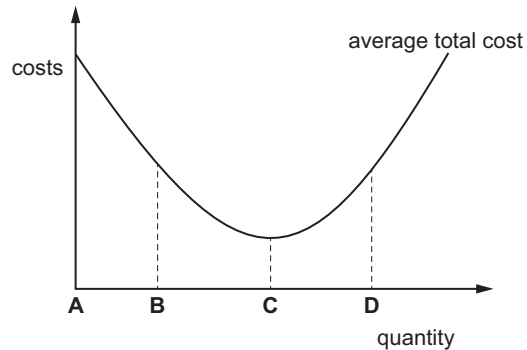


5 Which statement about factors of production is correct?

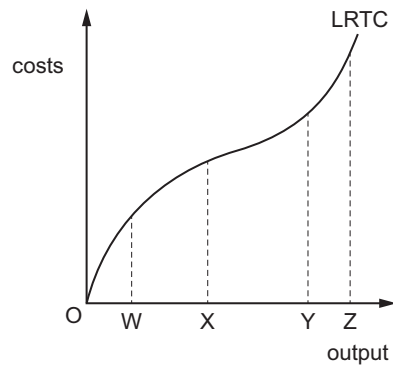
- A In the short run all factors are fixed; in the long run all factors are varied.
- B In the short run at least one factor is fixed; in the long run all factors can be varied.
- C In the short run at least one factor is varied; in the long run all factors are fixed.
- D In the short run at least one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