

Mr. Eubanks

Blizzard Bay one

Learning Target: To pass this practice economics test  
with at least a 75%

To understand the basic concepts of macroeconomics

Instructions: One a separate sheet of paper answer  
questions including essay questions.

Have them ready to turn in to Mr. Eubanks when  
we return to school.

Multiple Choice

1. What characteristic is most commonly associated with a traditional economy?
  - A. rapid change
  - B. change and growth proceed very slowly
  - C. there is rapid change but no growth
  - D. technology plays an important role in growth
2. What is the most common economic activity in a traditional economy?
  - A. industrial production
  - B. internet companies
  - C. providing services
  - D. agriculture
3. What kind of economy would you predict in a country with a powerful dictator?
  - A. traditional
  - B. command
  - C. market
  - D. free enterprise
4. Which situation would you predict higher prices for a good or service?
  - A. high supply, high demand
  - B. high supply, low demand
  - C. low supply, low demand
  - D. low supply, high demand
5. Which country is an example of a country with a market economy?
  - A. Soviet Union
  - B. Nazi Germany
  - C. United States
  - D. China
6. If there is more demand than supply of a product, what would be the effect on price?
  - A. increase
  - B. decrease
  - C. stay the same
  - D. decrease rapidly
7. In what kind of economy is it most likely that children will make their living the same way as their parents?
  - A. command economy
  - B. traditional economy
  - C. market economy
  - D. free enterprise economy
8. In a command economy, who makes most of the economic decisions?
  - A. individuals
  - B. businesses
  - C. government
  - D. individuals and businesses

9. Generally, if there is more supply than demand what would be the effect on price?
  - A. increase
  - B. decrease
  - C. remain the same
  - D. increase rapidly
  
10. In what type of economy is agriculture the predominant economic activity?
  - A. command economy
  - B. traditional economy
  - C. market economy
  - D. free enterprise economy

Short Answer (2 point rubric)

1. Historically, Nazi Germany and the former Soviet Union had command economies. Explain the importance of controlling the economy to a powerful, centralized government.

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2. In a market economy, supply and demand play an important role in determining the cost and availability of a good or service. Decide which of these factors is most important and defend your answer with specific examples.

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3. In underdeveloped countries, there is a greater chance that they have a traditional economy. Interpret this statement and argue whether or not it is true. Defend your answer using examples of characteristics commonly accepted as being part of a traditional economy.

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Extended Response (4-point rubric)

1. In today's world, there are countries that have traditional, command, and market economies. Choose a current example of each and discuss what factors contribute to the fact that country has that type of economy.
2. Command and market economies are very different based upon what factors determine what goods are produced, in what quantities, consumer prices and labor wages. Compare the two economic systems based upon these factors and decide what positive and negative characteristics exist in each system.