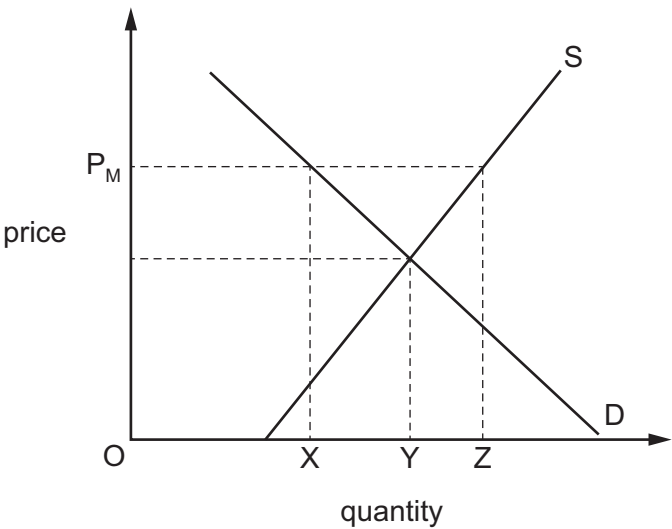


17 Prisoners are able to buy an upgrade on the type of prison cell they are allocated in some state-run prisons in California.

What does this indicate?

- A** Public goods can be made excludable.
- B** Public goods use price as an allocative mechanism.
- C** The market system is not only used for private enterprise.
- D** The market system misallocates resources.

18 The diagram shows the demand and supply curves of a good.



If the government sets a maximum price of OP_M , what will be the quantity bought by consumers and the quantity supplied by producers?

	quantity bought by consumers	quantity supplied by producers
A	OX	OX
B	OX	OZ
C	OY	OY
D	OY	OZ