5 Which statement about factors of production is correct?

A In the short run all factors are fixed; in the long run all factors are varied.

B In the short run at least one factor is fixed; in the long run all factors can be varied.

C In the short run at least one factor is varied; in the long run all factors are fixed.

D In the short run at least one factor is varied; in the long run at least one factor is fixed.

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5 A firm has fixed costs of $300 and can produce two units per hour. Its total variable costs are $200 for one unit and $300 for two units.

Which cost will fall by the lowest amount when the second unit is produced?

A average fixed cost

B average total cost

C average variable cost

D marginal cost