













ONOMICALLY, LONG-RUN UNIT COSTS ARE ALWAYS LESS THAN OR EQUAL TO SHORT-RUN UNIT COSTS AT EVERY LEVEL OF OUTPUT Q . IF YOU GRAPH UNIT COST ON THE Y-AXIS AND OUTPUT Q ON THE X-AXIS, THEN THE LONG-RUN UNIT COST CURVE IS THE SLOPE OF A BIG BOWL (OR "U" WITH A FLATTENED BOTTOM); DOWNWARD SLOPING FOR SMALL Q , FLAT FOR MEDIUM Q , AND THEN UPWARD SLOPING FOR LARGE Q . THAT REFLECTS THE ECONOMY OF SCALE AS PRODUCTION BEGINS, CONSTANT RETURNS TO SCALE AS PRODUCTION BECOMES VERY LARGE, IF PLOTTED

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