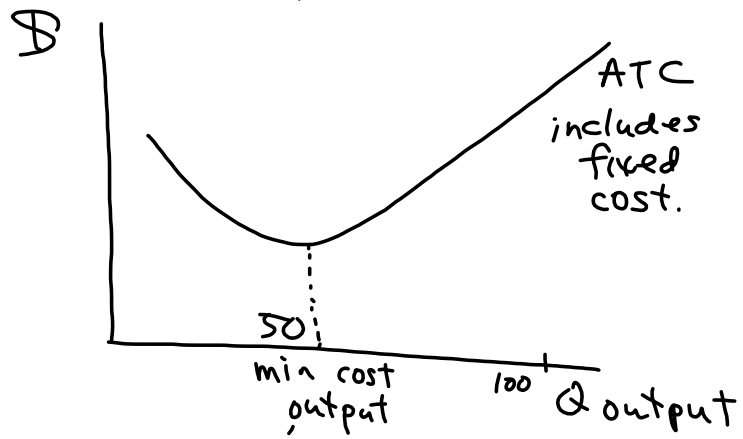


Topic: ATC vs. LRATC

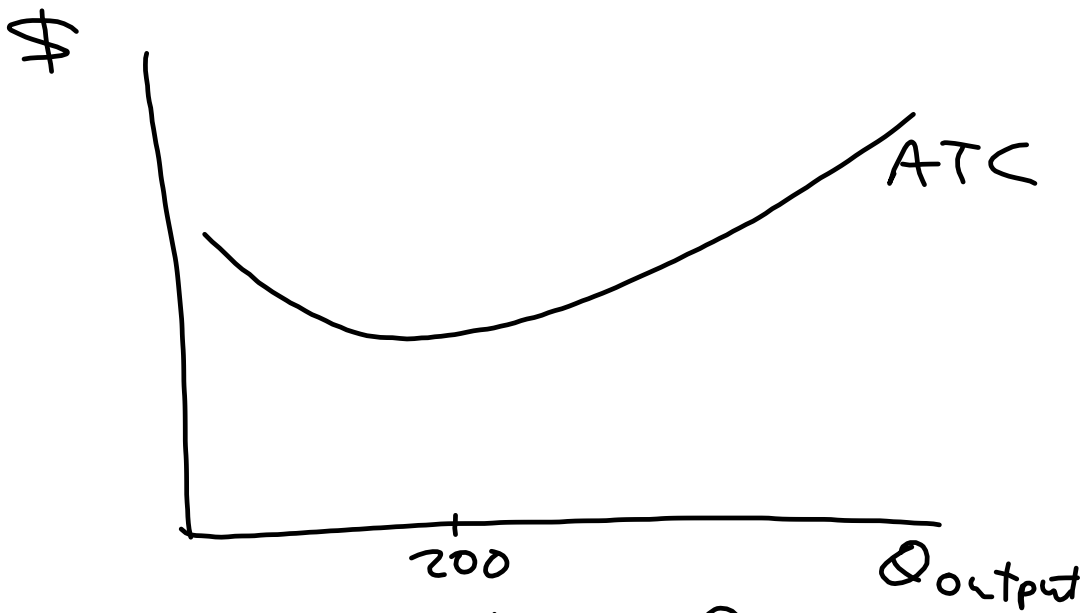
Firm ATC



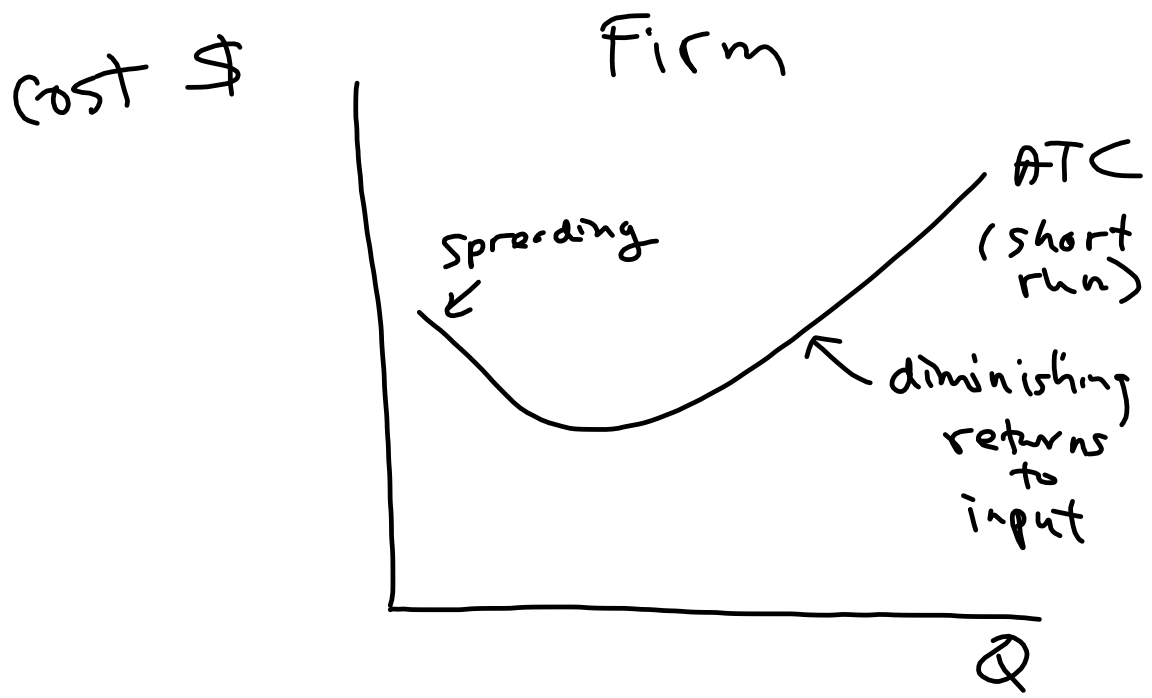
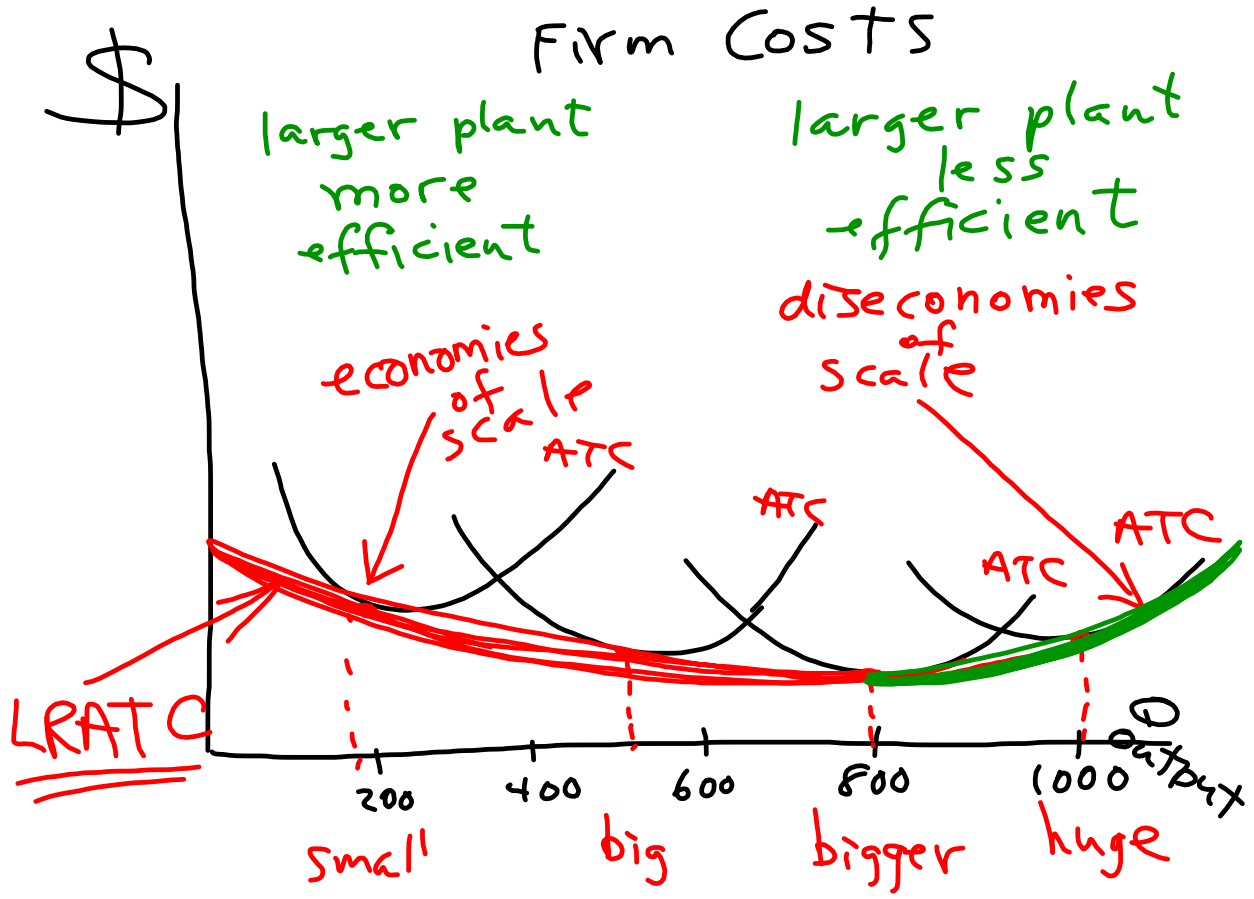
Scenario: want to set up for 200 units as min cost output

To do this: build bigger plant

Firm



Same Firm, higher fixed costs (larger plant)



"Sunk" Costs -

When you are making a decision, you cannot consider cost that you have already incurred.