1 What is characterised as a free good?

A one that has zero opportunity cost

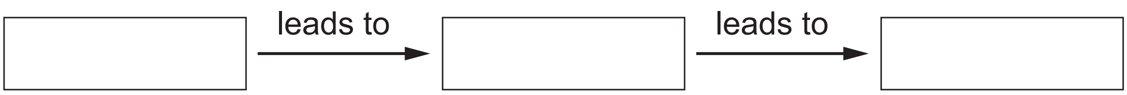
B one that is non-excludable and non-rivalrous

C one that is supplied by the government with no charge

D one that receives a 100% government subsidy

A-Level Economics: **s25 12**

2 The diagram is from a chapter on ‘The Fundamental Economic Problem’ in an Economics textbook. It should contain the terms *opportunity cost*, *scarcity* and *choice* in the order that identifies the fundamental economic problem.



What is the correct order for the terms to appear in the diagram?

A choice → opportunity cost → scarcity

B choice → scarcity → opportunity cost

C scarcity → choice → opportunity cost

D scarcity → opportunity cost → choice