



National Evaluation Series™

NES

PROFILE

Middle Grades Social Science (202)

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NES Profile: Middle Grades Social Science (202)

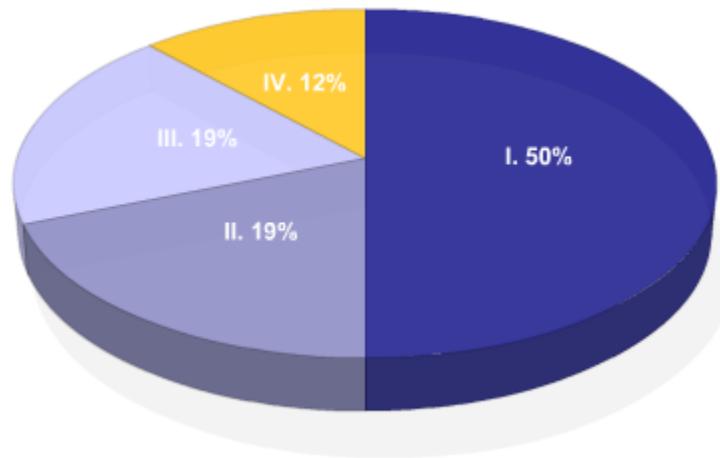
Overview

This *NES Profile* provides information about the test, including the approximate percentage of the total test score derived from each content domain. The complete set of the content domains, the test framework, is provided here and contains all of the competencies and descriptive statements that define the content of the test.

This *NES Profile* includes the following materials:

- » the test competencies associated with each content domain
- » a set of descriptive statements that further explain each competency
- » sample test questions aligned to the competencies
- » any applicable reference materials, as noted below

Test Field	Middle Grades Social Science (202)
Test Format	Multiple-choice questions
Number of Questions	Approximately 150
Test Duration	Up to 3 hours
Reference Materials	None required



Key	Approximate Percentage of Test	Content Domain	Range of Competencies
I.	50%	I. History	0001–0008
II.	19%	II. Geography and Culture	0009–0011
III.	19%	III. Government	0012–0014
IV.	12%	IV. Economics	0015–0016

Content Domain I: History

Competencies:

0001 Understand historical concepts, terms, sources, perspectives, and research skills.

Descriptive Statements:

- » Demonstrate knowledge of basic historical terms and concepts such as nation-state, theocracy, dynastic cycle, chronology, and periodization.
- » Apply knowledge of basic reference sources used in historical research, including almanacs, information technology, bibliographies, periodical guides, encyclopedias, and biographical dictionaries.
- » Distinguish between primary and secondary sources of historical information.
- » Evaluate the uses and limitations of various historical source materials, including oral histories, newspapers, diaries, artifacts, personal correspondence, archival materials, census data, videos, and materials accessed through information technologies.
- » Analyze cause-and-effect relationships between historical events and developments.
- » Recognize central theses, main ideas, and supporting evidence in various sources of historical information.
- » Distinguish between fact and opinion in historical narratives and interpretations.
- » Draw inferences and conclusions from historical texts and interpretations.
- » Analyze the purpose and perspective of diverse sources of historical information, including potential bias and the assumptions on which historical arguments are based.
- » Interpret graphic representations of historical issues and events found in charts, diagrams, maps, timelines, political cartoons, and graphs.

Sample Item:

Which of the following sources would a historian most likely use to obtain information about the social and occupational structure of Atlanta, Georgia, during the late nineteenth century?

- A. mayoral addresses
- B. census data
- C. newspaper editorials
- D. city directories

Correct Response and Explanation

B. This question requires the examinee to evaluate the uses and limitations of various historical source materials. Census data provide information on population characteristics, employment, the composition of the labor force, business enterprises, and other matters pertaining to the social and occupational structure of communities.

