

Problem Set 7

Due Lecture 8 in class on paper

1. GLS Chapter 7, Question 1
2. GLS Chapter 7, Question 10
3. GLS Chapter 7, Question 18
4. Fixed Costs and Variable Costs

Choose an industry.

- (a) Over a 1-year period, which costs in that industry are generally fixed? Which are variable?
- (b) Consider the marginal cost. Would the marginal cost be higher, lower, or the same if the production were increased slightly? Why do you think that?

One typed page should be more than sufficient to answer this question.