Solutions

Each answer shows the steps, then the **result**.

2.1

- fixed costs do not change with output; variable costs rise as output rises

2.2

- $TC = 100 + 150 = 250$; $ATC = \dfrac{250}{10} = \$25$

2.3

- at its minimum point

3.1 B

3.2 B

3.3

(a)

- $MC = \dfrac{215 - 200}{1} = \$15$

(b)

- $ATC = \dfrac{200}{20} = \$10$

(c)

- rising (MC is above ATC)