

Microeconomics

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Fixed and Variable costs Fixed costs of owning an automobile are the costs that do not vary with mileage while the costs that vary with mileage are referred to as variable costs. Variable costs owning a car include depreciation, running expenses, tires, and maintenance costs (Ruegg, 13). Running expenses include costs that directly accrue with mileage include oil and gas while those whose chances increase with mileage include accident repair cost, and repair when there is failure of components. Fixed costs include procurement, inventory control, and general management of the automobile, insurance, parking, storage, washing, incidental expenses, equipping, reconditioning, and modification of the automobile (Ruegg, 13). I would consider both fixed and variable costs in deciding to go to travel to New York from Los Angeles by either a plane or a car. Fixed costs that I will consider for the trip via plane include cost of an air ticket, luggage fees, and services provided on the journey, which are fixed costs as they have been determined by the airline and do not vary. Transportation costs to and from the airport, traffic and other costs arising after alighting from the plane are among the variable costs for consideration when traveling via plane. Fuel, food at stops, amount of traffic on the road, are the variable costs to be considered for travelling by car while car maintenance, toll fees, any repairs made on the way, parking fees paid in the course of the journey, washing and storage payments, and wear and tear to the car are fixed costs when travelling by car. As is evident, both fixed and variable costs are considered in making the decision on which transport from to use to New York from Los Angeles.

Work Cited

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Ruegg, Rosalie T. The Police Patrol Car: Economic Efficiency in Acquisition, Operation, and Disposition : Prepared for National Institute of Law Enforcement and Criminal Justice, Law Enforcement Assistance Administration, U. s. Department of Justice. Washington: The Bureau, 1978. Print.