cost methods available, without changing the scale of the packinghouse and (2) economies which might result from consolidation and expansion. The first of these can be estimated by comparing the long-run cost curves shown in Figure 6. This diagram shows that the model packinghouses have lower costs throughout the range for which costs were estimated. The difference between the single-unit conventional packinghouse and the single-unit model packinghouse is approximately $0.13 per box, for packinghouses with capacity rates of approximately 300 boxes per hour. This difference decreases gradually as the size of the packinghouse is increased, with a difference of approximately $0.10 per box within the range of packinghouses with capacity rates of 450 to 750 boxes per hour.

The difference between the long-run cost curve of the two-unit model packinghouse and the conventional packinghouse increases from approximately $0.10 per box for a season volume of 370,000 boxes to roughly $0.13 per box for the season volume range from 600,000 to 820,000 boxes, the largest volume for which costs were calculated.

The three long-run cost curves indicate that savings may be possible through a moderate degree of expansion and consolidation of the smaller packinghouses. In each case the long-run curves decrease rather rapidly at first and then tend to become horizontal, as the rate of output is increased. The curve for the conventional packinghouse shows that the difference between a packinghouse operating at a capacity rate of 200 boxes per hour and a season volume of 120,000 boxes (point of tangency), and a packinghouse operating at a capacity rate of 750 boxes per hour and a season volume of 720,000 boxes (point of tangency), is approximately $0.36 per box. The difference between the point of tangency of the smallest packinghouse for which costs were calculated (capacity rate of 200 boxes per hour) and the largest packinghouse (capacity rate of 750 boxes per hour) is approximately $0.20 per box for the single-unit model packinghouse long-run cost curve. The long-run cost curve for the two-unit model packinghouse decreases approximately $0.12 per box from the smallest packinghouse (400-box-per-hour capacity) to the largest (750-box-per-hour capacity).

The potential savings estimated above apply mostly to firms interested in building new packinghouses. Firms owning packinghouse facilities need to consider the salvage value of their present durable facilities in estimating savings that might result