

2 South Korea makes use of both economic goods and free goods. Its output includes products with both elastic and inelastic supply. The country is building the world's first floating city, estimated to cost \$180m. This is to cope with rising sea levels caused by climate change. Governments take a number of measures to reduce greenhouse gases which contribute to climate change, including banning the burning of wood to heat homes.

- (a)** Identify a difference between economic goods and free goods. [2]
- (b)** Explain how opportunity cost will influence a government's decision on whether to spend tax revenue on a large infrastructure project. [4]
- (c)** Analyse the influences on whether supply of a product is elastic or inelastic. [6]
- (d)** Discuss whether or not a government should ban the burning of wood to heat homes. [8]