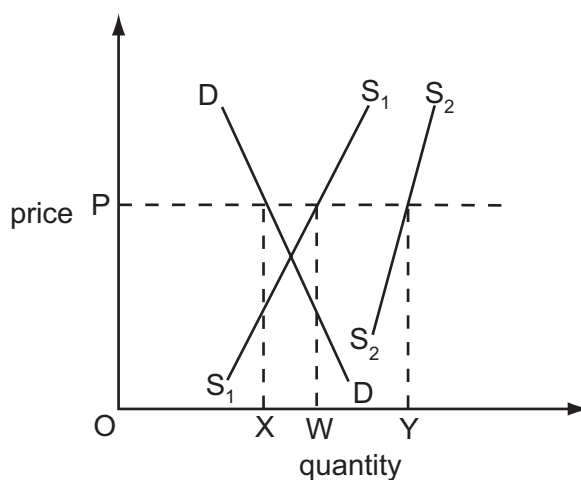


16 Which of the following is the best example of a public good?

- A education
- B medical care
- C postal services
- D radio broadcasts

17 In the diagram S_1S_1 and S_2S_2 are the supply curves for an agricultural product in years 1 and 2 respectively. DD is the demand curve in years 1 and 2.

In year 1 the government purchases an amount necessary to ensure that the price is at the level OP.



If the price is to be held at OP in year 2, how much must the government buy?

- A OY
- B XW
- C WY
- D XY

18 In a world economy there are two goods, guns and butter, and two countries, X and Y. Country X can produce both guns and butter with fewer resources per unit than country Y, but country X has a higher opportunity cost in the production of guns than country Y.

Which statement is correct?

- A X has an absolute advantage in butter but **not** in guns.
- B X has an absolute advantage in guns but **not** in butter.
- C X has a comparative advantage in butter.
- D X has a comparative advantage in guns.