

Arizona Educator Proficiency Assessments (AEPA™)

FIELD 35: ECONOMICS TEST OBJECTIVES

Subarea	Range of Objectives	Approximate Test Proportions
I. Basic Economic Concepts and Microeconomics	1–3	28%
II. Macroeconomics, Economic Theories, and International Economics	4–7	36%
III. Economic Inquiry Skills	8–9	18%
IV. Consumer Economics	10–11	<u>18%</u>
		100%

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Arizona Educator Proficiency Assessments (AEPA™)

Test Objectives Field 35: Economics

Subareas:

Basic Economic Concepts and Microeconomics
Macroeconomics, Economic Theories, and International Economics
Economic Inquiry Skills
Consumer Economics

BASIC ECONOMIC CONCEPTS AND MICROECONOMICS

0001 Understand basic economic concepts and terms.

For example: defining economics and applying basic economic concepts (e.g., scarcity, opportunity cost, rational self-interest, production possibilities, voluntary exchange, circular flow); describing the factors of production and analyzing how they are used; and recognizing how traditional, market, command, and mixed economic systems answer the three basic economic questions: what to produce, how to produce, and for whom to produce.

0002 Understand basic principles of microeconomics.

For example: recognizing the difference between demand and quantity demanded; recognizing the difference between supply and quantity supplied; recognizing the effects of changes in the determinants of supply and demand; demonstrating knowledge of how producers and consumers make decisions by analyzing anticipated marginal benefits and marginal costs; using the supply and demand model to analyze product markets and factor/resource markets; examining how market prices are determined (e.g., price elasticity of demand and supply); and examining how price ceilings and floors cause shortages or surpluses.

0003 Understand concepts, issues, and principles related to how businesses use resources and interact with the marketplace.

For example: defining and applying concepts related to the costs, revenues, and profits of the individual firm (e.g., marginal product, diminishing returns, average and marginal costs and revenues, short- and long-run costs, economies of scale); recognizing the role of entrepreneurs in a market economy; recognizing the role of profit as an incentive in leading people to become entrepreneurs and in accepting the risks of business failure; recognizing how investment in factories, machinery, new technology, and the health, education, and training of people can increase economic growth; and describing and comparing types and characteristics of market structures (e.g., perfect competition, monopoly, monopolistic competition, oligopoly).

TEST OBJECTIVES
FIELD 35: ECONOMICS

MACROECONOMICS, ECONOMIC THEORIES, AND INTERNATIONAL ECONOMICS

0004 Understand basic theories of macroeconomics.

For example: recognizing and applying major economic theories (e.g., classical economics of Adam Smith, Keynesianism, monetarism, rational expectations theory, supply-side economics); and examining the relationship between economic theory and public policy.

0005 Understand principles and concepts related to government decisions on taxation, spending, and regulation.

For example: recognizing the effects of progressive, proportional, and regressive taxes on different income groups and patterns of economic activity; examining how federal, state, local, and tribal governments establish budgets for goods and services (e.g., to provide national defense and education, address environmental concerns, define and enforce property rights, regulate markets); demonstrating knowledge of how price indices and inflation, unemployment, and real gross domestic product statistics are derived and used in policy decisions; analyzing business cycles; analyzing the effects of inflation, deflation, and unemployment; and examining ways, through aggregate supply and aggregate demand analyses, in which fiscal policy can be applied to solve problems such as unemployment and inflation to generate economic growth.

0006 Understand principles and concepts of money and banking.

For example: demonstrating knowledge of the functions of money and the basic elements of the money supply (i.e., M1, M2, and M3); examining the role of financial institutions and securities markets in the U.S. economy; demonstrating knowledge of the structure and functions of the Federal Reserve System and its influence on the economy; recognizing the components of monetary policy (i.e., open market operations, discount rate, and reserve requirements); and analyzing the effects of monetary policy on interest rates, unemployment, inflation, and economic growth.

0007 Understand principles and components of international economics and trade.

For example: defining and applying basic concepts related to international economics (e.g., comparative and absolute advantage, specialization, balance of trade, balance of payments); recognizing how people and nations benefit from trade; analyzing how fiscal and monetary policies affect exchange rates; demonstrating knowledge of how exchange rates affect international trade, imports, exports, inflation, and employment; examining the effects of tariffs and quotas on international trade and on foreign and domestic prices; and analyzing economic relationships and interdependence among various countries (e.g., trade agreements, immigration).

TEST OBJECTIVES
FIELD 35: ECONOMICS

ECONOMIC INQUIRY SKILLS

0008 Apply methods for interpreting, organizing, and presenting economic information.

For example: using tables, graphs, equations, diagrams, price indices, and charts to interpret economic information (e.g., the inflation rate, unemployment rate, economic growth rate); using production possibilities curves to illustrate opportunity costs and trade-offs; interpreting graphs that demonstrate changes in supply and demand; and applying strategies for organizing and presenting economic information using a variety of formats.

0009 Apply methods for analyzing economic issues.

For example: evaluating the economic implications of current events in sources such as magazine articles, newspaper articles, radio and television reports, and Internet sites; formulating hypotheses and posing questions about economic issues; integrating knowledge from other subject areas to analyze economic issues; recognizing various economic perspectives on an economic issue; assessing the reliability of economic information and evaluating arguments related to economic issues; assessing the efficiency and equity of government policies through cost-benefit analysis; and recognizing the role of self-interest in the decisions of voters, elected officials, and public employees.

CONSUMER ECONOMICS

0010 Understand how opportunity cost affects personal financial decisions.

For example: planning and maintaining budgets and developing financial plans and goals; analyzing career opportunities in real-life situations; recognizing how education, career choices, and family obligations affect future income; assessing the advantages and disadvantages of using various forms of credit; applying basic principles of credit management and recognizing how payment performance influences credit history; demonstrating knowledge of the risk, return, and liquidity of short- and long-term saving and investment strategies; and evaluating investment options such as stocks, bonds, mutual funds, and real estate.

0011 Understand the opportunity cost involved in the purchase, use, and disposal of goods and services.

For example: applying consumer skills and analyzing purchase and sale options in real-life situations (e.g., housing, transportation, clothing, insurance, health care); recognizing factors that limit or influence individual economic choices (e.g., budget constraints, incentives, utility); identifying consumer protection laws and agencies; describing types and techniques of consumer marketing and advertising; and examining how advertising influences consumer choices.