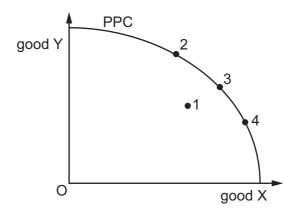
- 1 What will help solve the basic economic problem?
  - A the control of the market system
  - **B** the efficient allocation of scarce resources
  - **C** the preservation of a healthy environment
  - **D** the elimination of hunger
- **2** Country Z operates with a production possibility curve (PPC). Currently, output is at combination 1.



Which movement has zero opportunity cost in terms of the goods produced?

- **A** 1 to 2
- **B** 1 to 3
- **C** 2 to 3
- **D** 3 to 4
- 3 A country's health care is funded by taxation but can be used free of charge by patients.

Which type of good is health care in this country?

- A demerit good
- B free good
- C private good
- **D** public good
- **4** What is **least** likely to increase as a result of a transition from a planned economy to a free market economy?
  - A prices of goods and services
  - **B** privately owned resources
  - C provision of merit goods
  - **D** structural unemployment