0002 Understand major developments in world history from the beginnings of human society to 1350 CE.

Descriptive Statements:

- » Examine the Neolithic Revolution and the birth of human civilization, including the growth of agriculture, the domestication of animals, the organization of government, and the emergence of towns.
- » Demonstrate knowledge of major geographic, social, political, economic, and cultural characteristics of early civilizations in Eurasia, Africa, and the Americas to 500 BCE.
- » Analyze major events, developments, characteristics, and contributions of ancient Greek and Roman civilizations.
- » Examine the principal beliefs, sacred texts, and historical development of Judaism, Christianity, Islam, Hinduism, and Buddhism.
- » Examine major geographic, social, political, economic, and cultural characteristics of major civilizations and empires of Asia, Africa, and the Americas between 500 BCE and 1350 CE.
- » Examine major geographic, social, political, economic, and cultural characteristics of the Islamic and Byzantine civilizations.
- » Demonstrate knowledge of the growth, principal features, and decline of medieval civilization in Europe.
- » Recognize the contributions of significant individuals and chronological relationships between major global events to 1350 CE.
- » Analyze major social, economic, and cultural trends in Eurasia, Africa, and the Americas from 4000 BCE to 1350 CE.

Sample Item:

Which of the following geographic factors had the greatest influence on economic life in ancient Egyptian culture?

- A. the aquatic resources of the Mediterranean Sea
- B. the annual flooding of the Nile River
- C. the mineral resources of the Eastern Desert and the Sinai Peninsula
- D. the natural harbors along the Red Sea

Correct Response and Explanation

B. This question requires the examinee to demonstrate knowledge of major geographic, social, political, economic, and cultural features of early civilization in Egypt. The crops grown in areas adjacent to the Nile following the annual flooding of the river provided most of the food consumed in ancient Egypt.

0003 Understand major developments in world history from 1350 to 1850.

Descriptive Statements:

- » Examine the origins, major developments, significant individuals, and lasting consequences of the European Renaissance and the Protestant Reformation.

- » Analyze European expansion between 1450 and 1650, including the effects of colonization on Europeans and the indigenous societies they encountered.
- » Examine the central ideas of major thinkers of the Scientific Revolution and the European Enlightenment and the influence of these ideas on events and developments in Europe and the Americas.
- » Analyze the similarities, differences, and consequences of the English, American, and French revolutions and the wars for independence in Latin America.
- » Evaluate economic, social, and political factors related to the emergence and spread of industrialization and the growth of urban centers in Europe.
- » Demonstrate knowledge of major literary, artistic, intellectual, and scientific developments of this period in Europe, Asia, Africa, and the Americas.
- » Recognize the contributions of significant individuals and chronological relationships between major global events and developments of this period.
- » Analyze major social, economic, and cultural trends in Europe, Asia, Africa, and the Americas from 1350 to 1850.

Sample Item:

Which of the following accurately lists four major historical events between 1600 and 1825 in the order in which they occurred?

- A.
 1. the emergence of the Tokugawa shogunate in Japan
 2. Peter the Great's reign as tsar of Russia
 3. England's defeat of France in the Seven Years' War
 4. the liberation of Mexico from Spanish rule
- B.
 1. England's defeat of France in the Seven Years' War
 2. the emergence of the Tokugawa shogunate in Japan
 3. the liberation of Mexico from Spanish rule
 4. Peter the Great's reign as tsar of Russia
- C.
 1. Peter the Great's reign as tsar of Russia
 2. the liberation of Mexico from Spanish rule
 3. England's defeat of France in the Seven Years' War
 4. the emergence of the Tokugawa shogunate in Japan
- D.
 1. the liberation of Mexico from Spanish rule
 2. Peter the Great's reign as tsar of Russia
 3. the emergence of the Tokugawa shogunate in Japan
 4. England's defeat of France in the Seven Years' War

Correct Response and Explanation

A. This question requires the examinee to recognize chronological relationships between major global events and developments. The Tokugawa shogunate was established in 1600, Peter the Great ruled Russia from 1682 to 1725, the Seven Years' War ended in 1763, and Mexico secured its independence from Spanish rule in 1821.

