

# MICHIGAN TEST FOR TEACHER CERTIFICATION (MTTC)

## TEST OBJECTIVES FIELD 007: ECONOMICS

<b>Subarea</b>	<b>Range of Objectives</b>	<b>Approximate Test Weighting</b>
I. Economic Concepts and Systems	001–002	25%
II. Macroeconomics	003–004	20%
III. International Economics	005–006	20%
IV. Consumer Economics and Personal Finance	007	10%
V. Interdisciplinary Perspectives	008–011	25%

**Effective after October 1, 2013**

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# MICHIGAN TEST FOR TEACHER CERTIFICATION (MTTC)

## TEST OBJECTIVES FIELD 007: ECONOMICS

### I. ECONOMIC CONCEPTS AND SYSTEMS

#### 001 Understand economic terms, concepts, and systems.

Includes:

- basic economic terms and concepts (e.g., scarcity, opportunity cost, choice)
- major figures in the development of economics (e.g., Adam Smith, Karl Marx, John Maynard Keynes, Milton Friedman) and the influence of their ideas and theories
- characteristics of various economic systems (e.g., traditional, command, market, mixed) and how each system answers fundamental economic questions
- the factors of production (i.e., land, labor, capital, and entrepreneurship) and how they are combined to produce goods and services (e.g., production possibility curve)
- the application of core economic principles (e.g., choice, cost of choices, incentives, voluntary trade creates wealth, influences of economic systems, all choices have consequences) to historical and contemporary economic issues
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to economic terms, concepts, and systems

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**TEST OBJECTIVES**  
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**002 Understand the market economy.**

Includes:

- interactions among consumers, producers, and government (i.e., circular flow model)
- the operation of supply and demand, prices, price elasticity, and incentives within a market economy
- characteristics of various market structures (e.g., pure competition, monopolistic competition, oligopoly, monopoly)
- the cause and effect of market failures
- the role of entrepreneurs and basic forms of business ownership (e.g., sole proprietorships, partnerships, corporations, franchises)
- production decisions made by businesses (e.g., production costs, profit maximization, output decisions)
- government regulatory agencies, forms of government regulation, and the effects of regulation on consumers and producers
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to the market economy

**II. MACROECONOMICS**

**003 Understand the national economy.**

Includes:

- roles of and relationships between major economic institutions in the U.S. economic system (e.g., financial institutions, businesses, households, government)
- economic indicators and methods of calculating economic activity (e.g., real and nominal gross domestic product [GDP], consumer price index [CPI], unemployment)
- stages of the business cycle (i.e., expansion, peak, contraction, and trough) and the causes and effects of inflation, unemployment, and deflation
- the causes, types, and effects of unemployment, inflation, and deflation
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to the national economy

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**004 Understand fiscal and monetary policy.**

Includes:

- factors influencing fiscal policy, how government decision makers confront scarcity and market forces, and the effects of fiscal policies on the U.S. economy
- the federal budget process and the national debt; types of government expenditures; and progressive, regressive, and proportional taxes
- the structure and functions of the Federal Reserve System, factors influencing monetary policy, and the effects of monetary policy on the U.S. economy
- instructional strategies and resources for promoting the acquisition of economics knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to fiscal and monetary policy

**III. INTERNATIONAL ECONOMICS**

**005 Understand international trade.**

Includes:

- basic principles and components of international trade (e.g., comparative advantage, specialization, interdependence)
- patterns of international trade (e.g., the European Union, the North American Free Trade Agreement [NAFTA], the World Trade Organization [WTO])
- free trade and protectionism (e.g., types of trade barriers, costs and benefits of free trade)
- the role of businesses in international trade (e.g., structure, operation, and impact of multinational corporations) and the operation of capital and labor in the global economy
- international currency exchange and the effects of changes in exchange rates on nations, businesses, and individuals
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to international trade

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**006 Understand international development.**

Includes:

- purposes, roles, and policies of international economic organizations (e.g., the World Bank, the International Monetary Fund)
- growth in transitional and developing economies (e.g., barriers to economic development, choices facing developing economies, development strategies)
- the impact of globalization on developing, transitional, and developed countries (e.g., China, India)
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to international development

**IV. CONSUMER ECONOMICS AND PERSONAL FINANCE**

**007 Understand principles and practices related to consumer economics and personal finance.**

Includes:

