

29. Correct. The answer is true. At a price of 2, H should consume where demand equals price or $100 - 2H = 2 \Rightarrow H = 49$. Since fixed costs of 100 are less than the consumer surplus in the market $= (49) \cdot (100 - 2) \cdot 0.5 = 2,401$ this allocation would be efficient since it does not distort consumption decisions. However, it would probably not be considered particularly fair. Two principles economists typically apply to efficiently and fairly distribute fixed cost is that fixed cost to each market should be smaller than consumer surplus (efficient) and should be smaller than stand alone fixed costs (fair).