0004 Understand major developments in world history from 1850 to the present.

Descriptive Statements:

- » Analyze the causes and consequences of European imperialism, including interactions between imperialist powers and the people of Asia, Africa, and the Middle East.
- » Analyze the causes, major events, and consequences of World War I, including events and developments related to the Russian Revolution and the rise of totalitarian and authoritarian governments in Europe and Asia.
- » Analyze the origins, major events, and consequences of World War II.
- » Evaluate major developments and issues related to the process of decolonization in postwar Asia, Africa, and the Middle East.
- » Demonstrate knowledge of the causes, major developments, and consequences of the Cold War, including U.S.-Soviet differences over Eastern Europe, economic and military alliances, the Korean and Vietnam wars, and the collapse of the Soviet Union.
- » Examine major global challenges of the late twentieth and early twenty-first centuries, including environmental degradation, terrorism, limited natural resource supplies, and economic imbalances among the world's peoples.
- » Demonstrate knowledge of major literary, artistic, intellectual, and scientific developments of this period in Europe, Asia, Africa, and the Americas.
- » Recognize the contributions of significant individuals and chronological relationships between major global events and developments of this period.
- » Analyze major social, economic, and cultural trends in Europe, Asia, Africa, and the Americas from 1850 to the present.

Sample Item:

World War II most influenced the movement for African independence by:

- A. creating severe economic hardship for European colonies in Africa.
- B. provoking demands for an Africa-wide confederation of colonial states.
- C. weakening European nations with colonial holdings in Africa.
- D. providing African nationalists with access to modern military weapons and tactics.

Correct Response and Explanation

C. This question requires the examinee to examine major political, social, and economic developments in Africa since 1945. World War II had a severe effect on the economies of Great Britain, France, Italy, and other nations with colonial holdings in Africa, both from the enormous sums required to fight the war and from the physical devastation that the conflict left in its wake. What resources were left were devoted to domestic reconstruction, leaving little for European governments to spend to reassert their authority over colonial possessions in Africa.

0005 Understand major developments in early U.S. history from the precontact period to 1789.

Descriptive Statements:

- » Demonstrate knowledge of important social, economic, and political features of major Native American cultures at the time of their first contact with Europeans.
- » Examine major events and developments related to European exploration of North America.
- » Analyze coexistence and conflict between Europeans and Native Americans, including differences in beliefs, values, and attitudes.
- » Analyze economic, social, political, and cultural developments in Great Britain's North American colonies, including the growth of slavery and similarities and differences between the New England, mid-Atlantic, and southern colonies.
- » Examine the French and Indian War and the major causes, events, and consequences of the Revolutionary War.
- » Analyze the growth of the trans-Appalachian West, including the settlement of the Ohio River valley and the Northwest Territory.
- » Analyze the evolution of national and state governments during and after the Revolution, including problems under the Articles of Confederation and major debates and compromises in the creation and ratification of the U.S. Constitution.
- » Recognize the contributions of significant individuals and chronological relationships between major events and developments in U.S. history during this period.
- » Analyze major social, economic, and cultural trends in the colonies and the new nation from the beginnings of settlement to 1789.

Sample Item:

Which of the following best describes a major effect of the American Revolution on U.S. society?

- A. It removed most barriers to White male participation in the political process.
- B. It advanced efforts to abolish slavery in the northern states.
- C. It enabled White women to secure the same legal rights as White men.
- D. It reinforced the South's commitment to plantation agriculture.

Correct Response and Explanation

B. This question requires the examinee to examine the major causes, events, developments, and consequences of the Revolutionary War. By focusing attention on the contradiction of human bondage in a nation committed to individual freedom, the American Revolution ended the climate of opinion that had allowed slavery to exist unchallenged and led to the abolition of slavery in the North soon after independence had been achieved.

0006 Understand major developments in U.S. history from 1789 to 1877.

Descriptive Statements:

- » Examine major political and constitutional developments of the early national and Jacksonian eras.
- » Analyze events and developments related to westward expansion, including the impact of western settlement and growth on the Native American peoples.
- » Analyze the causes and consequences of economic growth, industrialization, immigration, and the development of a national market economy during the first half of the nineteenth century.
- » Demonstrate knowledge of major events and developments in U.S. foreign relations during this period, including the War of 1812, the Monroe Doctrine, and the Mexican War.
- » Analyze events and developments related to the spread of slavery and the evolution of a distinctive African American culture.
- » Assess the origins and objectives of major reform movements of the period and the activities and achievements of key reformers.
- » Analyze the principal causes, significant events, and major developments of the Civil War and Reconstruction.
- » Demonstrate knowledge of major developments in literature, the arts, popular culture, science, and technology in the United States from 1789 to 1877.
- » Recognize the contributions of significant individuals and chronological relationships between major events and developments in U.S. history during this period.