- how people use analysis, reasoning, and problem-solving and decision-making skills as consumers, producers, savers, and investors
- consumer rights and responsibilities, sources of consumer information, and consumer protection laws and agencies
- principles and steps involved in creating and maintaining a personal budget
- types of credit, procedures for obtaining credit, factors that affect credit eligibility, and appropriate uses of credit
- characteristics of insurance, savings, investment, and retirement financing options, and the risks and benefits associated with each
- types of institutions, businesses, and agencies that provide financial services (e.g., credit unions, commercial banks, savings and loan associations)
- instructional strategies and resources for promoting the acquisition of knowledge, applying techniques for assessing student understanding, and utilizing knowledge of professional standards and technology in relation to personal finance

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**V. INTERDISCIPLINARY PERSPECTIVES**

**008 Understand the relationship between history and economics.**

Includes:

- business activity and the history of economic development in Michigan (e.g., iron ore and copper mining, developments in transportation, automobile manufacturing)
- major events and developments in the eras of U.S. history that have shaped the U.S. economic system (e.g., the development of the southern plantation economy, slavery, the Civil War, the Great Depression)
- major economic turning points in the eras of world history that have influenced the development of human civilizations (e.g., the Agricultural Revolution, the Commercial Revolution, the Industrial Revolution, the Communication Revolution) and the evaluation of these events from diverse perspectives
- uses and limitations of various historical source materials (e.g., oral histories, newspapers, diaries, probate data, tax lists, census data, correspondence, materials accessed through information technology)

**009 Understand the relationship between geography and economics.**

Includes:

- effects of physical factors such as climate, topography, ecology, and location on population distribution, livelihood, industry, agriculture, and commerce in various world regions
- how human–environment interactions have influenced economic growth and decline in diverse world regions
- the impact of economic ideas on the political and human geography of the United States and the world
- the shape, location, and significant features of major landmasses and bodies of water in the United States and major world regions and their impact on economic activity
- the impact of human activity on the development of economic systems, including patterns of settlement, proximity to raw materials, the creation of finished products, human migrations, the emergence of trading relationships, and how ideas impact and shape trade

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**010 Understand the relationship between political science and economics.**

Includes:

- basic principles (e.g., federalism, the rule of law, limited government) and major components of the U.S. Constitution and the Michigan Constitution
- purposes, organization, and functions of government in the United States at the federal, state, and local levels and relationships between different levels of government
- historical and contemporary relationships between political ideas and government policies and the development of national and regional economies (e.g., the Russian Revolution and the Soviet command economy, the New Deal and the expanded role of government in the U.S. economic system)
- how economic factors have shaped political ideas and the evolution of government institutions (e.g., free enterprise and evolution of democratic government, economic nationalism and the emergence of fascism)

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**011 Understand core democratic values, recognize the rights and responsibilities of citizenship in a democratic society, and apply methods for analyzing public policy questions.**

Includes:

- core democratic values of America's constitutional republic (e.g., individual rights, justice for all, equal opportunity, respect and appreciation for diversity, patriotism) and ways in which pivotal decisions and major debates in U.S. history reflect those values
- behaviors expected of members of a democratic society (e.g., how an individual's actions affect other people, how one acts in accordance with the rule of law, how one acts in an ethical and responsible way as a member of society, how individuals in history demonstrated democratic values and ethics)
- steps in the decision-making and problem-solving processes (e.g., identifying decisions to be made or problems to be solved, gathering information, identifying alternative courses of action)
- ways of engaging in constructive conversation about matters of public concern (e.g., clarifying issues, considering opposing views, applying core democratic values, anticipating consequences, working toward making decisions)
- ways of making reasoned and informed decisions on public issues (e.g., stating issues clearly, tracing the origins of issues, analyzing various perspectives people bring to public policy debates, recognizing factors to be considered when formulating resolutions to public issues, evaluating possible solutions)
- criteria used to analyze evidence and position statements (e.g., logical validity, factual accuracy and/or omission, emotional appeal, credibility, unstated assumptions, logical fallacies, distortions, appeals to bias or prejudice)
- ways of composing coherent essays that express positions on public issues that are supported by reasoned arguments and pertinent evidence
- interpretation of economic issues represented in graphic formats (e.g., charts, diagrams, maps, political cartoons, graphs) and selection of alternative graphic formats for conveying economic information
- reference sources used in economic research (e.g., almanacs, government reports, census data, balance of trade statistics, consumer confidence indexes)

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