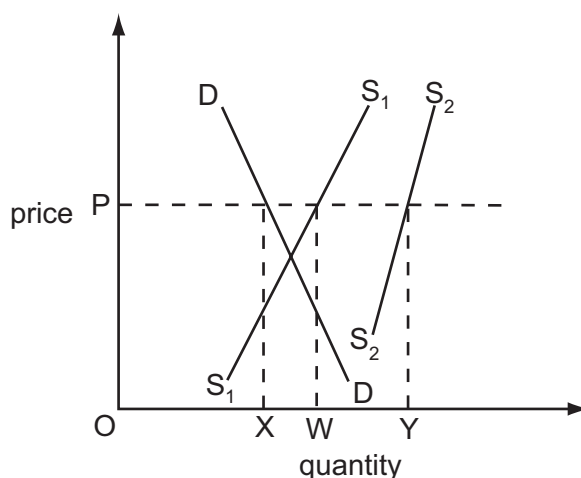


16 Which of the following is the best example of a public good?

- 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.