Sample Item:

During the first half of the nineteenth century, reformers such as Elizabeth Cady Stanton most often based their demands for women's rights on the:

- A. political ideals expressed in the Declaration of Independence.
- B. constitutional principles stated in the Federalist Papers.
- C. guarantee of republican government affirmed in the U.S. Constitution.
- D. legal protections contained in the Bill of Rights.

Correct Response and Explanation

A. This question requires the examinee to examine the origins and objectives of major antebellum reform movements and the activities and achievements of key reformers. The influence of the political ideals expressed in the Declaration of Independence on antebellum women's rights activists can best be seen in the Seneca Falls Declaration of Rights. This key document, composed by Elizabeth Cady Stanton in 1848, affirmed "that all men and women are created equal," and went on to detail the oppressions men had imposed upon women, much as the original Declaration had listed the colonists' grievances against King George of England.

0007 Understand major developments in U.S. history from 1877 to 1929.

Descriptive Statements:

- » Examine the settlement of the western United States and the consequences of expanding settlement for Native Americans.
- » Analyze the industrialization of the U.S. economy and the clash between industrial capitalism and organized labor.
- » Examine immigration to the United States after the Civil War and the impact of immigration and urbanization on U.S. society.
- » Demonstrate knowledge of the racial division of southern society after 1877, including the enactment of Jim Crow laws; racial segregation and discrimination in the North; and the efforts of African Americans to resist segregation, disenfranchisement, and violence.
- » Examine the economic, political, and social development of the United States during the Progressive Era, and the impact of Progressive reforms on U.S. society.
- » Analyze the rise of the United States as a world power, key issues in the debate over U.S. expansionism, and the causes and consequences of U.S. participation in World War I.
- » Examine major social, economic, political, and cultural events and developments of the 1920s, including the woman suffrage movement, Prohibition, and the Harlem Renaissance.
- » Demonstrate knowledge of major developments in literature, the arts, popular culture, science, and technology in the United States from 1877 to 1929.
- » Recognize the contributions of significant individuals and chronological relationships between major events and developments in U.S. history during this period.

Sample Item:

Which of the following late nineteenth-century developments most influenced the emergence of a national market for the exchange of goods and services in the United States?

- A. the arrival of millions of European immigrants
- B. the growth of the electrical industry
- C. the increasing urbanization of U.S. society
- D. the expansion of the railroad system

Correct Response and Explanation

D. This question requires the examinee to analyze the growth of the industrial economy in the United States. The expansion of the railroad system during the late nineteenth century broke down the isolation of rural areas and small cities, enabling them to transport and receive goods far less expensively than before and integrating them into an emerging national market.

0008 Understand major developments in U.S. history from 1929 to the present.

Descriptive Statements:

- » Analyze the causes of the Great Depression and the government response to economic collapse and social dislocation during the 1930s.
- » Examine major events and developments related to U.S. participation in World War II, including war mobilization and the impact of the war on the U.S. economy and society.
- » Analyze major events and developments in U.S. foreign policy from the beginnings of the Cold War to the Iraq war.
- » Analyze major social and economic developments in the United States since 1945, including the postwar economic boom, deindustrialization, and economic globalization.
- » Analyze major political and constitutional developments in the United States since 1945.
- » Examine the goals, strategies, and achievements of the struggle for African American equality and other major social and political movements of the post–World War II period in the United States.
- » Analyze immigration to the United States and changes to U.S. immigration policy during this period.
- » Demonstrate knowledge of major developments in literature, the arts, popular culture, science, and technology in the United States from 1929 to the present.
- » Recognize the contributions of significant individuals and chronological relationships between major events and developments in U.S. history during this period.

