

30. Incorrect. The answer is false not true. The answer is false. Costs in the stand alone case for H would be $100 + 2H$ and costs in the joint production case would also be $100 + 2H$. Under our definition of subsidization in this chapter, H would not be subsidizing L. However, if we allocated all costs to L, costs for L in the stand alone case would be $50 + 3L$, but costs under joint production would be $100 + 3L$. L would pay more in the joint case so would be subsidizing H.