**Unit 2 Pretest**

Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Period:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

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| **Vocabulary Word** | **Definition** |
| Economic System |  |
| Command Economy |  |
| Market Economy |  |
| Mixed Economy |  |
| Traditional Economy |  |
| Allocate |  |
| Surplus |  |
| Shortage |  |
| Law of Supply |  |
| Law of Demand |  |
| Price Equilibrium |  |

**a**.An economic system in which the government makes all economic decisions and owns all the factors of production.

**b**. Principle that suppliers normally offer more for sale at high price and less at lower price.

**c**.An economy in which private enterprise exists in combination with a considerable amount of government regulation and promotion.

**d**.An original economic system in which traditions, customs, and beliefs shape the goods and the services the economy produces, as well as the rules and manner of their [distribution](https://en.wikipedia.org/wiki/Distribution_%28business%29).

**e**.The price at which demand and supply are equal.

**f**.To set apart or designate for a special purpose; to distribute.

**g**.A situation in which quantity supplied is greater than quantity demanded.

h.The quantity demanded of a good or service varies inversely with its price.

**i**.An economy that relies chiefly on market forces to allocate goods and resources and to determine prices. Factors of production are individually owned.

**j.**A situation in which quantity demanded is greater than quantity supplied.

**k**.A collection of laws, institutions and activities that provide a framework for economic decision making.

**Short Answer:**

1. Give two examples of the government’s role in a market economies.

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2. Compare and contrast two economic systems (ie. market capitalism, command socialism, communism, or a mixed economy). Include relationship to the factors of production, economic goals, advantages, and disadvantages.