



## **Lesson Four Pretest: Basics of the Economy**

- 1) Organized way in which a society provides for the wants and needs of its people
  - a) Profit
  - b) Economy
  - c) Market economy
  - d) Scarcity
- 2) Rise in the general levels of prices
  - a) Production
  - b) Service
  - c) Inflation
  - d) Trade-offs
- 3) People with all their efforts, abilities, and skills.
  - a) Trade-offs
  - b) Inflation
  - c) Labor
  - d) Scarcity
- 4) Work that is performed for someone
  - a) Scarcity
  - b) Inflation
  - c) Service
  - d) Production
- 5) Opportunity cost
  - a) Role of consumers as ruler of the market
  - b) Economy in which consumers and businesses make economic decisions
  - c) The cost of the next best alternative to the use of money or time
  - d) Economy in which resource distribution and trade stems from ritual or habit
- 6) Free enterprise
  - a) The cost of the next best alternative to the use of money or time
  - b) Economy in which consumers and businesses make economic decisions
  - c) Condition of not having enough resources to produce all people want
  - d) Economy in which resource distribution and trade stems from ritual or habit
- 7) Condition of not having enough resources to produce all people want
  - a) Economy
  - b) Profit
  - c) Service
  - d) Scarcity



- 8) Process of creating goods and services
  - a) Production
  - b) Trade-offs
  - c) Inflation
  - d) Opportunity cost
- 9) Traditional economy
  - a) Extent to which individuals or businesses are better off after an economic exchange
  - b) Economy in which resource distribution and trade stems from ritual or habit
  - c) The cost of the next best alternative to the use of money or time
  - d) Economy in which consumers and businesses make economic decisions
- 10) Capitalism
  - a) Alternative choices made by consumers in the marketplace
  - b) Economy where private citizens own the means of production
  - c) Economy in which resource distribution and trade stems from ritual or habit
  - d) Economy in which consumers and businesses make economic decisions



### **Lesson Four Pretest: Basics of the Economy [ANSWER KEY]**

- 1) B - Economy
- 2) C - Inflation
- 3) C - Labor
- 4) C - Service
- 5) C - The cost of the next best alternative to the use of money or time
- 6) B - Economy in which consumers and businesses make economic decisions
- 7) D - Scarcity
- 8) A - Production
- 9) B - Economy in which resource distribution and trade stems from ritual or habit
- 10) B - Economy where private citizens own the means of production