Sample Item:

Which of the following best describes a major reason for the unprecedented economic affluence of U.S. society in the two decades after World War II?

- A. the absence of major competitors in global markets
- B. the removal of wartime price and wage controls
- C. the federal government's commitment to balancing the budget
- D. the shift in population from the Northeast to the Southwest

Correct Response and Explanation

A. This question requires the examinee to demonstrate knowledge of major economic developments in the United States since 1945. Of the principal combatants in World War II, the United States was the only country to come out of the conflict with its economy intact and its industrial base undamaged. As a result, U.S. producers faced little competition from foreign manufacturers in domestic or world markets for some years after the war.

Content Domain II: Geography and Culture

Competencies:

0009 Understand geographic terms, concepts, sources, and research skills.

Descriptive Statements:

- » Demonstrate knowledge of the five fundamental geographic themes (i.e., location, place, human-environment interaction, movement, and region).
- » Apply the six essential elements of geography (i.e., the world in spatial terms, places and regions, physical systems, human systems, environment and society, and the uses of geography).
- » Apply basic geographic terms and concepts such as habitat, ecology, interdependence, assimilation, demographic cycle, and cultural diffusion.
- » Recognize basic characteristics of maps and globes and the advantages and disadvantages of standard map projections.
- » Demonstrate knowledge of the characteristics and uses of various geographic reference sources, tools, and technologies.
- » Interpret geographic information presented in various visual formats.
- » Apply skills and procedures used in geographic research, including formulating appropriate research questions, identifying main ideas, analyzing cause-and-effect relationships, and drawing conclusions.

Sample Item:

Which of the following statements best illustrates the geographic theme of movement?

- A. Mexico City lies in a basin, surrounded by mountains, at an altitude of over 7,000 feet.
- B. New York City is the financial center of the United States; Tokyo is the financial center of Japan.
- C. Turkey is an important source of labor for business and industry in Germany.
- D. Christianity is the dominant religion practiced in both Venezuela and the Republic of Ireland.

Correct Response and Explanation

C. This question requires the examinee to apply the five fundamental geographic themes. The migration of Turkish workers to Germany is an illustration of the geographic theme of movement.

0010 Understand physical features, physical systems, and the interaction between the environment and human societies.

Descriptive Statements:

- » Recognize major landmasses, significant landforms, and important bodies of water in the United States and in other parts of the world.
- » Recognize various types of physical features such as gulfs, deltas, capes, isthmuses, peninsulas, and archipelagoes.
- » Recognize the principal elements of climate and major global and regional climatic patterns.

- » Demonstrate knowledge of the ways physical processes shape the physical features of the earth.
- » Recognize the location, distribution, and uses of natural resources in the United States and throughout the world, and the influence of natural resources on human populations.
- » Analyze ways human societies modify the physical environment and adapt to environmental change, including the role of technological innovation and development in the creation and solution of environmental problems.
- » Analyze the effects of physical factors such as climate and topography on the development and characteristics of human societies.
- » Demonstrate knowledge of the causes and effects of current environmental problems such as global warming and tropical deforestation.
- » Examine how geographic factors have influenced historical events and developments.

Sample Item:

Which of the following patterns of global resource distribution had the greatest influence on international relations during the twentieth century?

- A. the distribution of forest resources in Asia and Latin America
- B. the distribution of petroleum resources in Africa, Latin America, and the Middle East
- C. the distribution of iron ore resources in North America and Central Europe
- D. the distribution of gold and diamond resources in Africa, Asia, Australia, and North America

Correct Response and Explanation

B. This question requires the examinee to recognize the location, distribution, and uses of natural resources in the United States and the world and the influence of natural resources on human populations. Establishing and maintaining access to vital resources has long been a major goal of many nations' foreign policy. During the twentieth century, widespread reliance on petroleum to meet energy needs made it more important than any other resource to the operation of the global economy and the stability of international relations.

0011 Understand human systems.

Descriptive Statements:

- » Demonstrate knowledge of the linguistic, social, religious, economic, and political features of contemporary cultural groups in major world regions.
- » Analyze the diffusion of ideas, beliefs, and cultural traits from one culture to another.
- » Examine historical and contemporary patterns of human settlement and how human settlements have changed over time.
- » Demonstrate knowledge of the distribution of the world's human population, the reasons for population growth and decline, the causes and consequences of human migrations, and contemporary trends in world population.

