Find the Forbes 2000 list of the world's largest firms at [www.forbes.com/lists/](http://www.forbes.com/lists/).  From the top 10 list, select three firms from three **different** industries and discuss the likely sources of economies of scale that underlie their large size. Why is it that when small firms get bigger (increase their scale), they frequently see their average total costs decrease?

Economies of scale are said to exist when average total cost decreases as output increases. Economies of scale primarily arise because as output increases, the production can be divided up into ever increasingly specialized tasks. But what kinds of countervailing forces might be at work to increase average cost as output increases?

Next, comment on three classmates' analysis.  Do you agree with them or should they consider something different?