100 workers and 100 machines the firm produces 200 units of output".

With 100
workers and 100
machines the firm
produces 200 units
of output

A red speech bubble with a white background and a red outline. The bubble has two small triangular tails pointing towards the bottom right. Inside the bubble, the text is centered and reads: "With twice the workers and twice the machines the firm produces more than twice the output". The words "twice", "more than", and "twice" are highlighted in red, while the other words are in black.

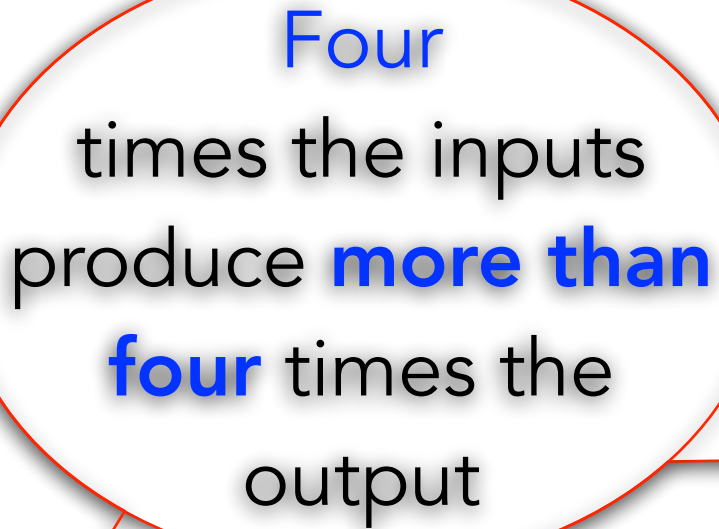
With twice the
workers and twice the
machines the firm
produces **more than**
twice the output



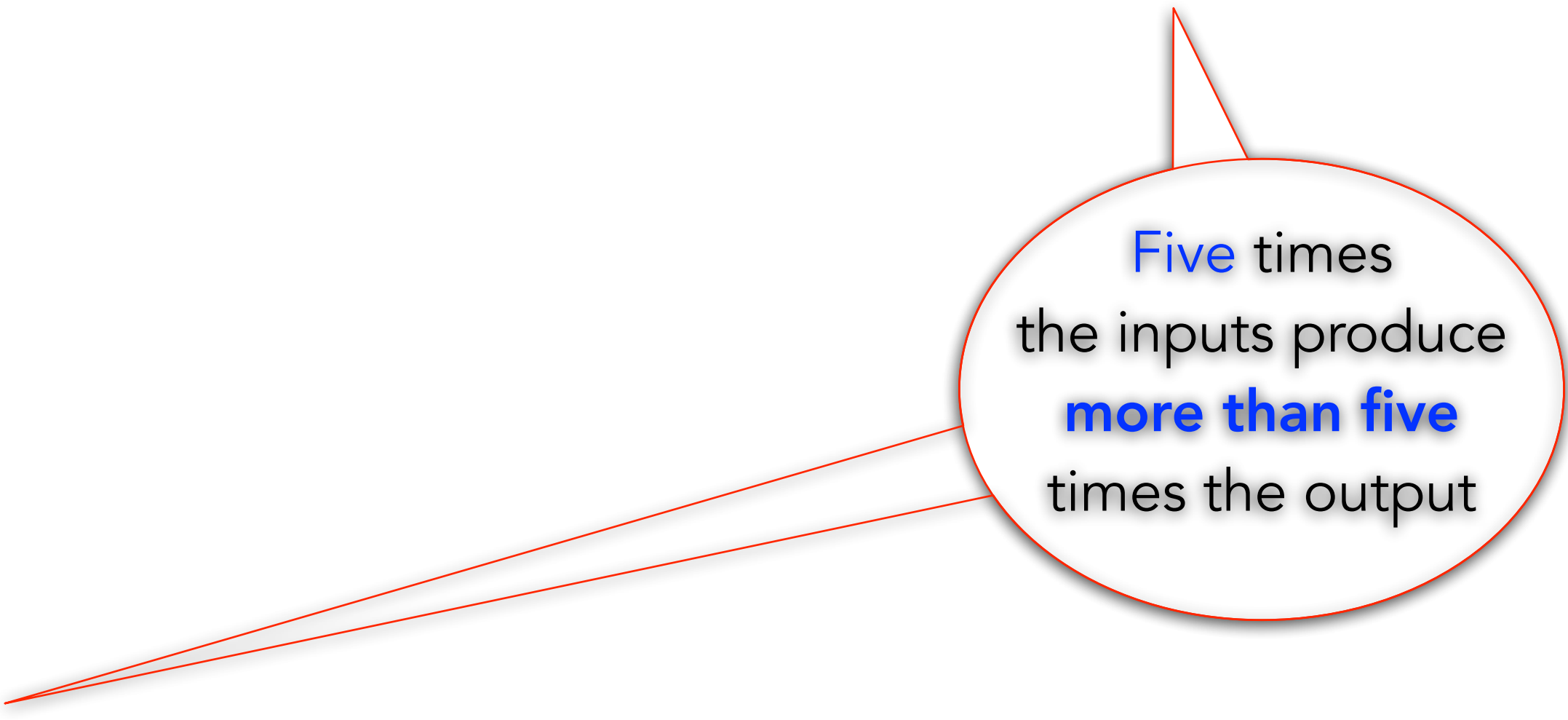
With **three times**
the number of workers
and machines the firm
produces **more than three**
times as many units of
output

K





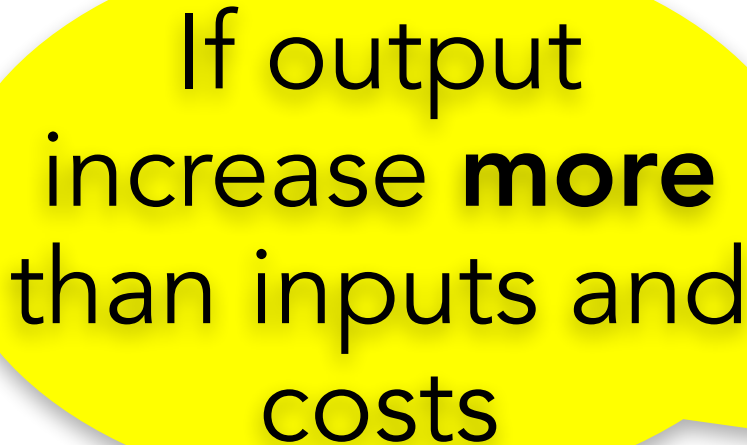
Four
times the inputs
produce **more than**
four times the
output



Five times
the inputs produce
more than five
times the output

Total Product

ATC
decrease



If output
increase **more**
than inputs and
costs

400

400

Increasing Returns to Scale

ATC decrease

K	600	610	898	1118	1302	1468	1610
	500	550	814	1118	1182	1328	1468
	400	482	718	1046	1182	1302	
	300	408	610	764	898	1014	1118
	200	318	482	610	718	814	898
	100	200	318	408	482	550	610
		100	200	300	400	500	600
		L					

If output increase more than inputs and costs

600	692	980	1200	1384	1550	
500	632	896	1096	1264		1550
400	564	800	980		1264	1384
300	490	692		980	1096	1200
200	400		692	800	896	980
100		400	490	564	632	692
	100	200	300	400	500	600