- » Demonstrate knowledge of how social institutions function within societies, including their roles in promoting socialization and maintaining social control.
- » Analyze how cooperation and conflict shape cultural interactions, create political divisions, and influence control of the earth's resources.

Sample Item:

In 1800, most of the world's population lived in rural areas. By 2000, the overwhelming majority of people in developed countries lived in towns and cities. This change was primarily a consequence of the:

- A. consolidation of nation-states.
- B. modernization of transportation networks.
- C. industrialization of national economies.
- D. globalization of trade.

Correct Response and Explanation

C. This question requires the examinee to examine world population patterns and trends. The vast majority of the people who moved from rural areas to urban centers during the nineteenth and twentieth centuries did so to take advantage of the employment and other economic opportunities created by industrialization.

Content Domain III: Government

Competencies:

0012 Understand political science concepts, terms, perspectives, and research skills.

Descriptive Statements:

- » Demonstrate knowledge of basic political science terms and concepts, such as gerrymandering, enumerated and implied powers, sovereignty, judicial review, balance of power, and social contract theory.
- » Analyze the emergence and spread of democratic and representative government.
- » Recognize major characteristics of various systems of government, and similarities and differences between the political system of the United States and other contemporary and historical political systems.
- » Demonstrate knowledge of the characteristics and uses of various political science reference sources and research tools.
- » Interpret historical and contemporary political science information represented in various visual and graphic formats.
- » Apply skills and procedures used in political science research, including formulating appropriate research questions, collecting and presenting information, and drawing conclusions.

Sample Item:

The term *gerrymandering* refers to which of the following practices in the U.S. political system?

- A. using negative advertisements to attack political opponents
- B. returning a bill to committee to prevent its enactment
- C. funding political campaigns with money from special interest groups
- D. redrawing congressional districts for political advantage

Correct Response and Explanation

D. This question requires the examinee to demonstrate knowledge of basic political science terms and concepts. Gerrymandering is the practice of modifying the boundaries of electoral districts to benefit one party or group at the expense of others.

0013 Understand the foundations of U.S. government, the U.S. political process, and the rights and responsibilities of U.S. citizenship.

Descriptive Statements:

- » Analyze major principles and ideas contained in key documents of the United States, including the Declaration of Independence, the Federalist Papers, the Seneca Falls Declaration of 1848, and the Gettysburg Address.
- » Demonstrate knowledge of the fundamental principles, key articles, and significant amendments to the U.S. Constitution.

- » Analyze the significance of landmark U.S. Supreme Court decisions, including *Marbury v. Madison*, *Brown v. Board of Education*, and *United States v. Nixon*.
- » Examine the major features of the U.S. electoral system, the ways citizens participate in the political process, and the skills needed for effective participation in public affairs.
- » Demonstrate knowledge of the rights and responsibilities of U.S. citizenship.
- » Analyze developments and events in U.S. history that have increased or diminished individual rights and popular participation in the political process.

Sample Item:

The ten amendments contained in the Bill of Rights can best be used to illustrate the meaning of which of the following principles of the U.S. Constitution?

- A. checks and balances
- B. judicial review
- C. constitutional supremacy
- D. limited government

Correct Response and Explanation

D. This question requires the examinee to demonstrate knowledge of the fundamental principles, key articles, and significant amendments to the U.S. Constitution. The Bill of Rights, which was designed to protect U.S. citizens from the unwarranted exercise of government power, forbids the national government from passing laws restricting certain individual freedoms and reserves to the states and to the people all powers not expressly granted to the national government.

