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.

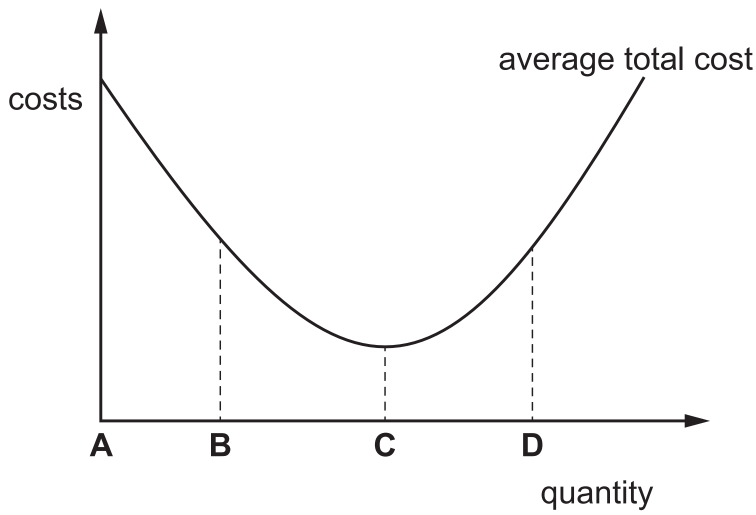
B In the short run at least one factor is fixed; in the long run all factors can be varied.

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

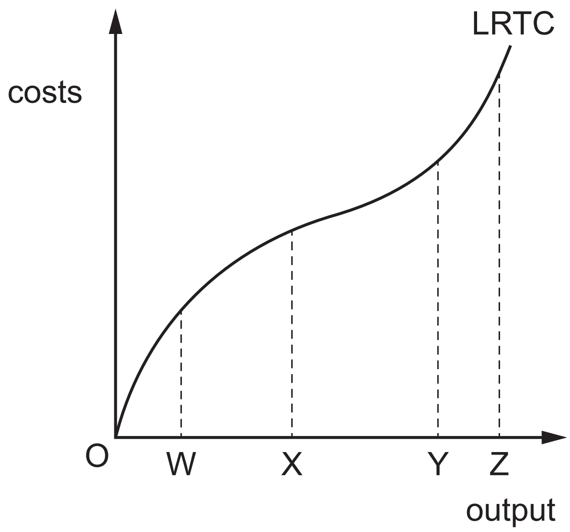
D In the short run at least one factor is varied; in the long run at least one factor is fixed.

4 The diagram shows the average total cost for a firm.

At what level of output does marginal cost exceed average total cost?



7 The diagram shows the long-run total cost (LRTC) curve of a firm.



At which output is the long-run average total cost at its minimum?

A OW **B** OX **C** OY **D** OZ

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