Solutions

Each answer shows the steps, then the **result**.

2.1

- the value of the next-best alternative given up when a choice is made

2.2

- land, labour, capital, entrepreneurship

2.3

- an economic good is scarce and has an opportunity cost; a free good is not scarce

3.1 B

3.2 B

3.3

(a)

- the $40 of wages given up

(b)

- labour

(c)

- time is scarce — an evening can be used only once