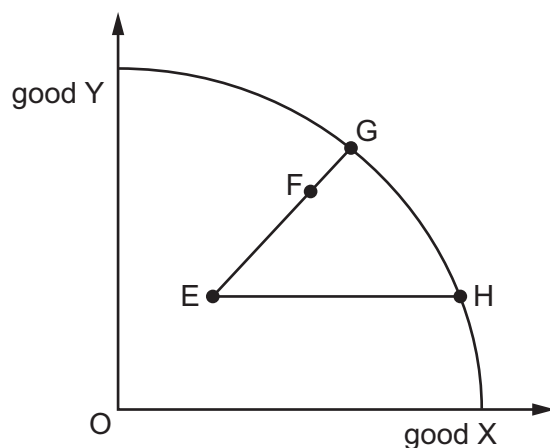


- 1 What is **not** an example of a public good?
  - A education
  - B flood control systems
  - C national defence
  - D street lighting
- 2 The diagram shows a production possibility curve for an economy that produces two goods, X and Y.



When will the opportunity cost of producing more of good X be the largest?

- A moving from point E to point F
  - B moving from point E to point G
  - C moving from point E to point H
  - D moving from point G to point H
- 3 Which activity illustrates the consumption of a 'free' good?
  - A a farmer using water taken from a river
  - B a patient visiting a medical facility provided by a charity
  - C a person breathing air in the countryside
  - D a person eating their birthday cake given as a gift by a friend
- 4 What is essential to eliminate scarcity?
  - A the existence of sufficient resources to meet all needs and wants
  - B producers consistently produce in excess of demand
  - C the government has a surplus budget
  - D there is equilibrium in all markets