0014 Understand the structure, organization, and operation of different levels of government in the United States.

Descriptive Statements:

- » Demonstrate knowledge of the organization and responsibilities of the legislative, executive, and judicial branches of the federal government.
- » Analyze the ways in which the constitutional principles of separation of powers and checks and balances influence the operation of the federal government.
- » Examine how laws are enacted at the federal and state levels of government in the United States, including the role of lobbyists and special interest groups in the legislative process.
- » Demonstrate knowledge of fundamental features of the U.S. legal and criminal justice systems.
- » Examine how U.S. foreign policy is made, the roles of the president and Congress in the foreign policy process, and factors influencing the formulation of U.S. foreign policy.
- » Demonstrate knowledge of the structure and functions of state and local governments in the United States, and the ways in which federal, state, and local governments divide and share power and responsibility.

Sample Item:

Which of the following best illustrates how the principle of separation of powers operates in the U.S. system of government?

- A. The Senate proposes amendments to a bill that originated in the House of Representatives.
- B. The president dismisses a cabinet member.
- C. Members of the Senate conduct a filibuster to prevent the chamber from voting on a bill.
- D. The U.S. Supreme Court declares a law unconstitutional.

Correct Response and Explanation

D. This question requires the examinee to analyze the separation of powers in the federal government. Separation of powers is the principle that power should be divided among the three branches of government. A law passed by Congress cannot continue in effect if the Supreme Court—a separate branch of government—exercises its power by declaring the law unconstitutional.

Content Domain IV: Economics

Competencies:

0015 Understand basic economic concepts, microeconomics, and consumer economics and personal finance.

Descriptive Statements:

- » Apply basic economic terms and concepts, such as scarcity, the laws of supply and demand, opportunity cost, economic incentives, inflation, and recession.
- » Compare fundamental features of traditional, market, command, and mixed economic systems.
- » Demonstrate knowledge of the factors of production (i.e., land, labor, capital, and entrepreneurship) and how they are combined to produce goods and services.
- » Analyze the organization and operation of market economies, including the roles of entrepreneurs, competition, prices, and the laws of supply and demand.
- » Demonstrate knowledge of basic forms of business organization and of factors affecting business operations and decisions.
- » Apply basic principles of consumer economics to accessing information, evaluating advertising claims and marketing promotions, making purchases, and utilizing consumer protection laws.
- » Demonstrate knowledge of basic principles of personal finance, budgeting, credit, and savings and investment.

Sample Item:

A young woman is trying to decide whether she should return to college full time and complete her bachelor's degree or accept an entry-level management position at a local company. Which of the following economic concepts applies most directly to the decision this person is trying to make?

- A. opportunity cost
- B. scarcity
- C. economic incentives
- D. productivity

Correct Response and Explanation

A. This question requires the examinee to recognize basic economic concepts. Opportunity cost refers to the value lost by making one use of resources rather than another, and involves the trade-offs required when choosing between two desirable but mutually exclusive options. In this case, the opportunity costs that the young woman has to consider are the cost of completing her education instead of taking a job, and the cost of taking a job instead of completing her education.

0016 Understand macroeconomics and international economics.

Descriptive Statements:

- » Demonstrate knowledge of the major components of the U.S. economic system, including banks, financial markets, labor unions, corporations, and consumers.
- » Analyze the causes and effects of unemployment, inflation and deflation, and factors influencing the business cycle.
- » Demonstrate knowledge of how fiscal policy influences economic activity.
- » Recognize the functions of monetary policy and the role of the Federal Reserve System in regulating the nation's money supply and moderating inflation and recession.
- » Analyze how government regulation influences financial and business operations, protects workers, and affects consumers.
- » Analyze the reaction of the federal government to economic crises in U.S. history.
- » Demonstrate knowledge of basic principles of international economics and of factors influencing the operation of the international economic system.

Sample Item:

Which of the following best describes an important role of the Federal Reserve in the U.S. economy?

- A. ensuring the safety of checking and savings accounts in the U.S. banks
- B. regulating the operation of U.S. security and commodity exchanges
- C. managing the nation's money supply
- D. maintaining consumer demand

Correct Response and Explanation

C. This question requires the examinee to analyze factors influencing monetary policy, including the structure and functions of the Federal Reserve System. An important role of the Federal Reserve is to manage the nation's money supply through its regulation of the reserve requirements of banks, the purchase and sale of government securities, and alterations in the discount rate that it charges banks for loans.

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