

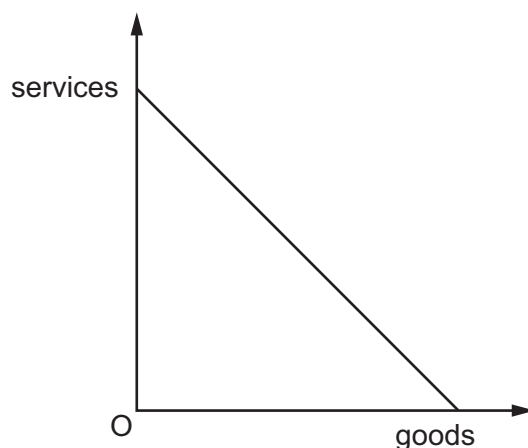
- 1 People plant flowers in a local park.

Which statement is correct?

- A Flowers in parks are a public good because people can enjoy them at no charge.
 - B Flowers in parks are a public good because they are owned by local people and are not for profit.
 - C Flowers in parks are not a public good if local people can limit the number of visitors to the parks.
 - D Flowers in parks are not a public good if they are individual, not identical, in nature.
- 2 A government decides that all non-essential businesses must close for three months due to a disease pandemic.

What is an opportunity cost of this policy?

- A increased leisure time for employees
 - B lives that are saved due to reduced disease levels
 - C the production of goods by essential businesses
 - D the loss of goods from the closed businesses
- 3 The diagram shows an economy's production possibility curve. The economy produces combinations of goods and services using all available resources.



What does the production possibility curve indicate for goods and services?

- A constant returns to scale in the production of both goods and services
- B diminishing returns to scale in the production of both goods and services
- C increasing returns to scale in the production of both goods and services
- D infinite returns to scale in the production of both goods and services